

Community Banks and Their Role in Local Economic Ecosystems

Whether it be helping a young teen open a checking account to collect their first paycheck or aiding a local small business in securing their first loan, community banks provide invaluable financial assistance to local communities. An integral part of local economic ecosystems, the positive impact that community banks create leaves indelible impressions on the business owners and community members that they serve.

Unlike large corporate banks that operate on a national or even global scale, community banks serve a local market and provide both private and commercial financial services. Generally, community banks exist as a pillar in the community whose support goes far beyond handling transactions with clients. Vital to the growth of the global economy, community banks currently hold over 36% of small business loans. Without the small loans issued by local banking institutions, many of the businesses that serve each and every community would not have the opportunity to thrive financially.

On the other hand, smaller banks offer local clients a great range of opportunities to invest funds or apply for loans. For clients hoping to join the \$3.2 trillion in assets controlled by local banks through a Certificate of Deposit, Illinois community banks boast an average 1.22% higher rate than national commercial banks, according to S&P Global. Likewise, over 81% of the loan applicants were satisfied with terms issued by community banks compared to the 65% of applicants with commercial banks.

Overall, the interactions and transactions fostered by community banks introduces greater opportunities for closer client-bank relationships, a more connected local network, better rates & fees and a more ethical approach to financial services. In sum, without the indispensable services of community banks, the local economies they serve would face a certain collapse.