

Technology and Small Business Lending: A Case Study

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Community banks are more able than their larger, more bureaucratic competitors to meet clients' unique demands. This adaptability is evident in their growing market share in small business and agricultural lending, areas that often require distinctly structured loans. Community banks are active and present in the communities they serve and, therefore, have a fuller grasp of their markets needs and a deeper understanding of their customers.

Smaller community banks do not have the vast resources to market and develop financial technologies often offered by their larger, big-bank competitors. The purpose of this paper is to determine how technology usage impacts small business lending and profitability at community banks. In particular, this paper will examine technology adoption and implementation at Community Financial Services Bank (CFSB), a community bank located in Benton, Kentucky with ties across the Western Kentucky region. Interviews and publicly available data will be used to analyze the difficulties faced by community banks.