Foreword

Eight years ago, coming out of the financial crisis, the FDIC conducted a study of community banks. This study was the first large-scale review of community banks ever conducted, and it recognized the importance of community banks and their unique role in the banking industry. As a result of that study, the FDIC changed its approach to identifying community banks. In general, community banks are those that provide traditional banking services in their local communities. As of year-end 2019, there were 4,750 community banks in the country with more than 29,000 branches in communities from coast to coast.

Since the 2012 study, community banks have proven to be resilient. Relative to noncommunity banks, community banks have had faster growth in return on assets ratios, higher net interest margins, stronger asset quality, and higher loan growth rates. Community banks have continued to demonstrate this strength during the COVID-19 pandemic.

The FDIC recognizes the role community banks play in providing loan and deposit services to customers throughout this country, which is why I made this update to the 2012 Community Banking Study a research priority in 2020. I instructed my research team not only to update key aspects of the prior study, but also to consider new topics that are important to community banks, such as regulatory change and technology. By continuing to study community banks and providing that research to the public—our stakeholders—we can continue to identify ways that the FDIC can provide support to these institutions.

I would like to extend a special thanks to Diane Ellis, Director of the FDIC Division of Insurance and Research, for leading this effort.

I believe this work will provide continued recognition of community banks' strength, their unique role in the banking industry, and their value to the public.

Jelena McWilliams
Chairman, FDIC
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