Reading Up On The State Of Community Banking

technology   marketing   strategic planning

Summary: ICBA's 2018 State of Community Banking Survey finds 66% of community bankers have growth as their top business goal for 2018. We provide the survey's highlights.

Have you read a book in the last year? Pew Research shows that more than 25% of Americans have not even read part of a book in the last 12 months. You wouldn't think that is a big deal - after all, we are all really busy. But, studies show there are many benefits to reading books, including being more creative and open-minded, as well as living longer and more successful lives.

Community bankers may or may not be reading more this year, but they are studiously trying to grow and pay more attention to a number of industry challenges.

ICBA's 2018 State of Community Banking Survey finds 66% of community bankers say growth is their top business goal for 2018. This is true whether such growth comes from boosting earnings, loans, deposits, or launching new products.

To increase growth, some community banks are increasing marketing efforts and a bunch of that is around digital delivery. Almost 30% will spend more on marketing this year and 64% of that will be in digital form. Everything from building more web presence to enhancing social media are in the plans. As one bank said, "a lot more of our discussion [focuses now] on how to utilize social media."

Not surprising, technology is also playing a role on the operations side too. About 20% are considering loan origination software, with one respondent specifying that more people now want to apply for loans on the bank's website, and seeking quick approval times. Of course, the degree to which community banks advance their systems will vary, depending on customer needs.

Community banks are also launching new products: 17% are considering new credit and debit card services, including instant issuance of both new cards and replacement cards; 7% are looking into new payment products; and 6% are considering wealth management/brokerage services.

Payment card instant issuance is becoming increasingly popular, as activation rates can reach nearly 100%. This is far better than the average 40% activation rate for traditional issuance of debit and credit cards. Instant issuance at the branch also eliminates opportunities for fraudsters to compromise newly issued payment cards. An added bonus is this also gives bank staff a way to strike up a conversation about additional customer needs, potentially boosting cross sales.

The survey also finds community bankers are dealing with challenges. About 50% say regulatory compliance is one of their top three challenges, and 60% expect to spend at least 5% more on compliance this year. Meanwhile, 20% say addressing data security is among their top challenges, and 6% say technology, including cybersecurity, is their number-one challenge.

Another top challenge is all about attracting and retaining qualified staff in a tight labor market. This was reported by more than 25% of respondents. One option is offering employee stock ownership plans or other

benefits, such as student loan payment programs, to entice younger workers perhaps.

We think it is interesting to hear how other community banks are doing and what their goals are this year. Given this, we hope you have enjoyed this snapshot of the 2018 Community Banking survey. You can view the complete report here.

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