

Draft

You are invited to participate in the **Competition in Community Banking Survey**. The goal of the survey is to understand how community banks perceive and respond to competition.

You will receive a summary of the survey results. The findings could potentially inform your decisions related to market expansion, and the use of financial information in assessing competition.

Please note the following.

1. **For each completed survey, a \$10 donation will be made to the [ABA Community Engagement Foundation](#).**
2. Completion of the survey is estimated to take approximately 10 minutes.
3. Survey responses are anonymous. If you choose to provide your contact details, please be assured that your privacy will be maintained at all times.

If you have any questions about this survey, please contact:

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Since survey responses are anonymous, please provide some general information about yourself and your bank.

What is your role within the bank?

- ☐ CEO
- ☐ CFO
- ☐ Other, please specify

What is your bank's approximate asset size?

- ☐ < \$250 million
- ☐ \$250 to \$500 million
- ☐ \$500 million to \$1 billion
- ☐ > \$1 billion

How many branches (excluding loan production offices) does your bank currently operate?

How many loan production offices (excluding branches) does your bank currently operate?

How many separate markets does your bank operate in?

Which of the following describes your bank?

Please select all options that apply.

- ☐ Public company
- ☐ Private company
- ☐ Exchange traded
- ☐ Mutual
- ☐ S Corp
- ☐ C Corp
- ☐ Other, please specify

Which of the following best describes the geographic area that your bank serves?

- ☐ Rural (population less than 50,000)
- ☐ Small Metropolitan Area (population greater than 50,000 but less than 500,000)
- ☐ Large Metropolitan Area (population greater than 500,000)

The following questions relate to competition within your local markets.

Which of the following types of organizations does your bank directly compete with?

Please select all options that apply.

	Loan Products and Services	Deposits
Large National Banks	☐	☐
Interstate Regional Banks	☐	☐
Intrastate Regional Banks	☐	☐
Other Community Banks	☐	☐
Credit Unions	☐	☐
On-line Banks	☐	☐
Shadow Banking Institutions	☐	☐
Others, please specify <input type="text"/>	☐	☐

What factors do you think competitor banks assess before entering into your local market?

Please indicate the relevance of each factor.

	Very Relevant	Relevant	Neutral	Not Very Relevant	Not at all Relevant
Population growth	☐	☐	☐	☐	☐
Economic growth	☐	☐	☐	☐	☐
Household income	☐	☐	☐	☐	☐
Profitability of incumbent banks	☐	☐	☐	☐	☐
Credit quality of incumbent banks' loan portfolio	☐	☐	☐	☐	☐
Proximity	☐	☐	☐	☐	☐
Identified opportunity in new market	☐	☐	☐	☐	☐
Existing branch density in new market	☐	☐	☐	☐	☐
Talent	☐	☐	☐	☐	☐
Others, please specify <input type="text"/>	☐	☐	☐	☐	☐

What factors do you assess before expanding into a new geographic market?

Please indicate the relevance of each factor.

	Very Relevant	Relevant	Neutral	Not Very Relevant	Not at all Relevant

Population growth	☐	☐	☐	☐	☐
Economic growth	☐	☐	☐	☐	☐
Household income	☐	☐	☐	☐	☐
Profitability of incumbent banks	☐	☐	☐	☐	☐
Credit quality of incumbent banks' loan portfolio	☐	☐	☐	☐	☐
Proximity	☐	☐	☐	☐	☐
Identified opportunity in new market	☐	☐	☐	☐	☐
Existing branch density in new market	☐	☐	☐	☐	☐
Talent	☐	☐	☐	☐	☐
Others, please specify <input type="text"/>	☐	☐	☐	☐	☐

How would you rate the following markets in terms of attractiveness of de novo entry?

	Very Attractive	Attractive	Neutral	Not Very Attractive	Not at all Attractive
Markets where incumbent banks have high profitability	☐	☐	☐	☐	☐
Markets where incumbent banks have high credit losses	☐	☐	☐	☐	☐

How would you rate the following markets in terms of attractiveness of entry through mergers and acquisitions?

	Very Attractive	Attractive	Neutral	Not Very Attractive	Not at all Attractive
Markets where incumbent banks have high profitability	☐	☐	☐	☐	☐
Markets where incumbent banks have high credit losses	☐	☐	☐	☐	☐

What information do you use to analyze current and expected competition in your market?

Please select all options that apply.

☐ Financial statements of competitors

☐ Market surveys

☐ Others, please specify

What types of information do you assess from competitors' financial statements?

Please select all options that apply.

- ☐ Capital Ratios
- ☐ Loan Portfolio Composition and Growth
- ☐ Cost of Deposits
- ☐ Profitability
- ☐ Net Interest Margin
- ☐ Charge-offs
- ☐ Loan Loss Provisions
- ☐ Others, please specify

To what extent are the following actions taken in response to increased competition from larger banks?

	Always	Usually	About Half the Time	Seldom	Never
Increase lobbying activity	☐	☐	☐	☐	☐
Increase loan growth	☐	☐	☐	☐	☐
Increase deposit growth	☐	☐	☐	☐	☐
Expand loans to borrowers with lower credit quality	☐	☐	☐	☐	☐
Re-balance loan portfolio composition	☐	☐	☐	☐	☐
Expand products offered	☐	☐	☐	☐	☐
Reduce products offered	☐	☐	☐	☐	☐
Others, please elaborate	☐	☐	☐	☐	☐
<input type="text"/>					

To what extent are the following actions taken in response to an *anticipated* increase in competition from larger banks?

	Always	Usually	About Half the Time	Seldom	Never
Increase lobbying activity	☐	☐	☐	☐	☐
Increase loan growth	☐	☐	☐	☐	☐
Increase deposit growth	☐	☐	☐	☐	☐
Expand loans to borrowers with lower credit quality	☐	☐	☐	☐	☐
Re-balance loan portfolio composition	☐	☐	☐	☐	☐
Expand products offered	☐	☐	☐	☐	☐
Reduce products offered	☐	☐	☐	☐	☐

Others, please elaborate

☐☐☐☐☐

What are some reasons to change the methodology used to estimate loan loss reserves?

Please select all options that apply.

- ☐ At the bank examiner's or auditor's request
- ☐ Change in current macroeconomic conditions
- ☐ Expected change in macroeconomic conditions
- ☐ Loss of high quality clients due to increased competition
- ☐ Expected loss of high quality clients due to increased competition
- ☐ Change in lending policy
- ☐ Current or expected loss of talent due to increased competition
- ☐ Change in composition of loan portfolio
- ☐ Others, please specify

Based on your judgment, what percent of competing community banks knowingly over-reserve or under-reserve for loan losses?

- ☐ 0%
- ☐ 1 - 10%
- ☐ 11 - 30%
- ☐ 31 - 50%
- ☐ Greater than 50%

What are some factors that motivate community banks to over-reserve for loan losses?

Please select all options that apply.

- ☐ Regulator's expectation
- ☐ Threat of increased competition
- ☐ Actual increase in competition
- ☐ Others, please specify

What are some factors that motivate community banks to under-reserve for loan losses?

Please select all options that apply.

- ☐ Regulator's expectation
- ☐ Threat of increased competition
- ☐ Actual increase in competition
- ☐ Others, please specify

Please elaborate on how competition can influence loan loss reserves.

Please provide any feedback related to this survey.

Are you willing to participate in a follow-up interview? If yes, please provide your contact details.