

Promontory Interfinancial Network Services Update:

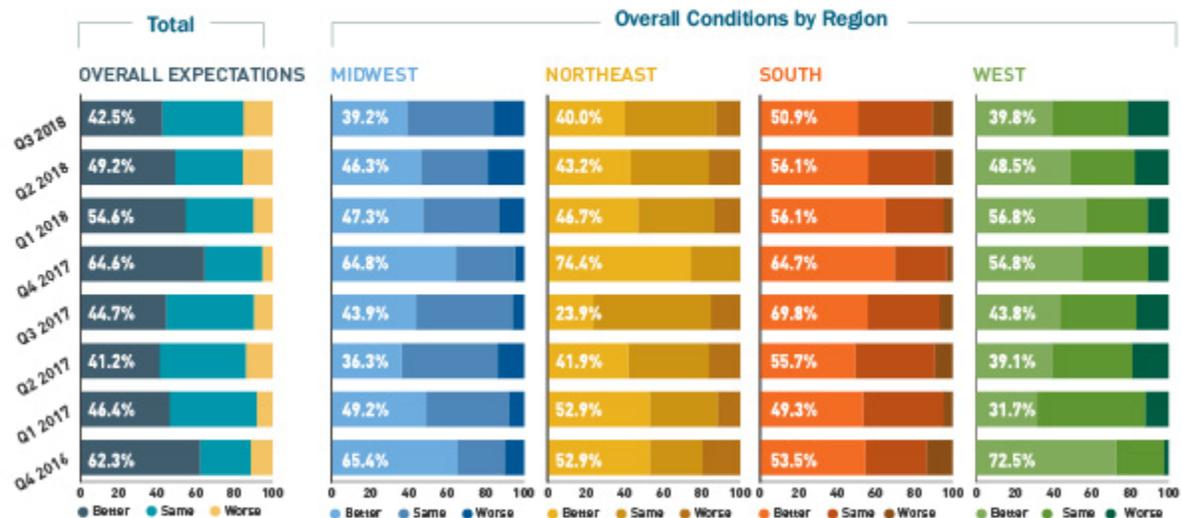
## Insights from Promontory Network's 3rd Quarter Bank Executive Business Outlook Survey

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This week, we released the Bank Executive Business Outlook Survey Report for the 3rd Quarter of 2018. You can read the whole report [here](#), but I wanted to highlight some information that I think you will find of interest. Although the stock markets have been somewhat tumultuous recently, the news on the economy has been generally positive, and this continues to be reflected in survey results.

Among bankers who responded to the survey (CEOs, presidents, and CFOs from 421 unique banks), views of how overall economic conditions affected their business in the previous 12 months remained mainly positive compared to last quarter's report. But when looking ahead, bankers were less optimistic; the number of bankers who expect conditions to improve dropped by seven percentage points (the second lowest total since the survey started in 2016 and a 22-point drop from its high in the 4th quarter of 2017).

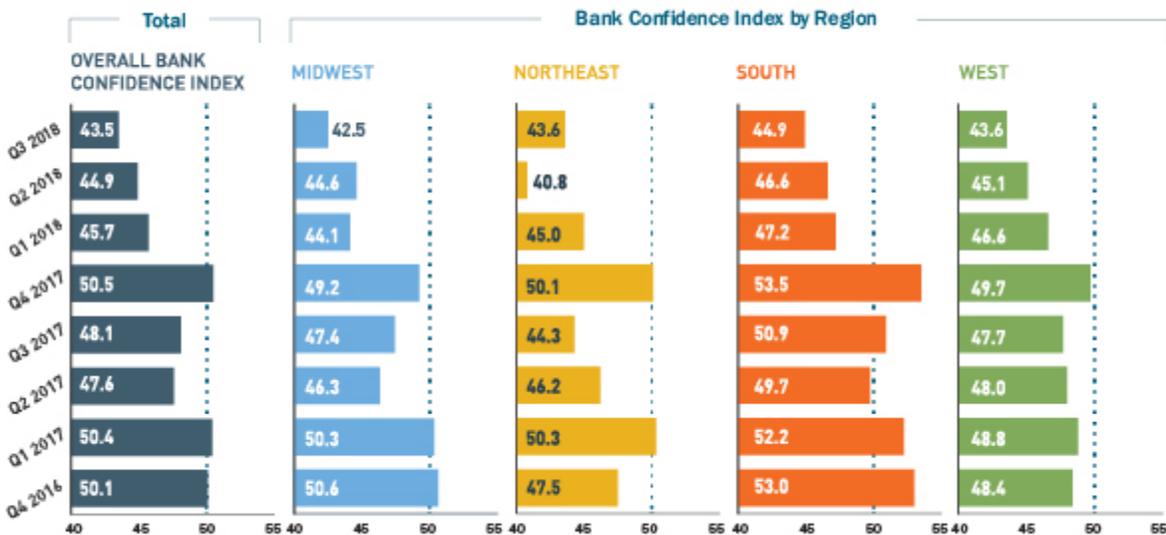
### EXPECTATIONS FOR OVERALL ECONOMIC CONDITIONS (OVER THE NEXT 12 MONTHS)





This cautious outlook is also reflected in the proprietary Bank Confidence Index<sup>SM</sup>, which looks at access to capital, loan demand, funding costs, and deposit competition expectations 12 months from now. The survey results show a *significant* 1.4-point drop from last quarter, bringing the Bank Confidence Index to its lowest level recorded (43.5) since its inception in 2015. (Charted on a scale of 0-100, a score of 50 represents the baseline expectation.)

## BANKING INDUSTRY OUTLOOK [OVER THE NEXT 12 MONTHS]



Maybe one reason bankers are cautious about the future is the ongoing challenges from new competitors entering the marketplace. In September, fintech company Varo Money received preliminary approval to be chartered by the Office of the Comptroller of the Currency as the nation's first all-mobile national bank. We asked bank survey respondents the following question: Do you believe all-mobile banks will eventually hold a significant market share (more than 25%) of Millennial and post-Millennial (iGen) depositors? (Millennials are defined as those born between 1981 and 1996, and post-Millennials, or iGens, are those born between 1996 and 2012.) A majority of respondents (54%) believe that all-mobile banks will eventually hold more than a quarter of the banking business for Millennial and post-Millennial customers.

See details, read whether bankers expressed confidence in the U.S. regulatory system's ability to manage a future crisis on par with 2008's financial crisis, and explore responses to other topical questions in the [full report](#). As always, if you have any questions or would like more information, please feel free to email us at [contactus@promnetwork.com](mailto:contactus@promnetwork.com).