



FEDERAL RESERVE BANK *of* ST. LOUIS
CENTRAL TO AMERICA'S ECONOMY®

Prepared Introductory Remarks

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Community Banking Research Conference (Hybrid)

Federal Reserve System, Conference of State Bank Supervisors (CSBS) and Federal Deposit Insurance Corp. (FDIC)

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Any opinions expressed here are my own and do not necessarily reflect those of the Federal Open Market Committee.

Good morning and welcome to St. Louis for the 2022 Community Banking Research Conference. I'm pleased to welcome you back into our building after presenting the conference virtually for the past two years. The pandemic gave us an opportunity to learn how to operate in a virtual environment and ensure that all our participants can be fully engaged in these proceedings—whether you're here in person or joining us on Zoom.

On behalf of the Conference of State Bank Supervisors, the Federal Deposit Insurance Corporation and the Federal Reserve System, I welcome you all.

This year's conference is particularly special, as it marks the 10th year of these proceedings. It began somewhat humbly, but with ambition. The goal of the conference, as outlined then by Governor Jerome Powell, now chair of the Board of Governors, was to "inform discussions among policymakers, to collect unique and innovative practices of successful community banks and to serve as a reference point for future research conferences."

I think this conference has achieved that goal.

In my remarks at the 2014 conference, I noted a significant increase in the number of paper submissions relative to the inaugural year and predicted continued expansion. While I am reluctant to make predictions—as St. Louis native Yogi Berra once said, "It's tough to make predictions, especially about the future"—on this one I was right. We've seen a steady increase in submissions each year of the conference.

The conference grew in other ways as well.

The organizers added several other important features over the past decade. To name a few:

- Community bankers were added to each of the research panels to provide a practitioner’s perspective on the research presented.
- An Emerging Scholars program was created to support Ph.D. students interested in community banking-related topics.
- CSBS developed an undergraduate case study competition to motivate interest in banking and banking research among students.
- Expert panels were assembled to address highly topical issues and offer ideas for future research—and starting last year, the FDIC started rebroadcasting these conference discussions through its popular “FDIC Podcast.”

Additionally, in the second year of the conference, CSBS developed a National Survey of Community Banks. The survey is administered by the state banking commissioners and has given us current information on the state of community banking.

Miki Bowman, who is here with us today and is a longtime supporter of the conference, previously as Kansas state bank commissioner and now as a member of the Board of Governors, described the survey as “a window into what community bankers are experiencing.” I agree. It serves as a backdrop for the research presented and is valuable in its own right—findings have been cited over the years in policy discussions conducted by, among others, the U.S. Government Accountability Office and the Economic Report of the President.

The challenges and opportunities faced by community bankers have also changed over the 10 years of the conference. Initially, bankers were concerned about lingering impacts of the financial crisis and new regulations responding to it under the Dodd-Frank Act. Later came the COVID crisis, which community banks confronted as prominent providers of lifelines to small businesses through the Paycheck Protection Program. And now, banks face high inflation and an uncertain economic outlook.

But other challenges and opportunities have persisted. The community banking industry continues to consolidate. Bankers are finding that regulatory costs, particularly those incurred by smaller banks, remain burdensome. Bankers face now, as they did a decade ago, technological advances and competition from nonbank providers of financial services.

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At the inaugural conference in 2013, John Ryan called for “robust, honest, disciplined research and a willingness to challenge our assumptions.” John was president and CEO of the Conference of State Bank Supervisors until his untimely passing earlier this year. I believe this conference has met his challenge, and I think he would be pleased with the agenda again this year.

Throughout this year’s proceedings, we will hear from leaders in community banking, banking supervision and academic research and from the conference sponsors, who will share their views on the importance and significance of this year’s event. Before we play a special conference message sent to us by Federal Reserve Chair Jerome Powell, I’d like to offer my own congratulations, to the conference organizers, to everyone on this year’s program and to all of you—here in St. Louis and virtually—for sustaining this important conference for the past decade.

I look forward to seeing what the next decade will bring.