

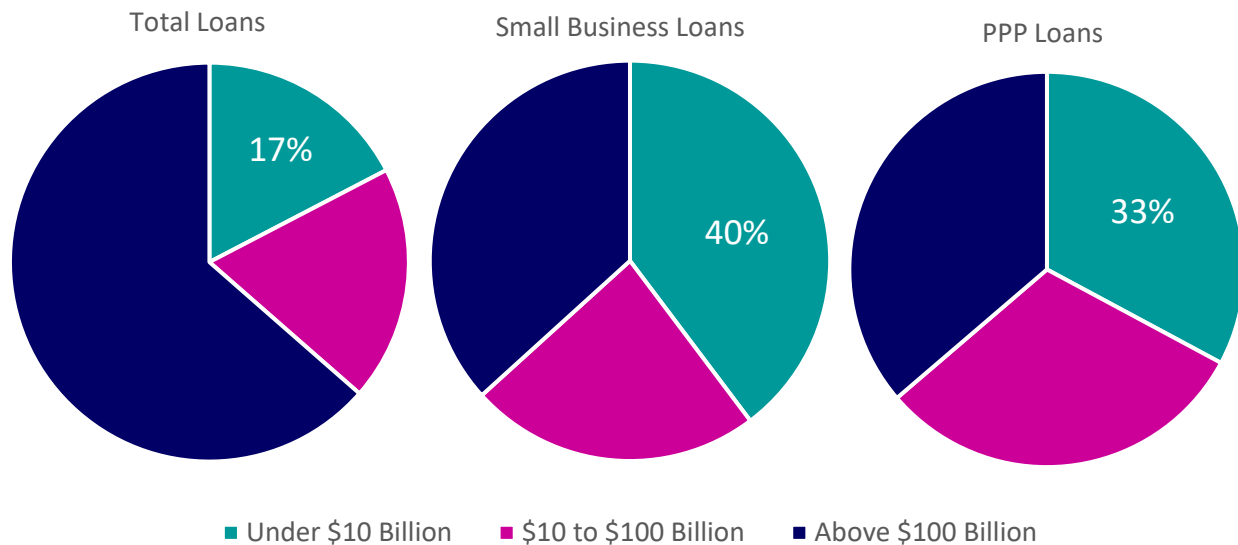
Community Banking BULLETIN: Highlight

Providing insights on community banking

Community banks continue to play a pivotal role for small businesses

Community banks continue to support local communities by actively lending to small businesses and participating in the Paycheck Protection Program despite a smaller share in total industry loans.

Share of loans by bank size



Source: Reports of Condition and Income (June 30, 2021)

- Community banking organizations¹ (CBOs) represent nearly 95 percent of all commercial bank charters in the U.S. but maintain just 17 percent of total industry loans (and just 13 percent of total industry assets).
- CBOs hold a disproportionately large share of small business loans² in the U.S. with 40 percent total market share. Though CBOs maintain the largest share of small business loans compared to regional banking organizations (\$10 to \$100 billion) and large banking organizations (above \$100 billion), CBO market share has declined by 13 percentage points over the past decade.
- In response to the COVID-19 pandemic, Congress introduced the Paycheck Protection Program (PPP) to help businesses continue to employ their workforce. Again, despite having a smaller share of total industry loans, CBOs were crucial providers of credit under the program and accounted for 38 percent of total PPP loans in June 2020 and currently hold one-third of remaining PPP loans.

Questions or comments? Please contact KC.SRM.SRA.CommunityBankingBulletin@kc.frb.org

¹ Community banking organizations are defined as having \$10 billion or less in total assets

² Business loans with “original amounts” of \$1 million or less, as defined in the Reports of Condition and Income