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**Opening remarks by President James Bullard**  
**Federal Reserve/CSBS Community Banking Research Conference**  
**Community Banking in the 21st Century**  
**St. Louis, Mo.**  
**Oct. 2, 2013**

Good afternoon and welcome to the conference.

Over the past 20 years, we have seen a material and sustained change in the structure of banking in the United States. There were more than 10,000 community bank charters 20 years ago. As of the end of 2012, there were approximately 6,000 community bank charters. Over that same time period, the percentage of banking assets in community banks also changed dramatically. Twenty years ago, community banks held nearly 50 percent of all banking assets in the United States. Today, they hold 17 percent, while 83 percent of the assets are held by the largest 84 banks with more than \$10 billion in total assets.

The past five years have further challenged community banks, with nearly 500 bank failures over that time. These failures were handled in a relatively routine fashion, with little fanfare and little damage to banking services in affected areas. It was capitalism at work: Those banks with poor business results had to admit defeat by market forces and close their doors. There were no bailouts for these business owners.

Those community banks that survived and thrived through the crisis and its aftermath retain an important role in the U.S. economy. For example, although community banks account for only 20 percent of all loans made by commercial banks, they account for 52 percent of the small business and farm loans. And, equally as important, community banks are a community partner. They have a stake in the economic health of the communities they serve.

The future of community banks is important—to both the economy and the communities they serve. At the St. Louis Fed, we support increased research on community banking and encourage policymakers to be cognizant of the value of these institutions.

I know that state bank commissioners have been an important partner in encouraging quality research on the topic of community banking. We place a high value on our shared supervisory responsibilities with the states—that relationship is clearly reflected in our audience today as we have more than half of the state commissioners in the audience with us today.

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I would also like to express my sincere appreciation for the strong support of Chairman Bernanke and Governor Jay Powell. Both are keenly interested in matters affecting community banks.

My next official duty is to introduce Chairman Bernanke. Chairman Bernanke has come to the right city at the right time. As I understand it, Washington has shut down and is no longer playing baseball, the Chairman's favorite sport. St. Louis has not shut down and continues to play baseball; so, consider St. Louis your home for baseball, Mr. Chairman.

Ben Bernanke began his second term as Fed Chairman on Feb. 1, 2010. Prior to his appointment, he was the Chairman of the President's Council of Economic Advisers from June 2005 to January 2006. The Chairman is a Fellow of the Econometric Society and of the American Academy of Arts and Sciences. As most of you know, the Chairman has continued to offer exceptional leadership for the Federal Reserve during the very trying times of recent years. I really appreciate the Chairman coming to address this conference.

Please join me in welcoming Ben Bernanke.

James Bullard, President and CEO  
Federal Reserve Bank of St. Louis