



## **2018 National Survey of Community Banks**

Thank you for agreeing to participate in a brief survey being conducted by the Survey Research Institute (SRI) at Cornell University on behalf of the state banking regulatory agencies and the Conference of State Bank Supervisors (CSBS). The purpose of the survey is to give researchers and policy makers an opportunity to hear directly from community banks on a range of important topics. Results from the survey will be compiled and presented during the 6th annual *Community Banking in the 21st Century* research and policy conference, which is being held October 3-4, 2018, in St. Louis, Missouri.

The survey will take approximately 20 minutes to complete.

To complete this survey, **you will be required** to provide your FDIC certificate number. If you do not have your FDIC certificate number readily available, you can search for it at the following FDIC web site: <https://research.fdic.gov/bankfind/>

The information you provide is being collected for research purposes only. Your bank ID will not be made available to the public, nor will any demographic information that can associate your responses to your institution.

Before you begin, you may want to gather the following information:

The amount of 2017 costs for the following items and the amount of each item that is directly associated with regulatory compliance (Schedule RI-E):

1. Personnel expenses
2. Data processing expenses
3. Legal fees and expenses
4. Accounting and auditing expenses
5. Consulting and advisory expenses

## Survey

1. What is your FDIC certificate number?
2. What is your title?
3. For the following products and services, please identify your current primary competitor and your expected future primary competitor:

Product or Service	Current Primary Competitor	Expected Future Primary Competitor
Small business loans	[Drop-down list #1]	[Drop-down list #2]
CRE loans	[Drop-down list #1]	[Drop-down list #2]
Mortgage loans	[Drop-down list #1]	[Drop-down list #2]
Agricultural loans	[Drop-down list #1]	[Drop-down list #2]
Consumer loans	[Drop-down list #1]	[Drop-down list #2]
Deposits	[Drop-down list #1]	[Drop-down list #2]
Payment services	[Drop-down list #1]	[Drop-down list #2]
Wealth Management/ Retirement Services	[Drop-down list #1]	[Drop-down list #2]

Drop-down list for both columns:

- a. Small community banks (less than \$1B in assets)
- b. Mid-size community banks (between \$1B and \$10B in assets)
- c. Regional banks (between \$10B and \$50B in assets)
- d. Large banks (over \$50B in assets)
- e. Credit unions
- f. Farm Credit System
- g. Fintech firms\*
- h. Other non-depository institutions
- i. Do not offer (or Will not offer)

\* For purposes of this survey, “fintech firms” should be thought of as nontraditional providers of financial services that rely on sophisticated technology to produce and distribute their products and services. Depository institutions and traditional finance companies that have adopted new technologies in order to improve the efficiency with which they deliver their traditional products and services to customers should not be considered “fintech firms.”

**4. Do you make what you consider to be “small business loans”?**

- A. Yes
- B. No

*[If answer is No, then skip the rest of the small business loan questions]*

**5. How important are the following factors when making a small business loan?**

- A. Business owners’ personal credit scores
- B. Small business credit scores
- C. Small business financial statements
- D. Previous deposit relationship with the business
- E. Previous lending relationship with the business
- F. Length of relationship
- G. Breadth of relationship (e.g., number of accounts)
- H. Exclusive lending relationship
- I. SBA guarantees
- J. Collateral of the business
- K. Personal collateral of the business owner
- L. General business assets (not pledged as collateral)
- M. Potential future relationship with the business
- N. General business conditions in your area
- O. Type of small business/industry
- P. Other [Please explain]

*[Likert scale: Not Important, Slightly Important, Moderately Important, Important, Very Important]*

**6. Please indicate how often, in 2017, competition from other lenders has caused you to ease the lending terms on small business loans in the following ways:**

- A. Lowering interest rate
- B. Extending maturity
- C. Reducing collateral requirements
- D. Lowering fees
- E. Allowing more borrower leverage
- F. Requiring fewer covenants
- G. Other [Please explain]

*[Likert scale: Never, Rarely, About Half the Time, Usually, Always]*

**7. Where does the competition for small business loans primarily come from? (Applies to both bank and nonbank lenders.)**

- A. Lenders with a headquarters in our market
- B. Lenders with branches or satellite offices, but no headquarters, in our market
- C. Lenders with neither a headquarters nor any branches or satellite offices in our market

**8. What additional services do you provide to your small business borrowers, if any?**

- A. Deposit services
- B. Cash management
- C. Connections to customers or suppliers
- D. Product development advice
- E. Long-term strategy advice
- F. Operational advice
- G. Wealth management advice
- H. Management succession advice
- I. Other general management advice
- J. Other services [Please explain]

*[Likert scale: Never, Rarely, About Half the Time, Usually, Always]*

**9. Please indicate your institution's intentions in regards to the following financial products or services:**

(A) Product or Service	(B) Currently offer and will continue to offer	(C) Currently offer but plan to exit or substantially limit in next 12 months	(D) Do not offer and <u>do not</u> plan to offer in next 12 months	(E) Do not offer but plan to offer in next 12 months
1-4 family fixed rate mortgages				
1-4 family adjustable rate mortgages				
Home equity loans				
Reverse mortgages				
Construction loans				
Other commercial real estate loans				
Student loans				
Automobile loans				
SBA loans				
Small-dollar unsecured loans				
Online loan applications				
Online loan closing				
Automated loan underwriting				
Electronic bill presentment or payment				
Mobile banking				
Stored value / prepaid cards				
Credit cards				
Cash management services				
Remote deposit capture				
Interactive Teller Machines (ITMs)				
Payroll cards				
Money remittance services				
Health Savings Accounts (HSAs)				
Insurance (e.g., life, accident, health)				
Wealth management services				
Personal financial management tools				

*After finishing the above matrix, for any products where the answer is C (“Currently offer but plan to exit or substantially limit in next 12 months”), the respondent will get the following question:*

Which of the following most accurately describes the reason for **exiting** \_\_\_\_\_ in the next 12 months?

- A. Contracting market
- B. Competition in market is intensifying
- C. Lack of profitability
- D. Match the competition
- E. Increase in regulatory cost
- F. Other [Please explain]

*After finishing the above matrix, for any products where the answer is E (“Do not offer but plan to offer in the next 12 months”), the respondent will get the following question:*

Which most accurately describes the reason for **entering** \_\_\_\_\_ in the next 12 months?

- A. Expanding market
- B. Competition in market is weakening
- C. Profitability
- D. Match the competition
- E. Decrease in regulatory cost
- F. Other [Please explain]

If the respondent answered “Currently offer” to “online loan applications, online loan underwriting or online loan closing” (in question 9) then ask the following question:

**10. With respect to online loan products, my bank:**

- A. Relies on “in-house” technology
- B. Relies on partnerships with outside digital service providers

*[Likert scale: Never, Rarely, About Half the Time, Usually, Always]*

If the respondent answered “Currently offer” to any of the other digital services, in question #9 [electronic bill presentment or payment; mobile banking; stored value/prepaid card; remote deposit capture; interactive teller machines], then ask the following two questions:

**11. With respect to non-lending digital banking products and services, my bank:**

- A. Relies on “in-house” technology
- B. Relies on partnerships with outside digital service providers

*[Likert scale: Never, Rarely, About Half the Time, Usually, Always]*

**12. With respect to outside providers of digital banking products and services, our bank:**

- A. Does not have, and is not seeking, relationships with outside providers
- B. Does not have, but is seeking, relationships with outside providers
- C. Has adequate relationships with outside providers
- D. Has relationships with outside providers but is seeking to scale them back
- E. Has relationships with outside providers and is seeking to expand them

Ask all respondents the following:

**13. How important is the adoption of new or emerging technologies to meet customer demand in your market?**

*[Likert scale: Not Important, Slightly Important, Moderately Important, Important, Very Important]*

**14. How important is it to be a leader in new or emerging technology adoption to meet customer demand in your market?**

*[Likert scale: Not Important, Slightly Important, Moderately Important, Important, Very Important]*

**15. Looking ahead, what are the most promising opportunities and/or the most difficult challenges facing your bank regarding the products and services that you provide?  
[Open-ended]**

**16. Please indicate the extent to which the changes brought about by the “Tax Cuts and Jobs Act” have affected the following so far in 2018:**

- A. Small business and commercial loan demand
- B. Mortgage loan demand
- C. Consumer loan demand
- D. My bank’s willingness to purchase tax-exempt securities from local governments
- E. My banks’ willingness to make tax-exempt loans to local governments

*[Likert scale: Significantly Decreased, Decreased, No Impact, Increased, Significantly Increased]*

**17. Please indicate the extent to which you expect the changes brought about by the “Tax Cuts and Jobs Act” will affect the following, going forward:**

- A. Small business and commercial loan demand
- B. Mortgage loan demand
- C. Consumer loan demand
- D. My bank’s willingness to purchase tax-exempt securities from local governments
- E. My banks’ willingness to make tax-exempt loans to local governments
- F. My bank’s willingness to extend other types of loans (e.g., small business, consumer, mortgage)

*[Likert scale: Significantly Decreased, Decreased, No Impact, Increased, Significantly Increased]*

**18. Which of the following most closely describes the current status of your efforts for transitioning to the Current Expected Credit Loss (CECL) methodology?**

- A. We have not started
- B. We are in discussions with vendors
- C. We are in the data collection and analysis phase
- D. Our methodology is selected and tested
- E. We can reasonably estimate financial impact

**19. Of the items listed below from call report Schedule RI-E, please provide data on how much you spent on each item in 2017 and then indicate how much of the cost for each item was associated with regulatory compliance (thousands of dollars):**

(A)	(B) Total dollar amount spent in 2017 (in thousands)	(C) Estimated dollar amount (from Column B) associated with regulatory compliance (in thousands)
Personnel expenses (salary and benefits)		
Data processing expenses		
Legal fees and expenses		
Accounting and auditing expenses		
Consulting and advisory expenses		

**20. What regulatory trends do you find to be the most encouraging or discouraging?:**  
**[Open ended]**

**21. Have you received and seriously considered accepting an acquisition or merger offer in the last 12 months?**

- A. Yes
- B. No

If answer is "Yes" then ask:

**22. How important were the following factors in your decision to seriously consider accepting the acquisition or merger offer?**

- A. Succession issues
- B. Costs of dealing with regulations
- C. Inability to achieve economies of scale
- D. Excessive costs of doing business
- E. Opportunity to start a de novo bank
- F. Other [Please explain]

*[Likert scale: Not Important, Slightly Important, Moderately Important, Important, Very Important]*

**23. Have you made an offer to a target institution in the last 12 months?**

- A. Yes
- B. No

If answer is "Yes" then ask:

**24. How important were the following motivations to make the offer?**

- A. Succession issues
- B. Desired entry into a new market
- C. Expand within existing market
- D. Capture abilities of bank managers
- E. Exploit underutilized potential
- F. Achieve economies of scale
- G. Other [Please explain]

*Likert scale: Not Important, Slightly Important, Moderately Important, Important, Very Important*

**25. Succession Planning: What is the current age of your CEO?**

- a. 25-34
- b. 35-44
- c. 45-54
- d. 55-64
- e. 65-74
- f. 75 +

**26. Succession Planning: What is the median age of your Board of Directors?**

- g. 25-34
- h. 35-44
- i. 45-54
- j. 55-64
- k. 65-74
- l. 75 +

**27. How important are the following risks facing your bank today?**

- A. Credit
- B. Market
- C. Liquidity
- D. Cybersecurity
- E. Management Succession
- F. Board Succession
- G. Operational (excluding Cybersecurity and Succession)
- H. BSA
- I. Consumer Compliance/Fair Lending
- J. Compliance (excluding BSA and Consumer)
- K. Legal (excluding Compliance)
- L. Other [Please specify]

*[Likert scale: Not Important, Slightly Important, Moderately Important, Important, Very Important]*

**28. What do you think the community banking industry will look like in five years with respect to size, location and products and services offered? [Open-ended]**