



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

Prepared Welcoming Remarks¹

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**Seventh Annual *Community Banking in the 21st Century* Research and Policy Conference
Federal Reserve System, Conference of State Bank Supervisors (CSBS) and Federal Deposit
Insurance Corp. (FDIC)
St. Louis, Mo.
Oct. 1, 2019**

I welcome you to this research and policy conference that we somewhat boldly entitled *Community Banking in the 21st Century* when it began in 2013. The conference then, as now, was sponsored by the Federal Reserve System and the Conference of State Bank Supervisors. Last year, we welcomed the Federal Deposit Insurance Corp. to this effort. We are pleased with this expanded partnership.

The content of that first conference was relatively simple: We worked to combine the latest in community bank research with the comments of bankers that were voiced during various “town hall” meetings held by state banking commissioners around the country.

The conference has expanded significantly since. I’d like to highlight some of those changes.

First, we have seen strong sponsorship from senior officials of regulatory agencies and the CSBS. This support is reflected by the keynote addresses in this year’s agenda. The morning keynote address is by Federal Reserve Governor Michelle “Miki” Bowman, the Fed’s first governor with responsibility for community banking matters. Her experience as a state banking

¹ Any opinions expressed here are my own and do not necessarily reflect those of the Federal Open Market Committee.

FEDERAL RESERVE BANK *of* ST. LOUIS

regulator and as a community banker gives her unique insights into the community bank business model. In addition, we are again joined by FDIC Chairman Jelena McWilliams, who has been a strong voice for the community banks since her appointment. I look forward to her talk this afternoon. Another one of my Fed colleagues, Philadelphia Fed President Patrick Harker, will speak tomorrow morning.

I also want to acknowledge CSBS President John Ryan and the state banking commissioners who continue to serve as a vital backbone to our unique state-federal supervisory model and, of course, to this conference.

The conference has expanded in other ways as well.

Several years ago, we introduced a panel discussion to provide a business perspective to complement the academic research. This year, we will present a panel discussion focused on the future of community bank funding, a significant issue to banks in the Eighth Federal Reserve District and across the U.S.

Of special interest to many bankers is the student case study competition, an innovative idea of the CSBS that was introduced four years ago. This year, we will hear the presentation of a case study of community banks presented by the winning undergraduate student team from Juniata College in Huntingdon, Pa.

Finally, several years ago, we introduced the voices of community bankers through a video series. This year, we have a montage of video interviews with community bankers from across the U.S. We'll also hear directly from a community banker from Massachusetts who demonstrates that community banks can not only compete against some of the largest banks in the nation but also win.

As you can see, voices of community bankers will continue to be heard throughout nearly every aspect of this conference, including in connection with the research being presented this year.

Of course, this conference is fundamentally a research conference. So let me offer a few thoughts on the research.

Over the years, more than 60 academic papers have been presented at this conference. These papers have been published in leading economic, finance and accounting journals. They have been widely cited by other researchers. In other words, they have become the reference point for academic research for community banking that the conference sponsors envisioned when this endeavor first began.

This year, 12 papers were selected for presentation from what I've been told was an impressive number of high-quality submissions. They are organized in four sessions. One session looks at how regulation influences small-business lending. Another examines how funds are transferred among geographic markets in response to local economic shocks. Another examines relationships between regulation and risk. The last one connects technology to the growth and profitability of banks.

Again this year, a community banker will participate on every research panel alongside an academic moderator. While it may sound simple, combining a researcher's perspective with a practitioner's perspective is not the norm in the research world. I've spent much of my career in the research world and can tell you: This approach is unusual!

In fact, we've received inquiries from other institutions asking us about the structure of this conference and the inclusion of the voices of practitioners in our research proceedings. I do hope we see this approach used more frequently. We have learned a lot from our community bankers through this conference, and many of our researchers have told us the perspectives they've gleaned have helped them improve their research.

Finally, I'd like to offer a few thoughts on this year's National Survey of Community Banks, which was conducted by state banking commissioners and the CSBS. The survey offers a snapshot of the opportunities and challenges faced by community banks. Specifically, the

FEDERAL RESERVE BANK *of* ST. LOUIS

survey has resulted in the creation of a unique data set around compliance costs. Researchers here in St. Louis and from other institutions around the country have been able to use these data to help us better understand the compliance cost of regulation. The survey has also offered evidence on how the burden of compliance costs disproportionately affects the smallest community banks.

Bank commissioners are cognizant of the time it takes for bankers to complete this survey. But we have seen the value. The survey results not only have added to our knowledge of issues affecting community banks but also have been cited by, among others, the Congressional Research Service, the U.S. Government Accountability Office and the White House Council of Economic Advisers. Clearly, this conference is making its presence felt throughout the research and policy spectrum.

In closing, the Federal Reserve Bank of St. Louis is delighted to host this conference. Community banking is important to the Midwest economy. We have learned from community banks as, hopefully, they have learned from us.

I wish everyone here today in St. Louis and those joining us through the webcast a great conference.

And now I'd like to introduce our opening keynote speaker: Michelle Bowman.

"Miki" Bowman joined the Board of Governors of the Federal Reserve System on Nov. 26, 2018. She is the first person to fill the seat for Federal Reserve governor that had been reserved for someone with experience in community banking or community bank supervision. As I mentioned earlier, Governor Bowman has both of those qualifications.

Prior to her appointment to the Board, she served as the state bank commissioner of Kansas. She also served as vice president of Farmers & Drovers Bank in Council Grove, Kan.

FEDERAL RESERVE BANK *of* ST. LOUIS

Governor Bowman received a Bachelor of Science degree in advertising and journalism from the University of Kansas. She received a Juris Doctor degree from the Washburn University School of Law in Topeka, Kan. She is a member of the New York Bar.

Please join me in welcoming Governor Bowman.