Independent Banker
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Columns

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[quote] “So much of what we’ve seen in the last six months is banks doubling down on what they’re good at doing: helping their customers and communities in ways that nobody else can.”

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As we enter budget season, the adage “You can’t save your way to prosperity” hits home. With regulatory and financial pressures, community banks face tough decisions as they allocate resources for 2024.

I was just speaking with a banker who reiterated that it’s been a while since we’ve been in this interest rate environment, and its impacts on the cost of credit and renewals send us down a path of unknowns. So, when we begin budgeting, we have to find a meaningful way to anticipate what lies ahead.

But with this uncertainty comes an opportunity to look at solutions with a new perspective. The current economic environment has bank management teams laser-focused on how we grow and create new revenue, all while managing expenses. The reality is that interest expenses will be significantly higher moving into the coming year, so we need to be asking, “What are we doing on the other side of the income statement to grow revenues?” Now’s the time to think outside the box to ensure we continue to grow.

Whether it’s stories of banks continuing to increase deposit balances based on trusted relationships in the community or others who are introducing different types of deposit products or identifying continued loan growth despite economic challenges, so much of what we’ve seen in the last six months is banks doubling down on what they’re good at doing: helping their customers and communities in ways that nobody else can.

Community banks are building on their tried-and-true relationship-based business models, exploring opportunities for new sources of revenue generation, whether of payment products, specialty or niche areas of finance, or seeking other solutions that speak to individual customer bases.

So much of what we do in budget season is “put your head down, plug in the numbers and proceed forward.” But pulling out of the weeds allows us to see how we can take advantage of this time and think creatively about how we’re innovating for the future of our organizations.

And we’re not in it alone; we have a network of community banks on which we can rely. In fact, ICBA has just launched ICBA Community (*community.icba.org*), a digital platform to help community bankers network and share information. I encourage you to use it to get insights into creative ways your peers are managing this budget cycle.

Because as community bankers, we have the benefit of learning from one another. Let’s leverage that connection to identify strategies to prosper, even as we’re faced with challenges. We are stronger together than we are individually, and that will serve us well as we prepare for what’s next.

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Where I’ll be this month

I’ll be speaking at the Bluegrass Community Bankers Association and Indiana Bankers Association conferences, encouraging bankers to continue using their peer network as they think about the future.

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