



## **What Community Banks Have That Big Banks Don't**

When it comes to banking, you have the option of selecting the size bank with which you are the most comfortable. There are pros and cons to banks of any size, which might differ depending on an individual customer's financial needs, location, and personal preferences. However, there are many advantages to selecting a community bank that apply to a wide variety of customers.

### **#1: Relatability**

Community banks offer a level of relatability that is less attainable for big banks. Community banks allow customers to visit a local, close-knit branch within their community. Here, customers can establish relationships with the bank employees, leading customers to feel more comfortable trusting the bank while simultaneously helping employees better understand their customers' needs. Bank customers and employees alike can put names and faces to the people with which they are interacting daily, further strengthening the personal relationships and service offered by small banks.

### **#2: Superb Customer Service**

Due to their size and position within the local area, community banks typically can offer more personal customer service. Small banks have less employees and thus less divided job responsibilities, meaning that each employee has the responsibility of prioritizing and providing excellent customer service. Similarly, employees at community banks often have strong knowledge of the products and services, which allows them to better serve customers. Additionally, many community banks are mutual savings banks, meaning that they do not have to answer to shareholders but can instead focus solely on the interests of customers.

### **#3: Lower Fees and Higher Interest Rates on Deposits**

Typically, community banks tend to have lower fees and offer higher interest rates on deposits than big banks. For example, small banks are more likely to offer free checking accounts than big banks. According to BankRate.com, "free checking is only available at one-quarter of big banks," compared to "some 63 percent of small banks." Meanwhile, a study cited on USNews.com found that small institutions and medium-sized banks "offer average rates on their checking and savings accounts and one-year and five-year certificates of deposit of 2.19 percent and 2.31 percent, respectively." In comparison, "the average rate for the same four products at large banks...is just 1.4 percent."

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#### **#4: Connection to the Community**

Last, community banks are typically entwined to not only their customers, but also to their entire market area. Through residential and commercial loans, smaller banks improve local economies by supporting the citizens and small businesses within their communities.

Additionally, smaller banks can give back to local organizations and non-profits through various charitable projects and activities. For instance, a community bank might donate to a local public school, sponsor a youth sports program, volunteer at a soup kitchen, or help educate its community through free financial literacy workshops. Such charitable projects and activities foster a unique connection between small banks and their communities, which further develops the mutually beneficial relationship between banks and their customers.

**Questions? Call us at 978-462-3106 or email us at [info@institutionforsavings.com](mailto:info@institutionforsavings.com).**