PCBB Survey Results Are In - The COVID Impact On CFIs

lending employees pandemic

Summary: We recently surveyed our customers on the impact of COVID on their institution. Here are some of the results, including top management issues, outlook on staffing, among others.

The saying goes that King Midas turned all he touched to gold. Wouldn't that be nice, especially these days?! Still, things seem to be stabilizing a bit, based on a recent survey of our customers.

On Friday, we reported what your peers were doing on faster payments, according to a recent report. Well, today, we share the impact of COVID on your peers, according to our own PCBB survey.

In late October, we surveyed PCBB's customers to find out their current thoughts on how COVID was affecting their institution and their outlook for the coming year. Some of the results were surprising, while others fell in line with our expectations. We wanted to share a few of those findings with you today, so you can compare your own institution's situation and find out that you are in good company with many other institutions.

Top issues. First of all, we asked what was keeping bank executives up at night. The overwhelming top issue was on the economic impact of COVID-19, with 77% stating this; unfortunately, this is an issue where bankers have the least amount of control. Interest rates were a top issue for 40% and PPP forgiveness, monitoring and tracking consumed 29% of our customers. PPP is definitely an ongoing issue, although it ranked number one in Q2 vs. fourth place in Q3.

Returning to normalcy. Over 86% of frontline staff are now working on-site full-time or working at home only 25% of the time in the past month. This is a big change from Q2 when we heard that 40% of our customers were offering only limited services on-site while half were operating at full-service, including in-person branch services. That said, back-office staff seems to still be working from home. Meanwhile, 47% of the C-suite has returned full-time to the office with 24% continuing remote work for a quarter of their time.

Two groups emerged. We found two different camps in our customers' responses. One projected low loan growth in Q4 2020 while the other forecasted high loan growth in Q4. Interestingly, neither asset size nor geography seemed to play a role in these two defined groups. Predictably, the high loan growth group had a smaller percentage of loans that were exhibiting COVID-related challenges; meanwhile, 63% of those institutions forecasting low loan growth had 5%-14% of their loans showing COVID-related challenges.

Staffing levels. For staffing, most of our customers expected to keep staff levels the same, with 70% of low growth institutions stating this and 56% of high growth ones. Even 34% of the high growth institutions expected to increase staff overall or increase only the loan administration staff. Respectively, only 12% and 10% of low growth and high growth institutions expect to reduce staff.

Overall, the findings show that community financial institutions are successfully working through the issues and logistics of getting back to full-service for their communities. While some institutions seem less optimistic about loan growth, many are still committed to maintaining staff levels. Most importantly, everyone seems to be in a better position in Q3 than they were in Q2.

COVID-19 IMPACTING YOUR RESERVE

The continuing uncertainty due to COVID-19 makes preparing for year-end and 2021 challenging. Our complimentary report, which has been updated to reflect the most current forecasts, can help. The Q3 report is now available. Simply download Reserve Insights: COVID-19 today.