



Key Findings of the 2026 CSBS Annual Survey of Community Banks

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October 6, 2026





Key Themes in 2026

Net Interest
Margins

Regulation

Cybersecurity

Stablecoins &
Tokenized
Deposits

Artificial
Intelligence





Net Interest Margins





“For a long time, it felt like nobody paid much attention to deposit rates, so, in a way, it’s been refreshing to start having conversations with our customers about this again. There’s a lot more competition and information out there.”

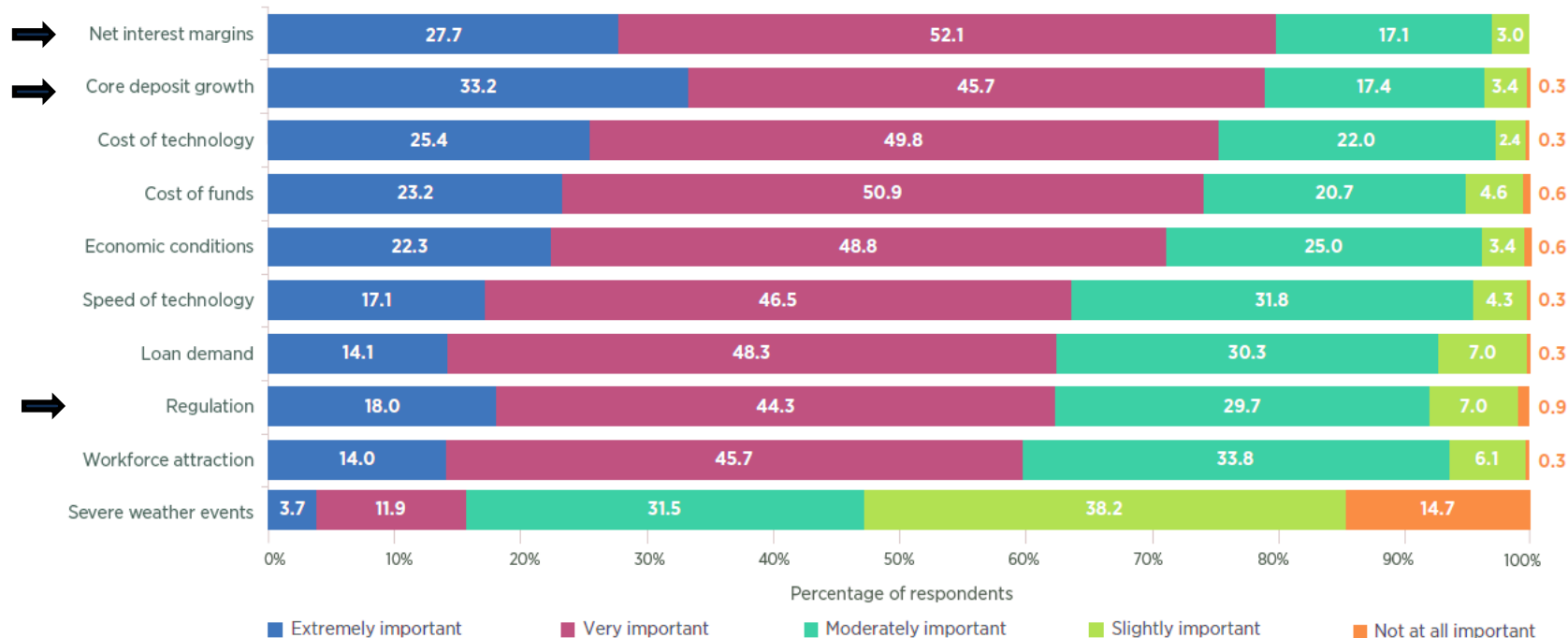
- Scott Mizner

American Bank, Bozeman, Montana



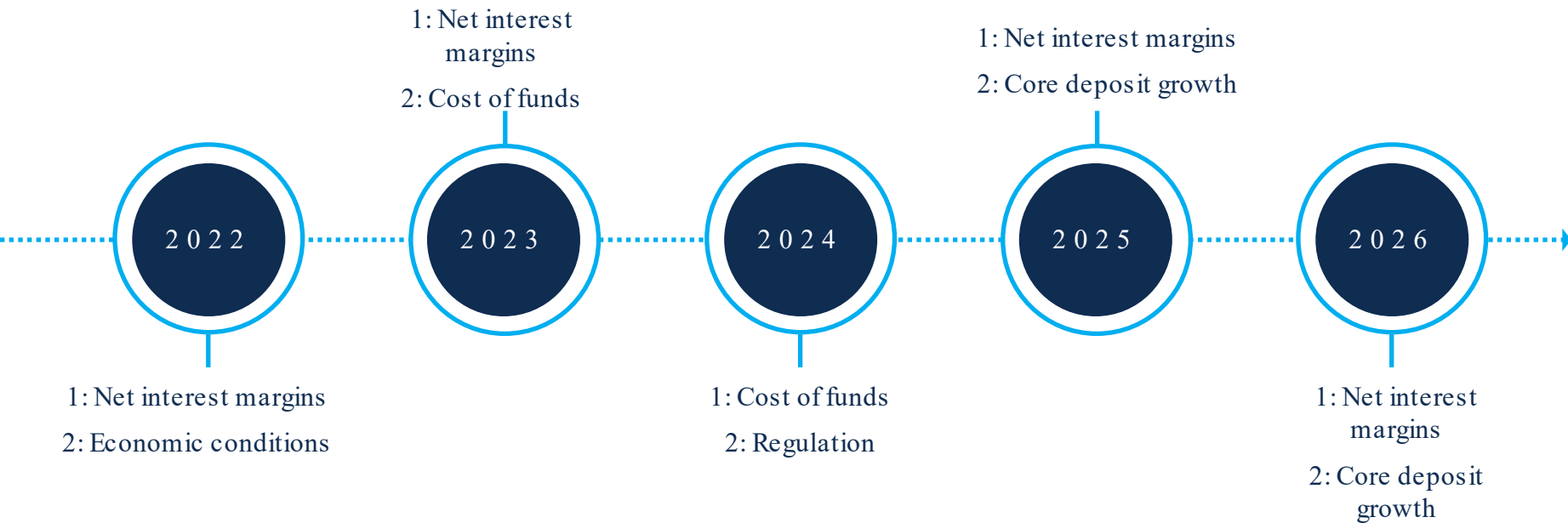


How important are the following external risks to your bank today?



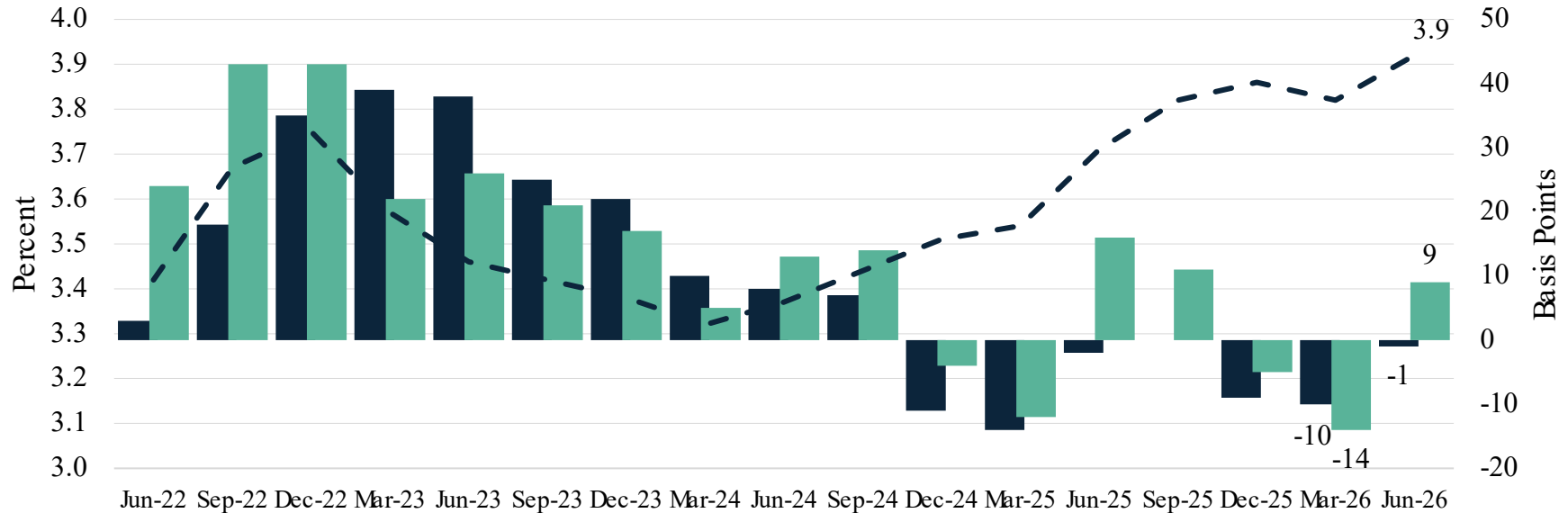


Top External Risks: 2022 - 2026





Quarterly Change in Yield on Earning Assets and Cost of Funds U.S. Community Banks



Source: Call Report

— Net Interest Margin (Left Axis) ■ Cost of Funds (Right Axis) ■ Yield on Earning Assets (Right Axis)

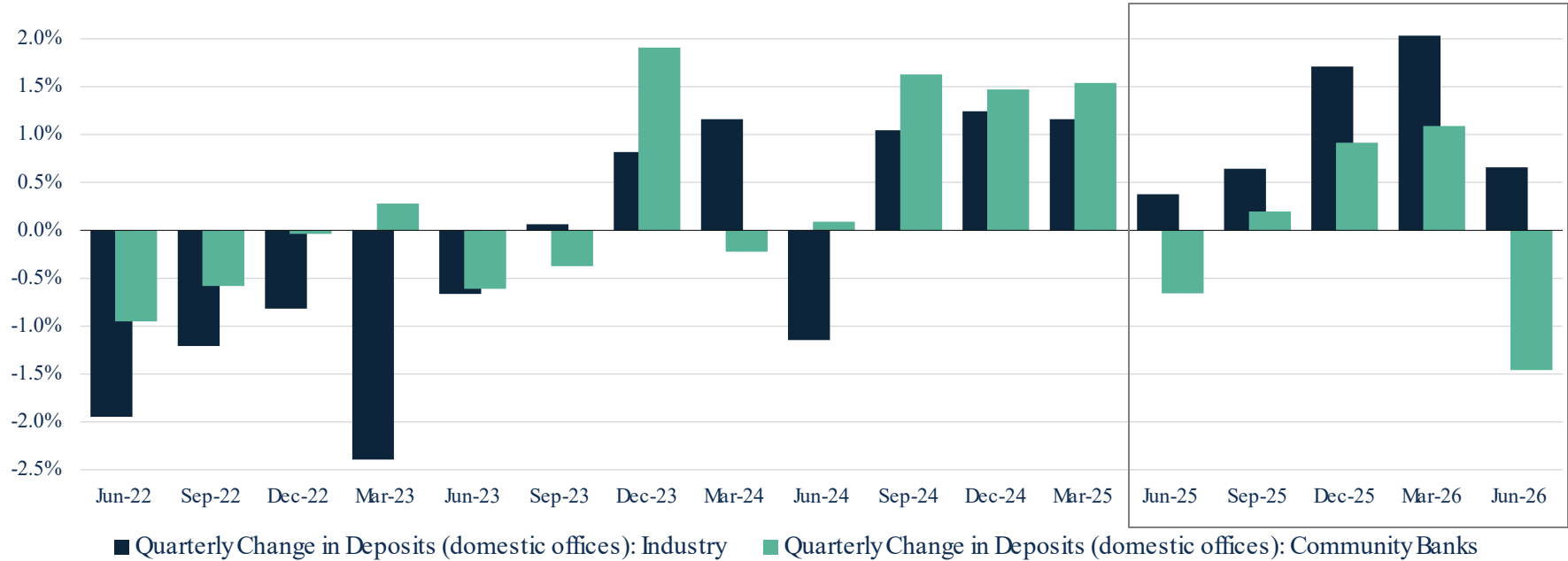


Source: Call Report



Quarterly Change in Deposits

Banking Industry and Community Banks

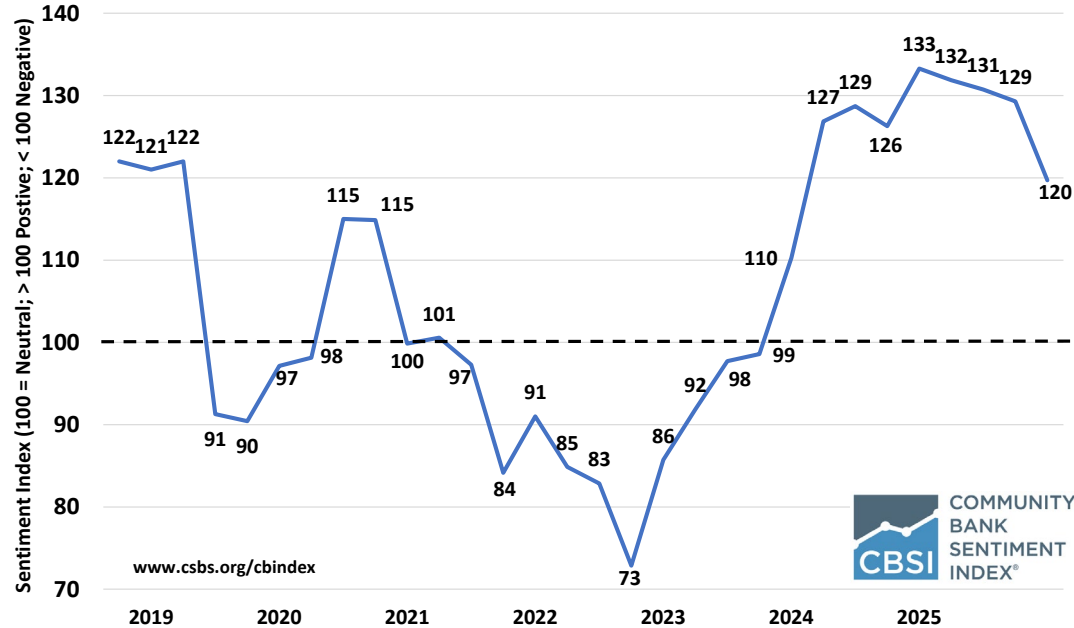


Source: Call Report & Y9-C



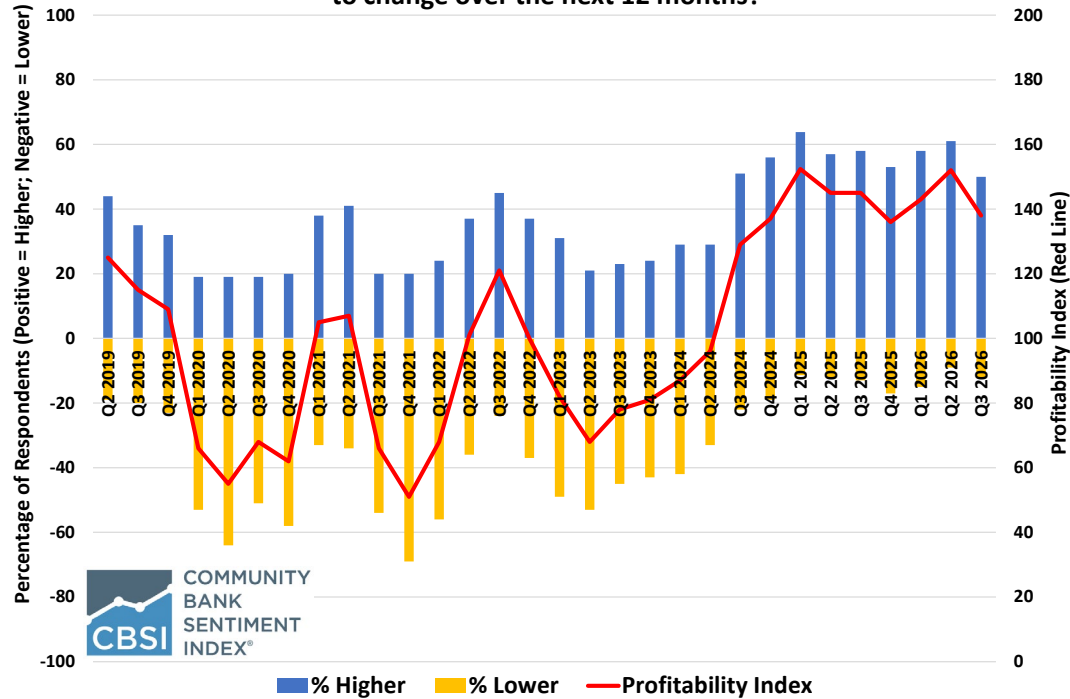


CSBS Community Bank Sentiment Index Slips from Recent Highs





How do you expect profitability of your bank to change over the next 12 months?





"After the pandemic, there was a surge in spending that never really dropped, and household budgets continue to absorb higher costs. We're concerned about the long-term impact of this trend."

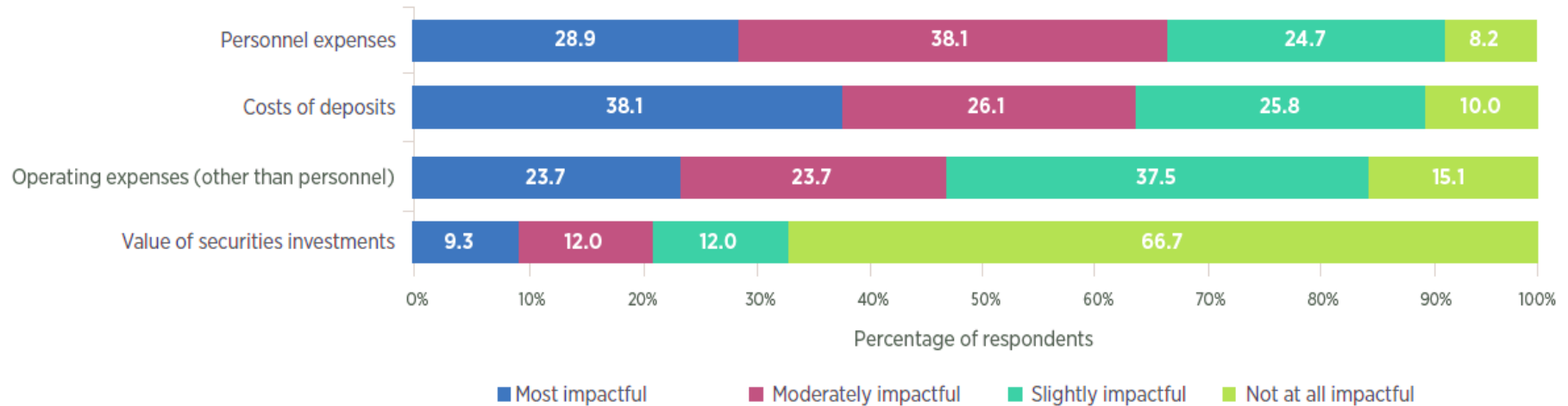
- Jim Kisch

Passumpsic Bank, St. Johnsbury, Vermont



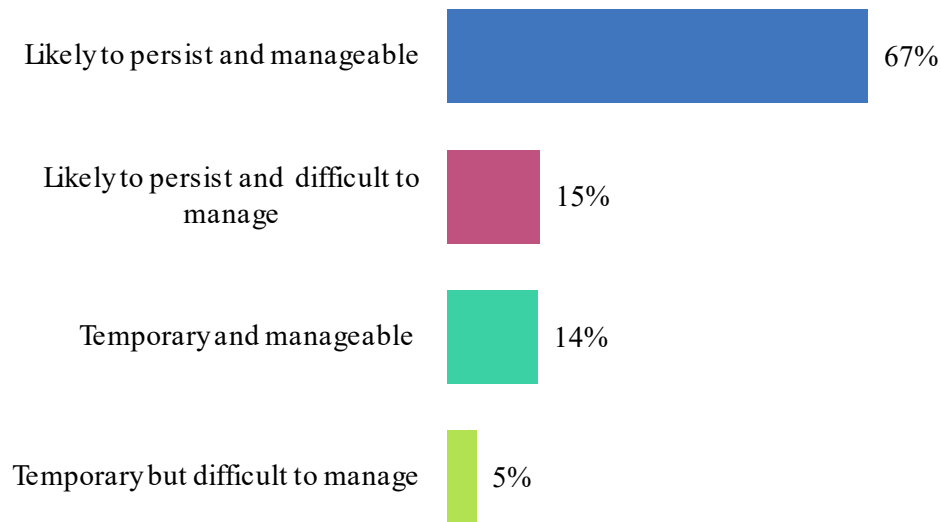


How would you rank the following effects of inflation on your bank in terms of level of impact?



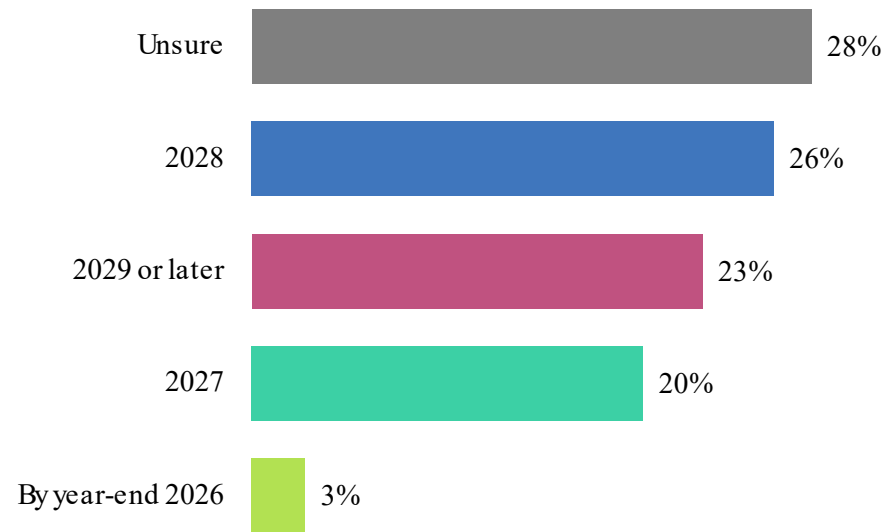


How does your bank view inflation challenges?



Percentage of Respondents

When do you expect the year-over-year rate of core inflation to decline to the Fed's 2% target?

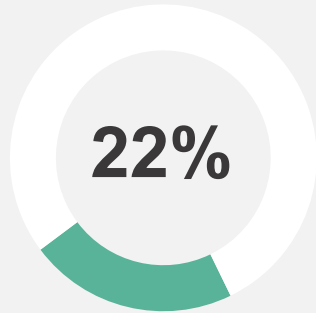


Percentage of Respondents

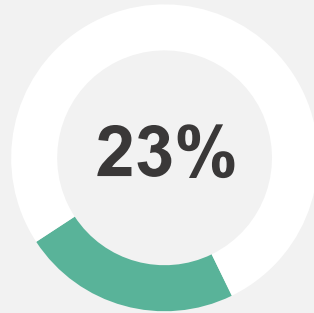




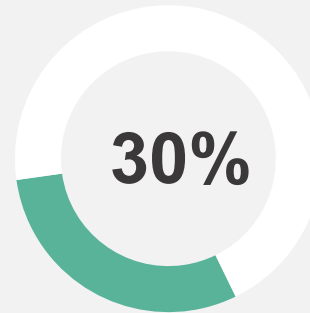
Respondents indicating that core inflation would not decline to Fed's 2% target for at least 3 years/unsure.



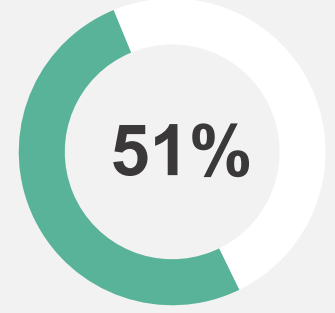
2023



2024



2025

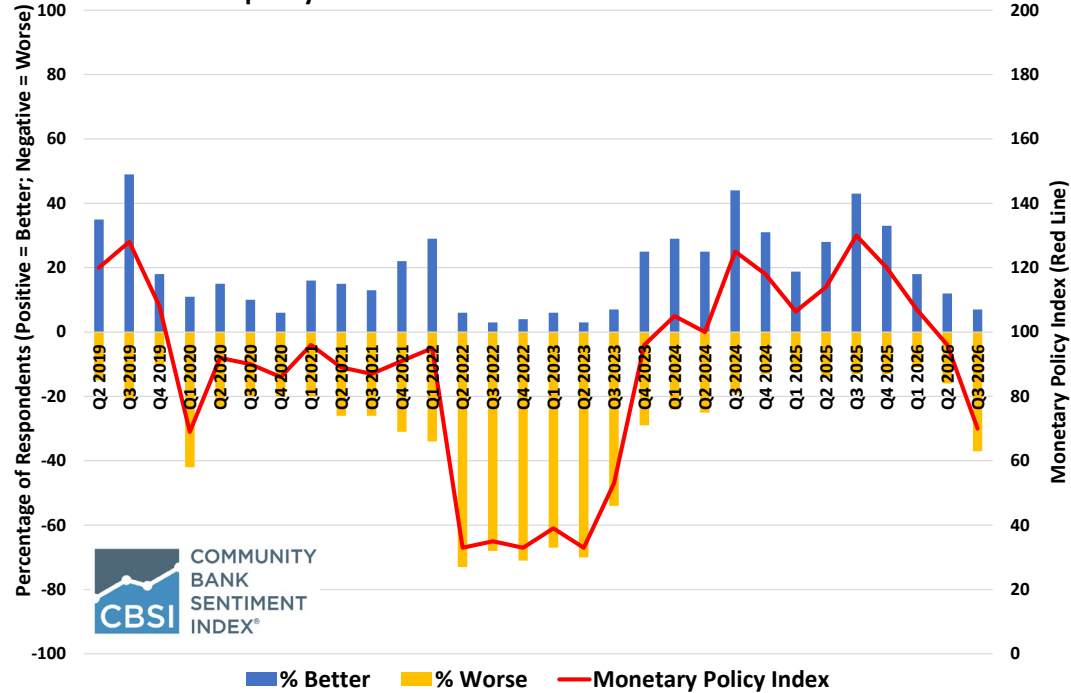


2026





How do you expect the Federal Reserve's monetary policy decisions to impact your market outlook over the next 12 months?





Regulation





“Overall, while I’m encouraged by the regulators reviewing things for redundancy and unnecessary burdens, I think the real test is going to be whether any of this is codified in a durable way. Temporary fixes don’t give banks like ours the confidence to make permanent investments and changes to our compliance infrastructure and programs. Congress and the agencies should work together to make changes stick.”

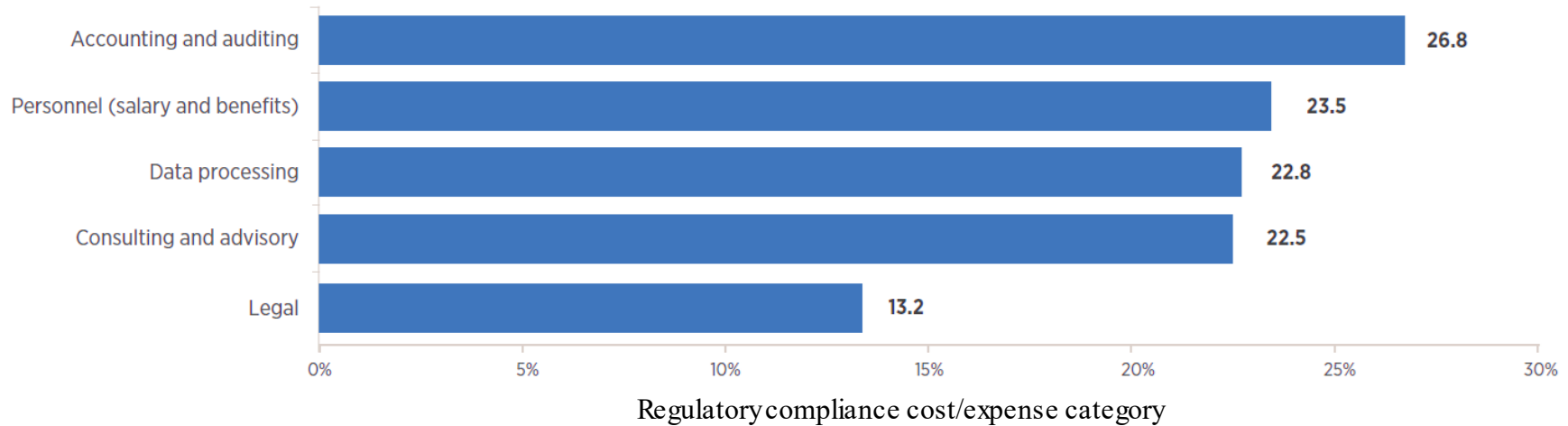
- Jim Edwards

United Bank, Zebulon, Georgia





What share did your bank spend in 2025 on regulatory compliance within each expense category?

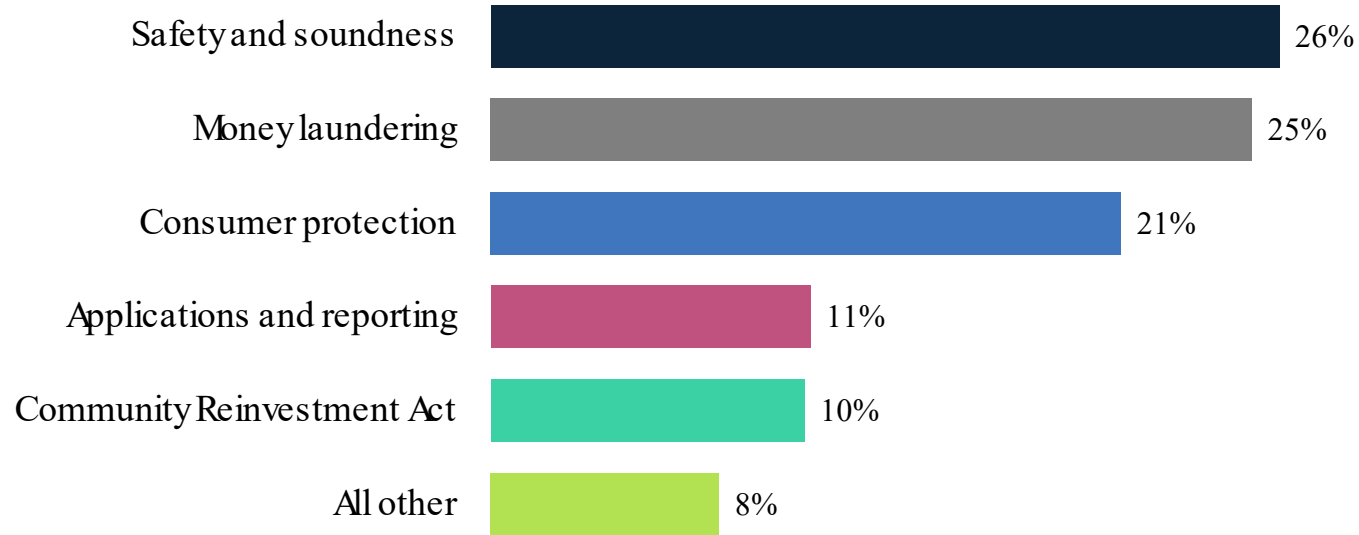


NOTE: Percentages represent a simple average of survey responses.





What percentage of compliance cost is attributable to the following regulations, laws, or reporting standards?



Percentage of total costs reported by respondents





Please share any comments about regulatory changes in the past 12 months and how they have affected, or may affect, your institution.

Compliance Burden

Materiality Focus

Systemic Under-Regulation

Regulatory Relief

Statutory Rules

Level Playing Field

Political Uncertainty

Threshold Recalibration

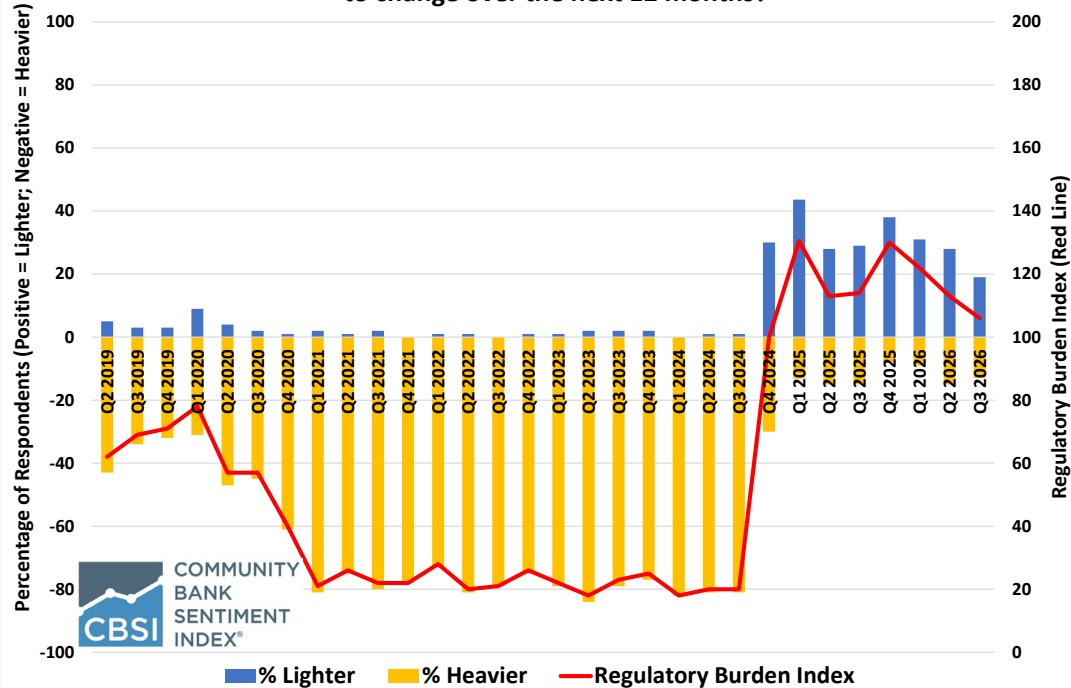
Financial Crime / BSA

Examination Scrutiny





How do you expect the regulatory burden on your bank to change over the next 12 months?





Cybersecurity





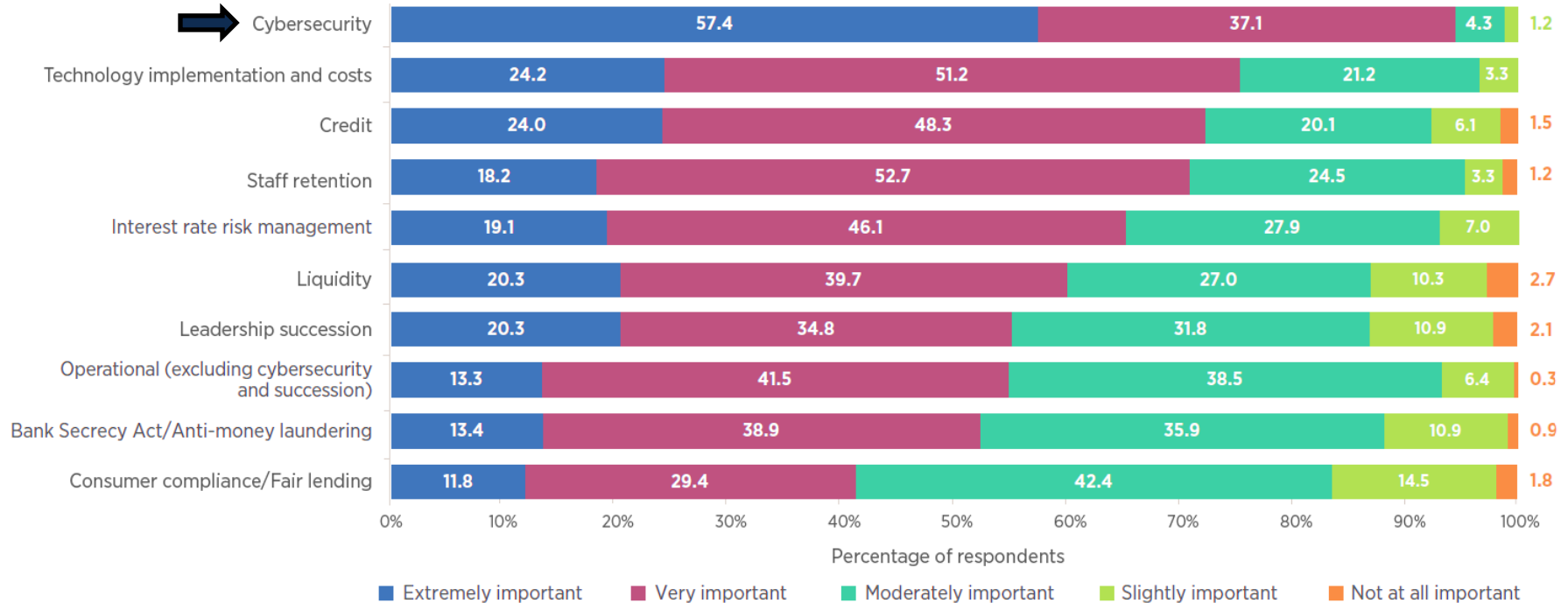
“What keeps me up at night is cybersecurity. I’m expecting that someday an institution will become insolvent overnight due to a cyber incident. It’s only a matter of time.”

- Anonymous Survey Respondent



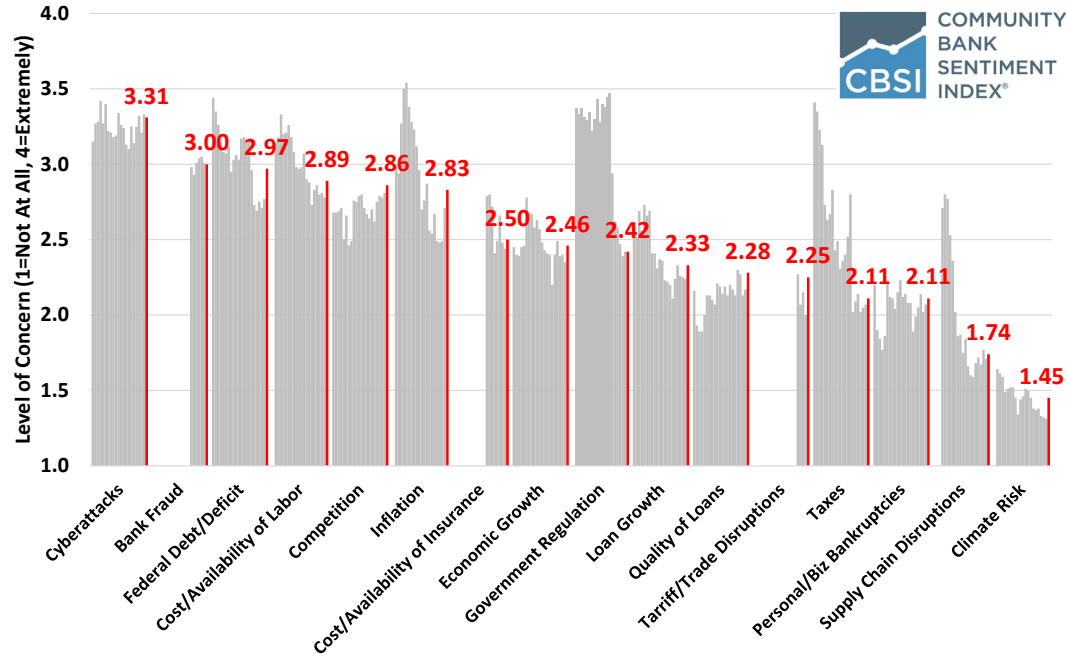


How important are the following internal risks facing your bank today?



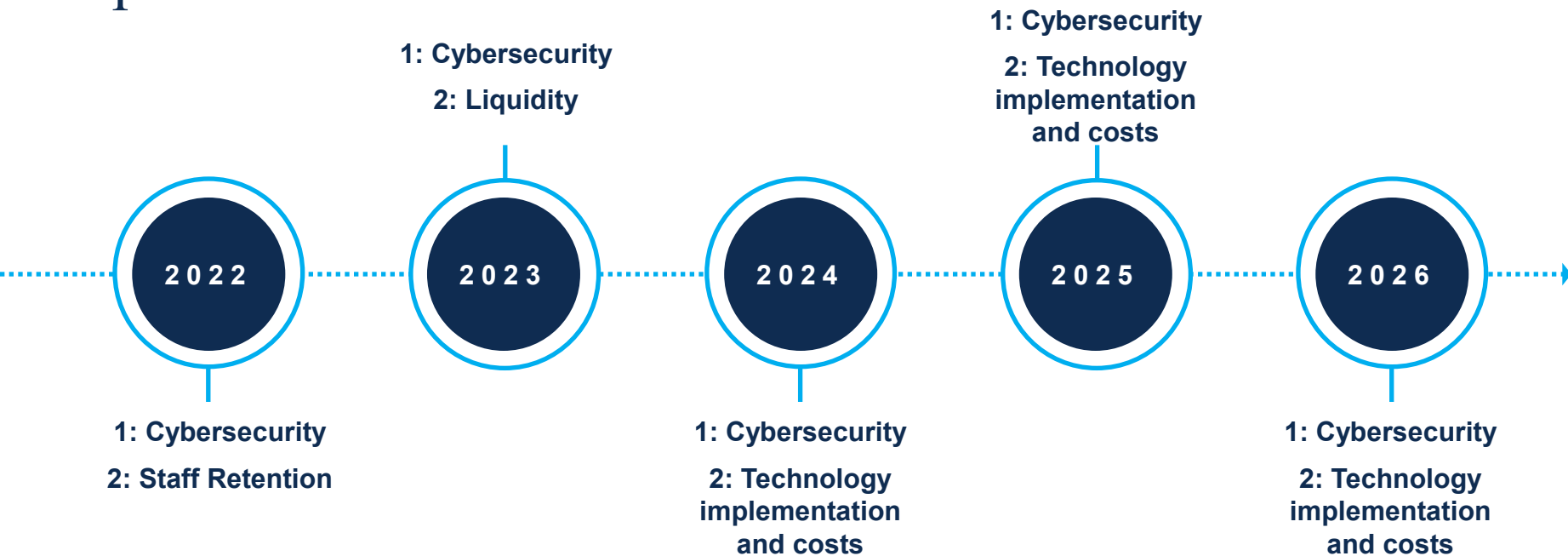


Over the Next 12 Months, Community Bankers' Are Concerned About...



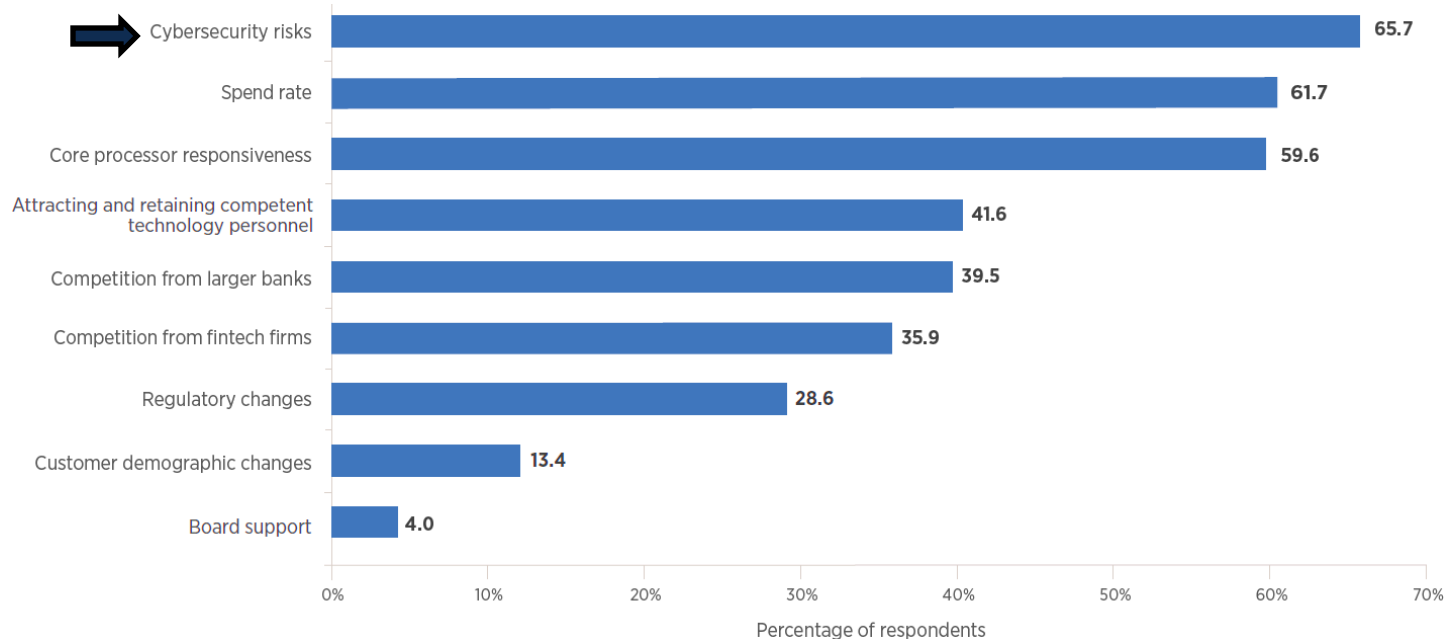


Top Internal Risks: 2022 - 2026



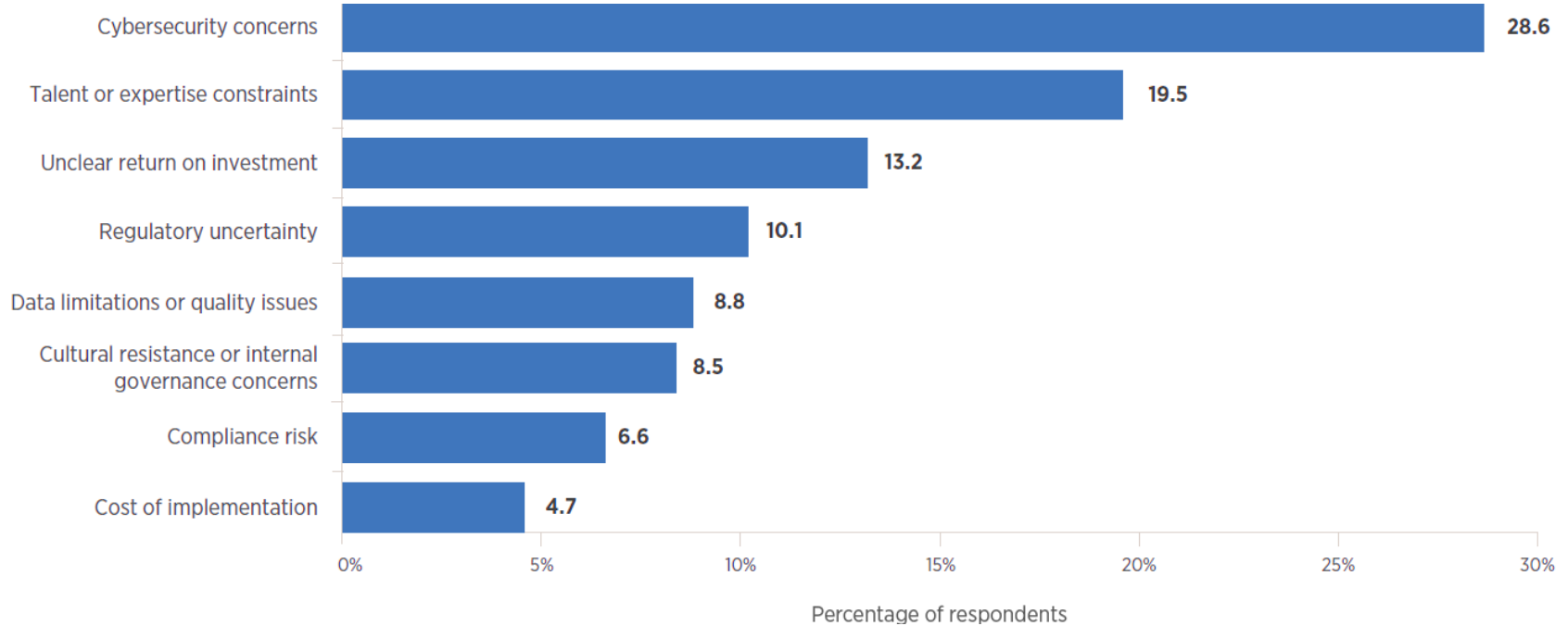


What do you see as the most difficult challenges to implementing new technology over the next five years?





What is the primary barrier to greater AI adoption at your bank?





Stablecoins & Tokenized Deposits





“Once there is more clarity around tokenized deposits, I expect new product designs will emerge rapidly. A customer may ask for something built on stablecoin or blockchain technology, and a bank that can offer only the traditional banking suite could get left behind.”

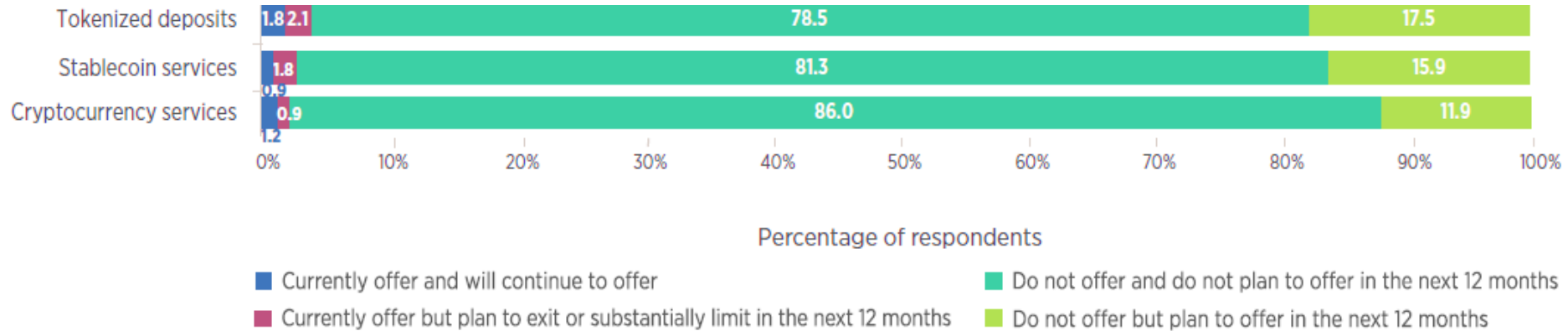
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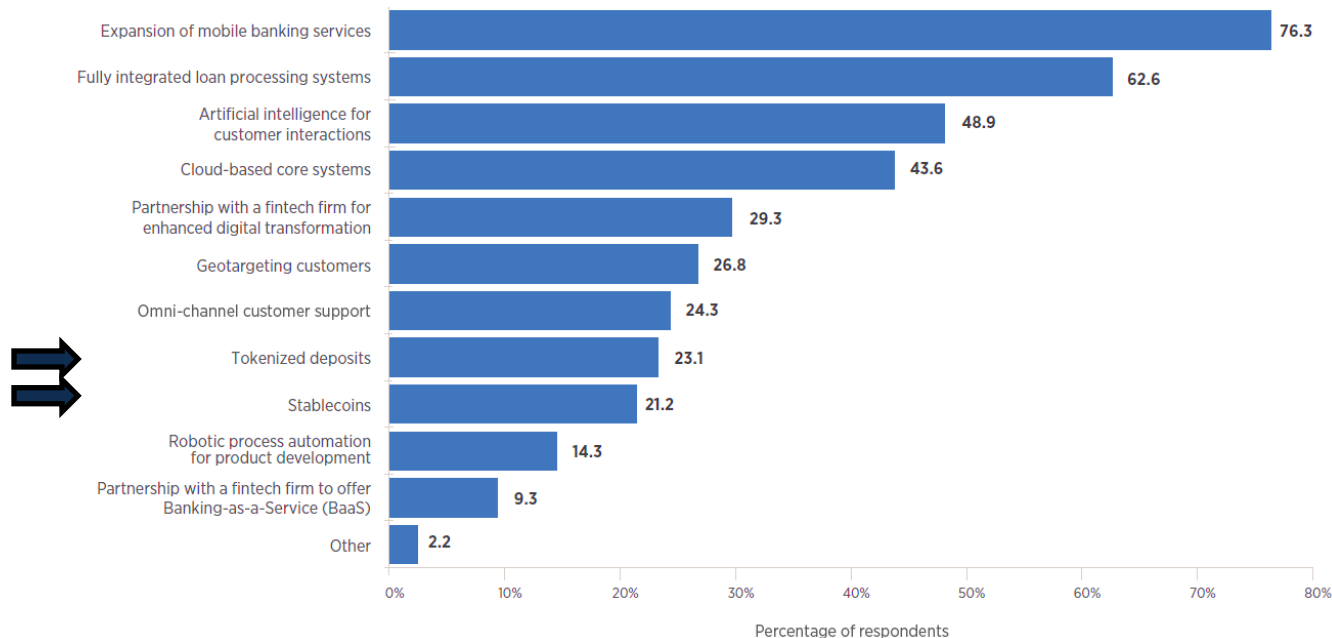


What are your bank's intentions regarding the following financial products or services?



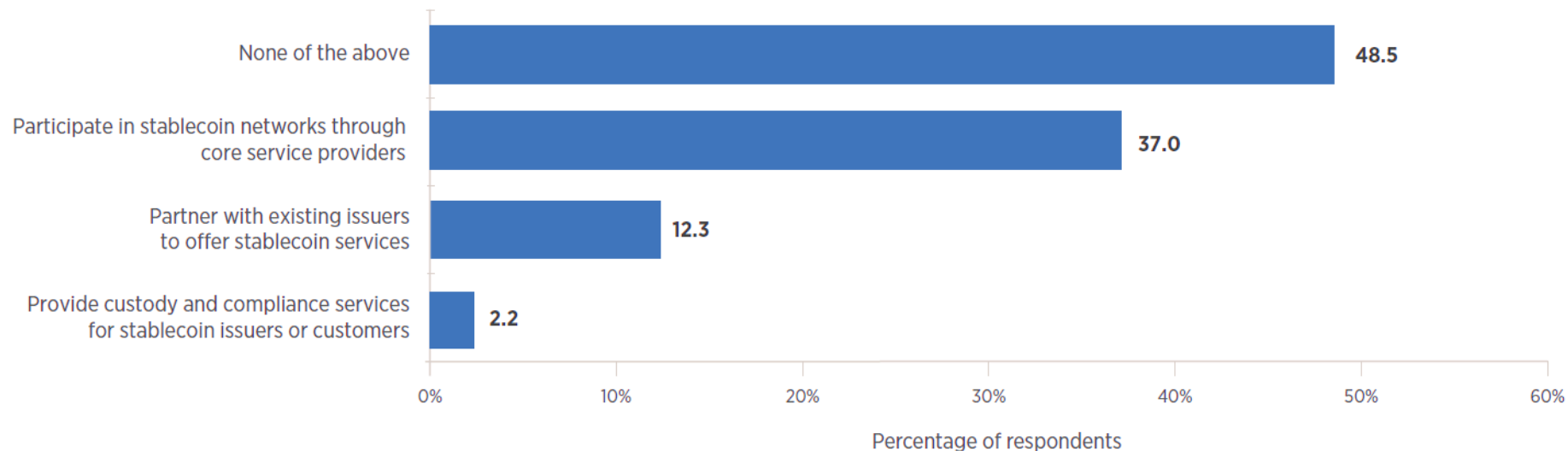


What technological developments will be promising opportunities for your bank over the next five years?



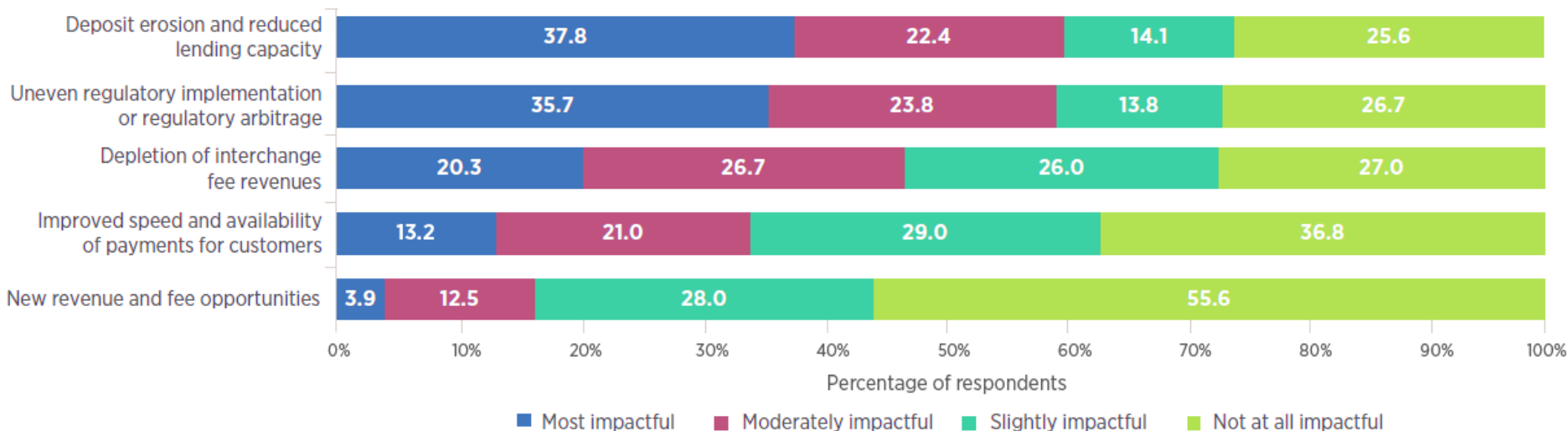


As regulation is developed, which of the following ways does your bank plan to engage with stablecoins?





How would you rank the following effects of stablecoin adoption on your bank in terms of level of impact?





Artificial Intelligence





“If you do not adopt [AI], you will not survive. But in the end, if many institutions have similar AI tools, the differentiator will be people.”

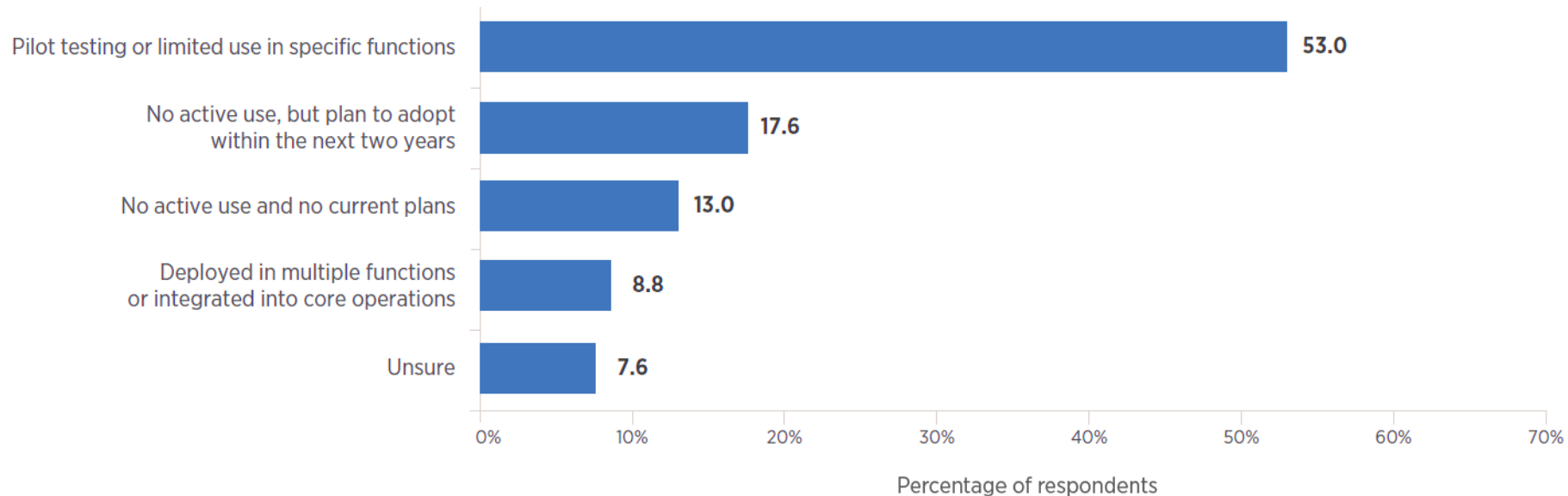
- David Osborn

WestStar Bank, El Paso, Texas



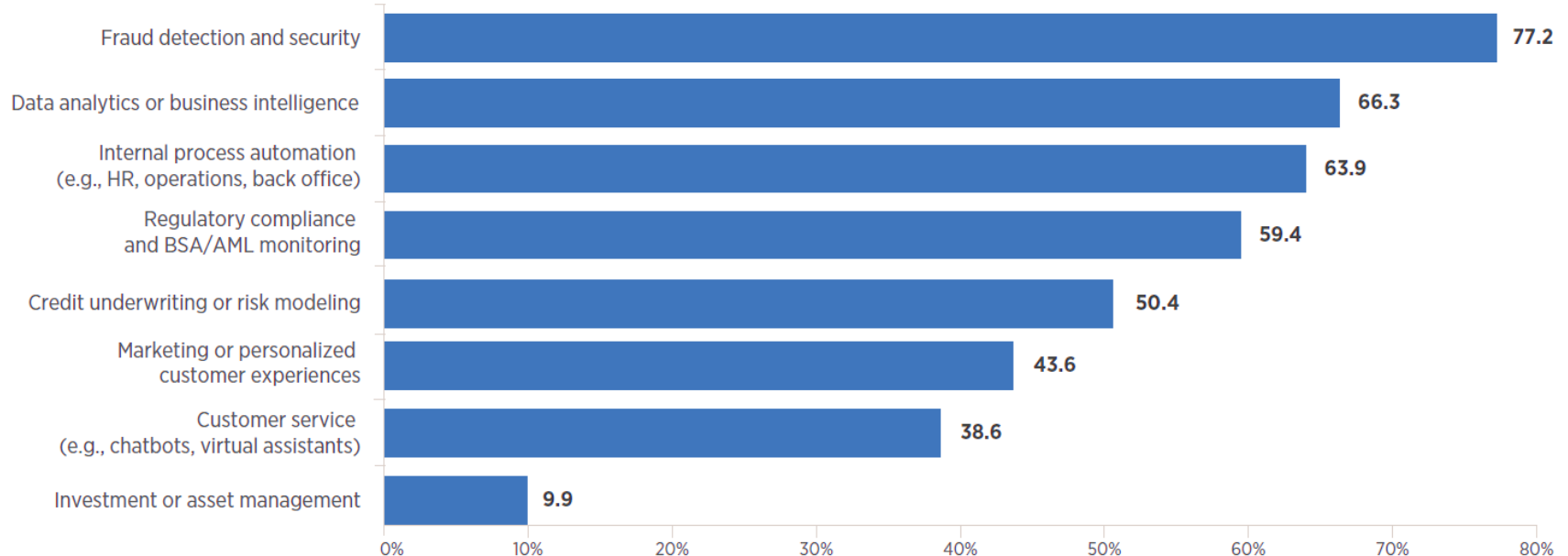


Which best describes your bank's current use of AI, including vendor-provided AI solutions?





In which areas does your bank currently use or plan to use AI?



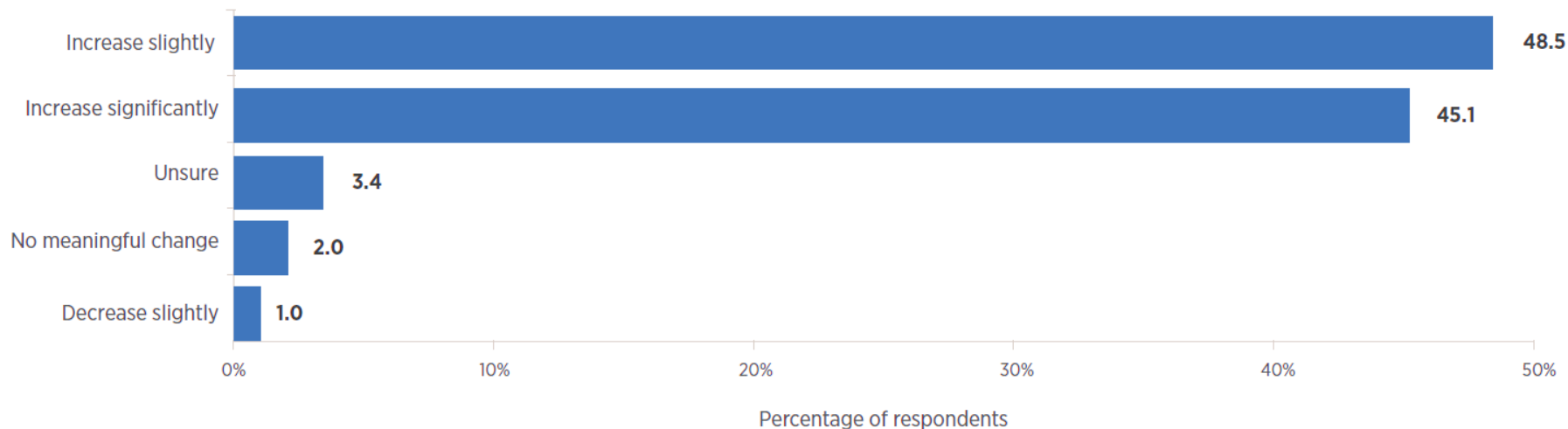
NOTE: Participants were asked to select all that apply.

Percentage of respondents



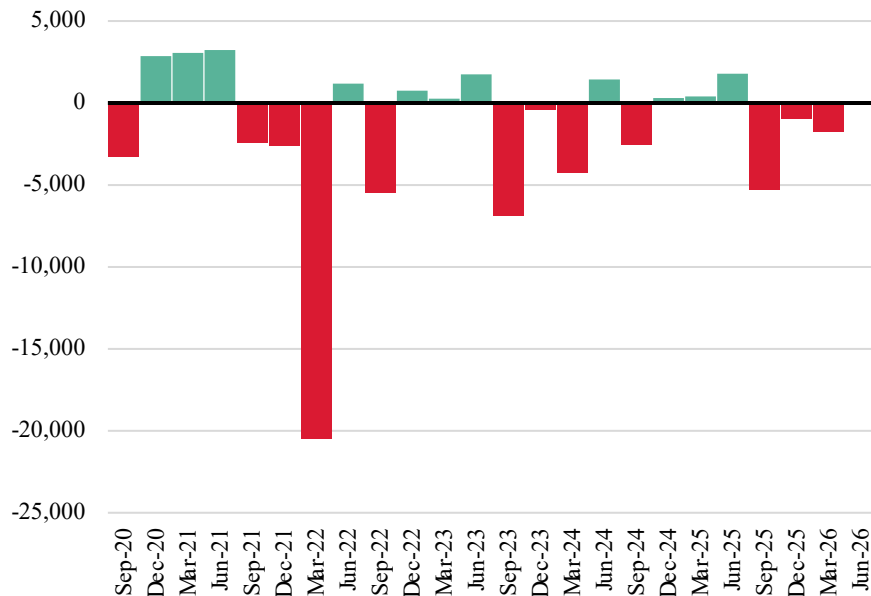


How do you expect AI adoption to affect your bank's productivity over the next three to five years?

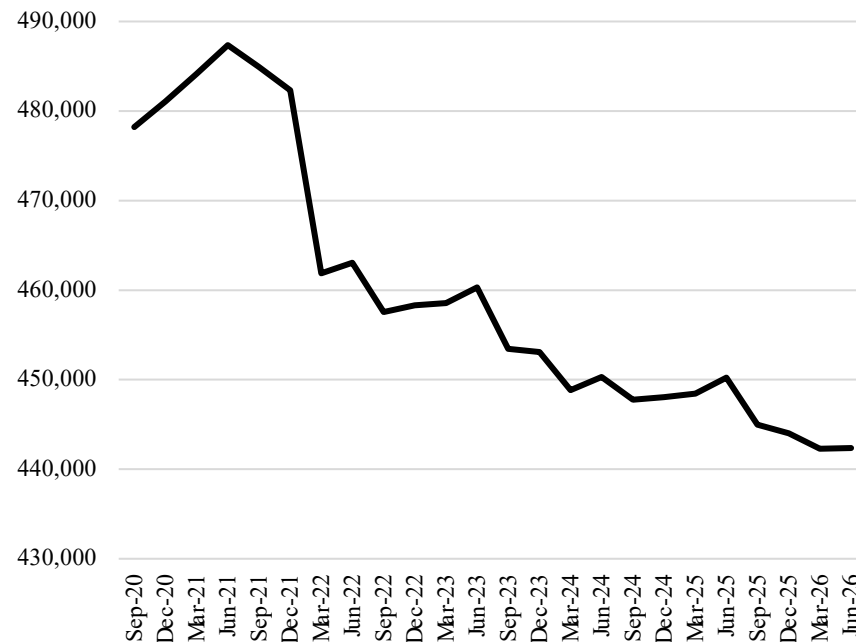




QoQ Change in
Number of Full-time Equivalent Employees
U.S. Community Banks

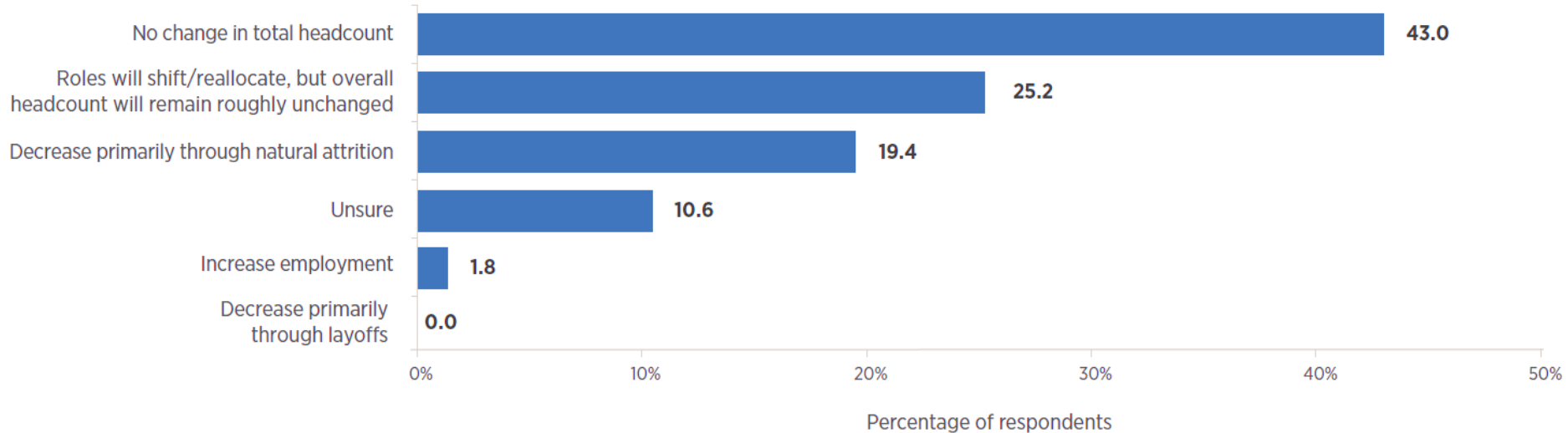


Number of Full-time Equivalent Employees,
U.S. Community Banks





How do you expect AI adoption to affect your bank's employment levels over the next three to five years?





Thank you!

For more on the 2026 Annual Survey of Community Banks,
visit <https://www.csbs.org/survey>.

