FEDERAL RESERVE BANK *of* ST. LOUIS

Prepared Welcoming Remarks

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

Good morning and welcome to the 12th Community Banking Research Conference.

The Federal Reserve System sponsors this conference in partnership with the Conference of State Bank Supervisors and the Federal Deposit Insurance Corp. The St. Louis Fed is proud to have served as the host for all 12 years of the conference.

The conference was known to me well before I joined the Federal Reserve Bank of St. Louis six months ago as its president and CEO. What takes place at this conference each year is known and appreciated by numerous constituencies around the world.

It's a testament to the strength of this conference, and to its talented planning committee, that the conference attracts such strong interest from researchers, regulators, policymakers and community banks year after year.

Part of that draw comes from the fact that this conference has several elements that are truly unique.

It is keenly focused on bringing together diverse perspectives to discuss emerging research and to debate important issues impacting the community bank business model. For example, community bankers are embedded on each research panel, a capstone panel of community bankers will synthesize everything we learn over the next day and a half, and a prominent community banker will offer keynote remarks tomorrow morning.

This event features state and federal regulators and policymakers alongside researchers who are joining us from all over the world. Their perspectives are combined to ensure that we look at community banking from many different angles.

Another element I find unique is our audience. I've been to many research conferences in my career. This is the first one where I see just as many participants from outside the research community as inside. Your diversity of backgrounds ensures we will cover a wide range of issues during these proceedings and during our networking breaks.

I had a chance to meet many of this year's presenters yesterday evening, and I really appreciated the range of topics we covered in such a short time. So, to all of you here in the Gateway Conference Center: My advice is to not miss the networking breaks. You are guaranteed to learn something from this impressive group of people we have gathered here. When else are this many community bankers and researchers in the same room and on the same program?

Although I may not come from a community banking background, I've long been impressed with the ability of relationship lenders to acquire "soft" information that supports effective credit decisioning. Community banking is both an art and a science, and I must say that in my travels across the Federal Reserve's Eighth District, I've had the privilege of meeting community bank leaders who excel in both.

Although community banks can be found across the U.S., I find it fitting that we continue to gather each year in St. Louis for this conference. This is a community banking town, and the Eighth District is a community banking District—the banks headquartered here largely fit the definition of a community bank by asset size and their approach to banking. Their success relies heavily on the relationships they build with their customers, their employees and their communities.

This idea of leveraging relationships to gather actionable information is not too dissimilar to the approach used by the Federal Reserve. Our mission requires that we leverage our decentralized structure of 12 Reserve banks to understand the economic conditions in our districts. We reach out to a wide range of businesses, communities and constituencies to understand the effects of Federal Reserve policy and to gather both hard and "soft" information that can inform our future policy decisions.

We use both formal and informal channels to gather this information. Our formal channels include industry councils focused on agribusiness, health care, real estate and transportation. We have an advisory council comprised of leaders from nonprofit organizations, financial institutions, universities, government and foundations. And, most relevant to today's proceedings, we, and the other 11 Reserve banks, have a 12-member Community Depository Institutions Advisory Council composed of executives of smaller financial institutions.

Our CDIAC, as we call it, gives us direct insights into the credit, banking and economic conditions facing these institutions, their communities and their regions. I'm pleased to see that one of our council members, Orv Kimbrough, is on a research panel at this year's conference.

These are important information channels that supplement the significant volumes of hard data that we ingest daily to inform our views and perspectives. On that note, I'd be remiss if I didn't mention the St. Louis Fed's commitment to providing and democratizing access to important economic data through its FRED database.

FRED has become ubiquitous around the world, supporting research and analysis through the more than 825,000 U.S. and international time series data it offers.

So, in many ways, the approach employed by this conference, combining quantitative research with the qualitative perspectives of industry experts, aligns with the Federal Reserve's broader approach to understanding the economy. I think that's a powerful model.

I look forward to learning from everyone gathered here. I view today as the official start of my relationship with this conference and with all of you.

Thanks to everyone on this year's program for traveling to St. Louis for this important event. I think we're able to convey so much more when we're able to sit down with each other, face to face, and share our insights, views and perspectives.

I wish everyone a great conference.