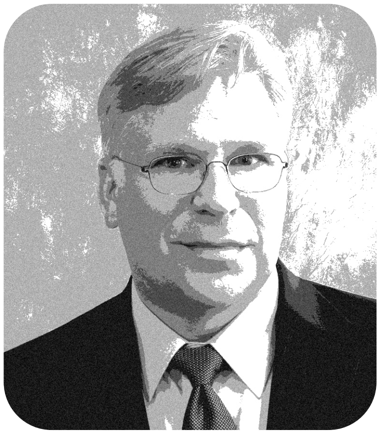
IntraFi | Q3 2025

# BANK EXECUTIVE BUSINESS OUTLOOK SURVEY REPORT

## INTRODUCTION



Welcome to IntraFi's Bank Executive Business Outlook Survey report for the third quarter of 2025. In this edition of the survey—the 40th published by IntraFi—an overwhelming majority of bankers say a Fed governor should only be removed from office if there is proven impropriety. We also asked bankers about the importance of the Fed's independence relative to policymaking, and about third-party risk management priorities.

This report, with responses from 441 banks, discusses these results and other issues in more detail.

We hope the information provided is insightful and helpful. As always, if you have any thoughts or questions, please contact Rob Blackwell, Chief Content Officer & Head of External Affairs, at (866) 776-6426, x3357, or visit IntraFi.com.

**MARK JACOBSEN**
Cofounder & CEO
IntraFi

## EXECUTIVE SUMMARY

A year ago, we asked bankers what changes they would favor to limit the Fed's independence. While some bankers supported ideas like shortening the appointment term of the Fed chair (24%), the majority (55%) wanted to keep the status quo. Furthermore, only 5% agreed with requiring the Fed to consult with the president on interest rate decisions.

Today, bankers support protecting the central bank's independence from political interference even more strongly. Ninety-five percent report that maintaining Fed independence in conducting monetary policy is important, with 75% indicating strong support.

A large majority of respondents (88%) believe proven improper activity (prior to or while in office) is the only standard presidents should use to fire a Fed governor. Only 6% said that alleged but unproven improper activity is an acceptable standard, and just 4% agreed that anything the president determines is acceptable is appropriate cause for removal. The Supreme Court is expected to issue a ruling on this question when *Trump v. Cook* is heard this term.

Looking beyond the Fed, banks handle large amounts of highly sensitive personal and financial data, including social security

## EXECUTIVE SUMMARY (CONTINUED)

numbers, credit card details, and transaction histories. As regulated institutions, banks are expected to invest in and maintain robust security measures and protocols. Therefore, when selecting third-party vendors, it is not surprising that bankers list the potential for customer data breaches as their top concern (47%), followed closely by vendor problems or failures that could cause reputational, operational, monetary, or regulatory risks (38%). Notably, only 7% listed unanticipated expenses as their foremost concern.

Along those same lines, understanding cybersecurity risks, particularly any potential vulnerabilities concerning confidential consumer data, is the most important factor (52%) for bankers when managing their interactions with third-party vendors. ♦

## HIGHLIGHTS

**Deposit Competition:** Fifty-eight percent of bankers indicate deposit competition has remained steady, and nearly the same percentage (57%) believe it will remain that way for the next year.

**Funding Costs:** A majority (77%) saw a decrease in their bank's funding costs compared to 12 months ago, while 80% project their bank's funding costs will drop further in the next 12 months.

**Loan Demand:** Forty-six percent of bankers experienced higher demand. Bankers are slightly more optimistic about loan demand for the next 12 months, with almost half (47%) projecting an increase.

**Access to Capital:** Seventy-four percent note that their access to capital has remained steady. Roughly the same number (75%), expect no change for the next 12 months.

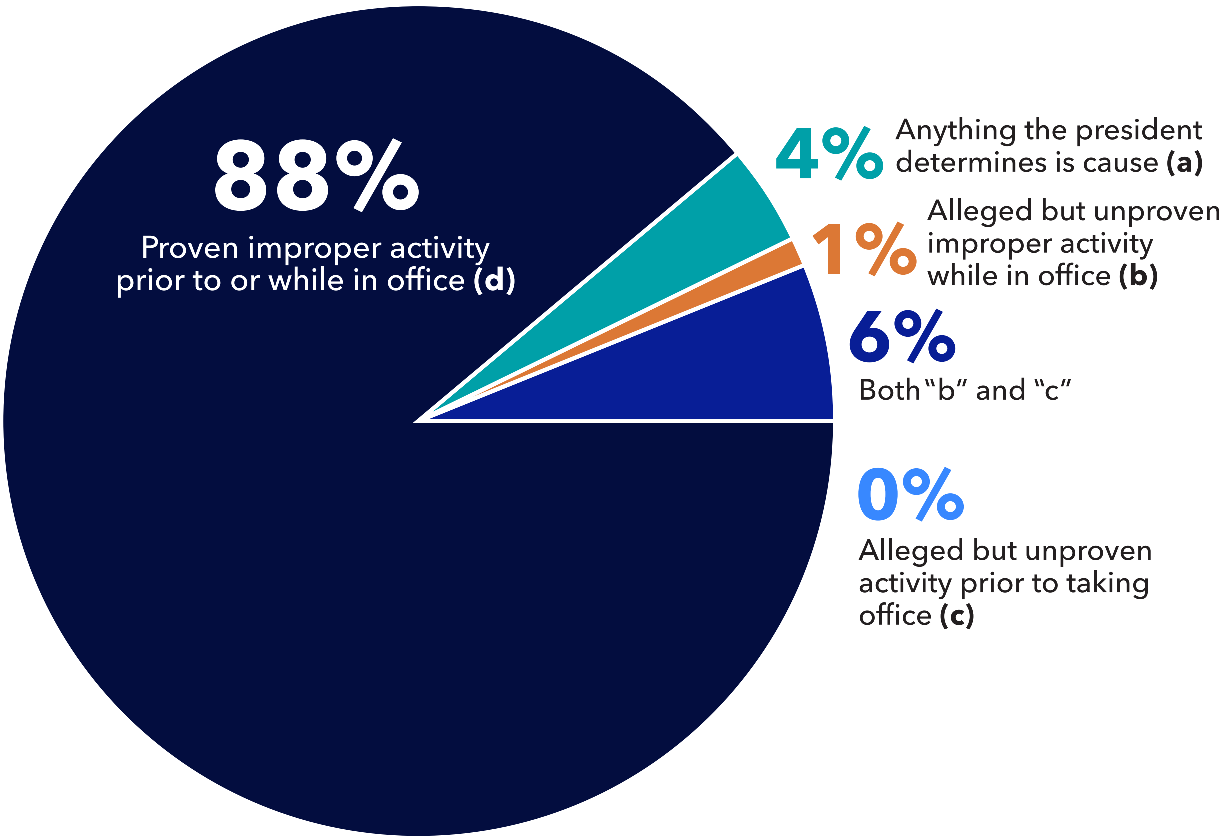
| | | |
|---|---|---|
| ↑ **37%** | ↓ **80%** | ↑ **47%** |
| predict deposit competition to increase | predict a decline in funding costs | expect that loan demand will improve |

# Banker Perspectives

Each quarter, we pose a series of questions based on current events affecting the banking sector. This quarter we asked about issues related to the Fed's independence as well as bankers' priorities when it comes to third-party risk.

## STANDARD FOR REMOVING FED GOVERNORS

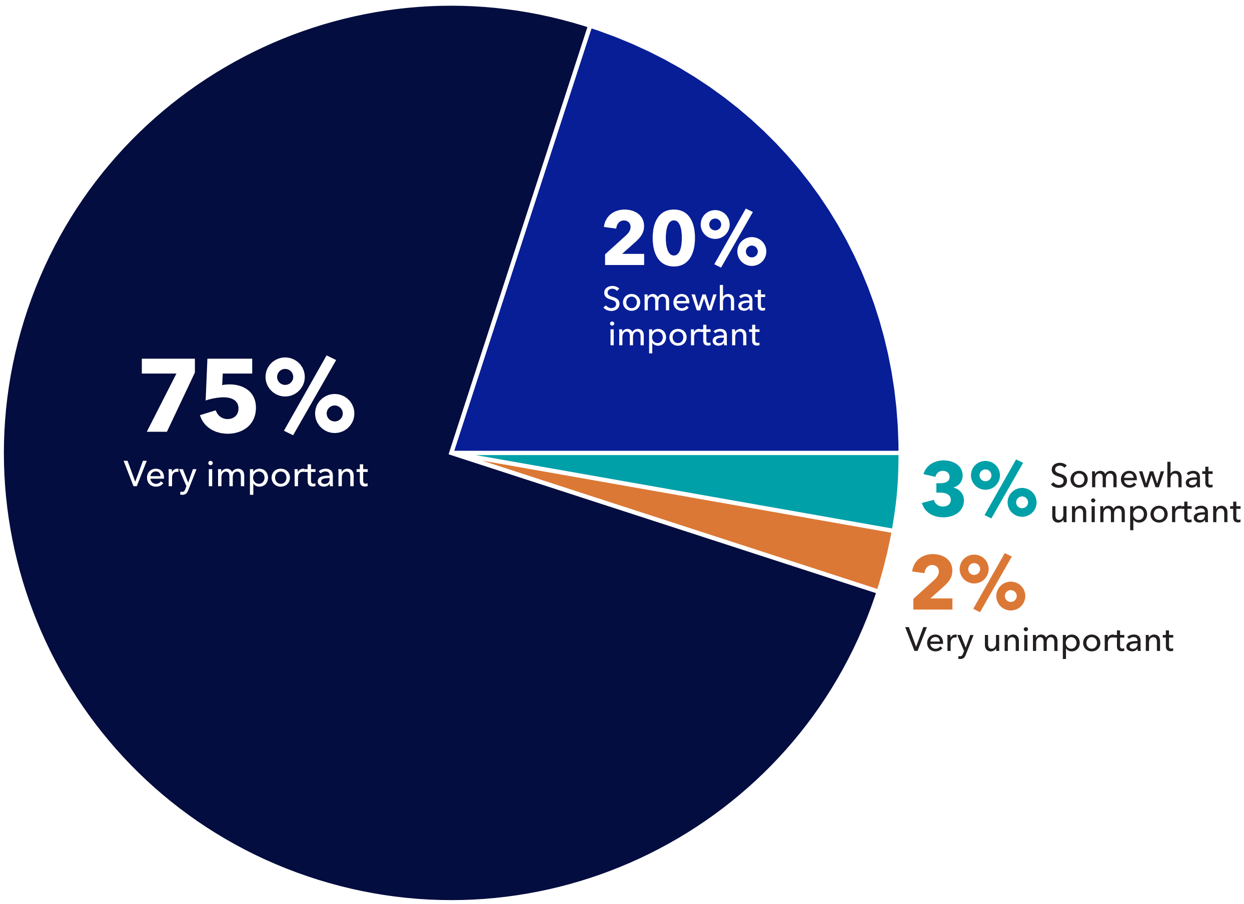
The Federal Reserve Act, which established the agency itself in 1913, empowers the president to remove Fed governors "for cause." In your view, what standard should be used by future presidents to determine when it is appropriate to fire a Fed governor for cause?




A strong majority of respondents (88%) state that future presidents should only remove a Fed governor in the case of proven, and not alleged, impropriety. Only 4% indicated that the President has complete discretion to determine "cause."

## FED CONTROL OF MONETARY POLICY

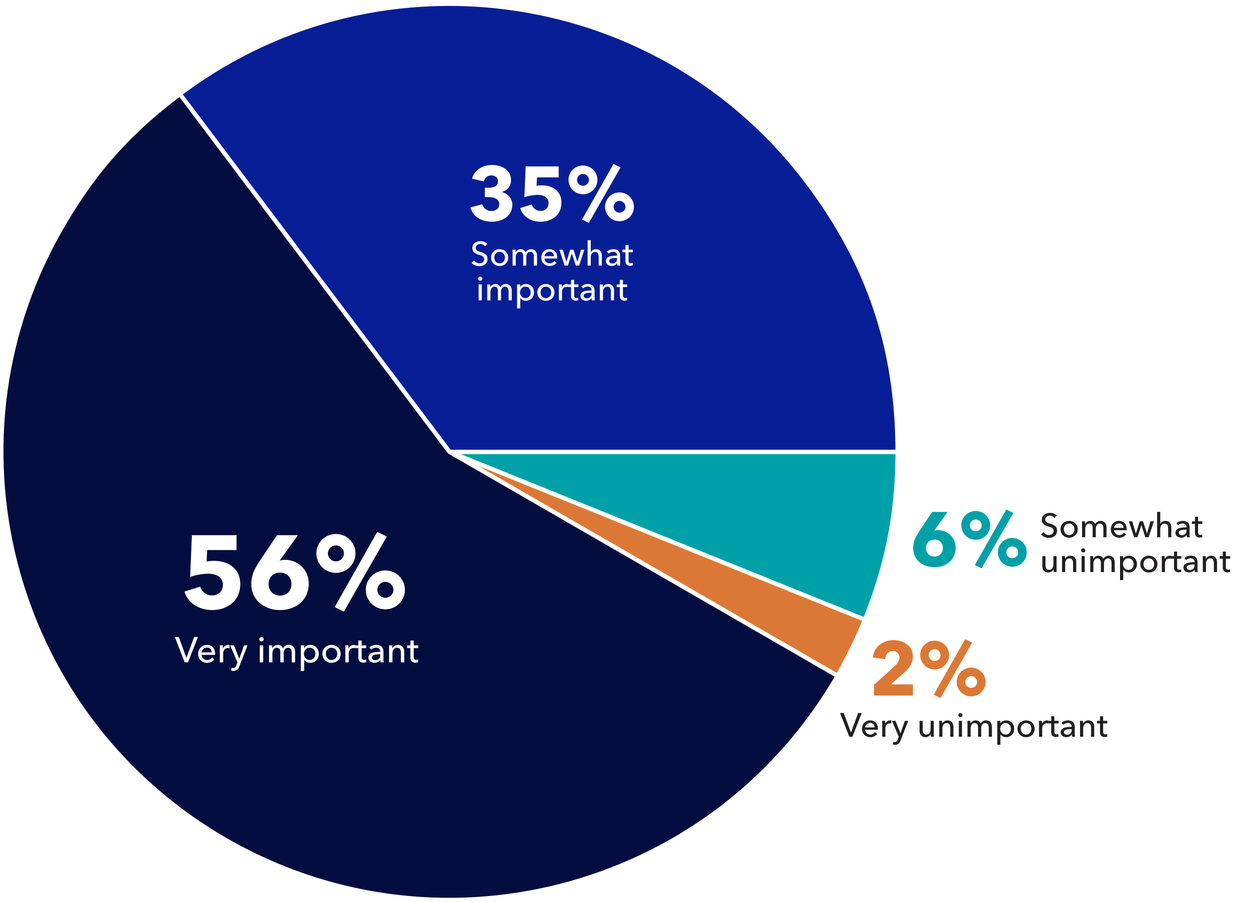
In recent weeks, some policymakers have questioned the value of Fed independence with regard to monetary policy, suggesting it may no longer be necessary. In your view, how important is Fed independence to its ability to carry out its monetary policy responsibilities?




Close to 100% of bankers surveyed agree that it is important to protect monetary policy from political interference. Ninety-five percent say the Fed's independence in regard to monetary policy is important, with 75% of respondents noting this is very important. Only 5%, which were exclusively bankers at institutions with under $1 billion in assets, say Fed control of monetary policy is not very or somewhat important.

## FED CONTROL OF REGULATORY POLICYMAKING

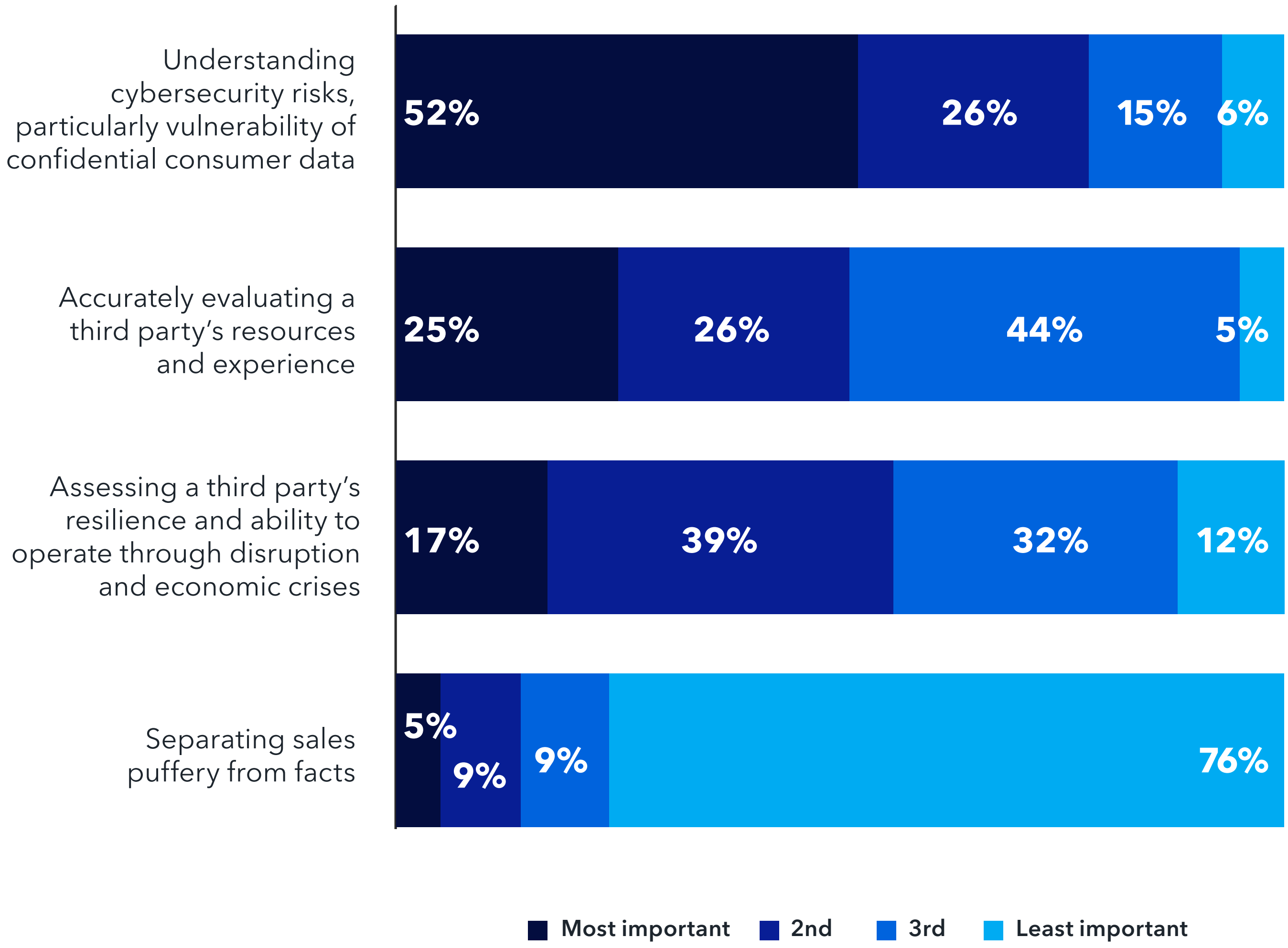
In your view, how important is Fed independence when it comes to bank regulatory policymaking?




Bankers were almost as unified on the question of Fed authority over regulatory policy. More than half (56%) say it is very important (and 35% state that it is somewhat important) that the Federal Reserve has independent control over regulatory policymaking. Just 6% think it is somewhat unimportant, while 2% feel it is very unimportant.

## IMPORTANCE OF MANAGING RISK: UNDERSTANDING CYBERSECURITY RISKS[1]

Banks that fail to adequately vet and oversee their third-party vendors are highly likely to draw unfavorable regulatory attention. Please rank the importance of managing the following third-party risks from greatest importance (1) to least (4).

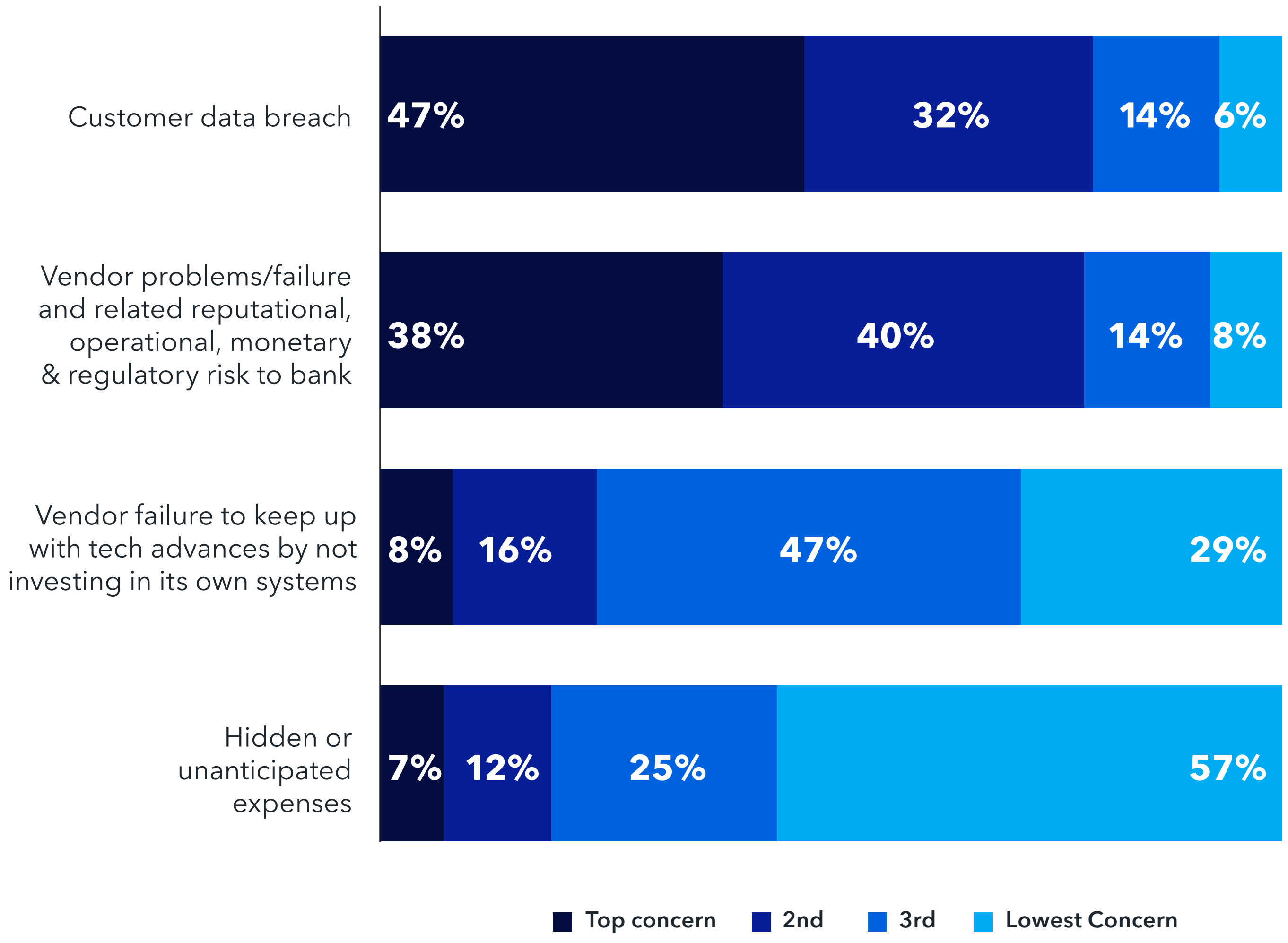



Managing third-party risk is crucial for protecting banks from financial, reputational, and operational damage. When it comes to managing third-party risks, a majority identify understanding cybersecurity risks, particularly vulnerabilities of confidential consumer data, as the most important factor (52%).

[1] The sample size for this question is 243 bank executives.

## IMPORTANCE OF MANAGING RISK: CUSTOMER DATA

What are your biggest worries when choosing a third-party vendor? Please rank the following concerns from greatest concern (1) to least (4).

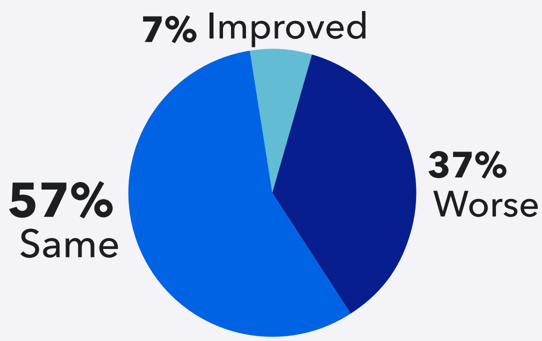



Banks invest heavily to protect customer data, so it's not surprising that customer data breaches are the top concern (47%) when selecting third-party vendors. This is followed closely by vendor problems or failures that could cause reputational, operational, monetary, or regulatory risks (38%). Hidden or unanticipated expenses is the least concerning factor for more than half (57%) of bankers.

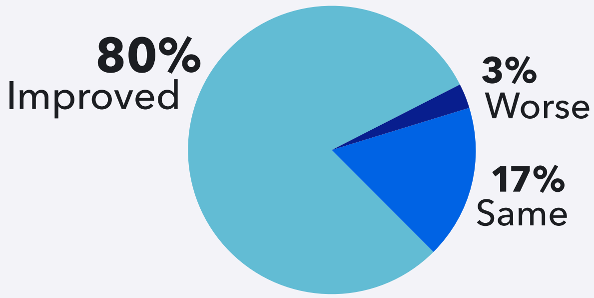
# Toplines

This is a topline overview of banker expectations for the 12 months ahead in four key categories.

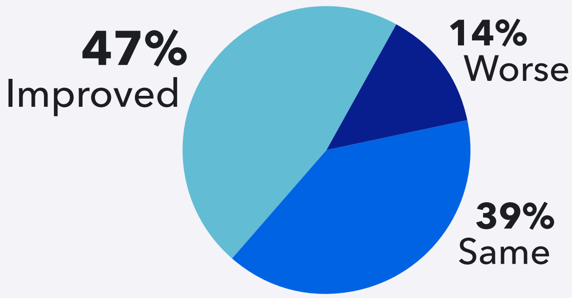
## DEPOSIT COMPETITION



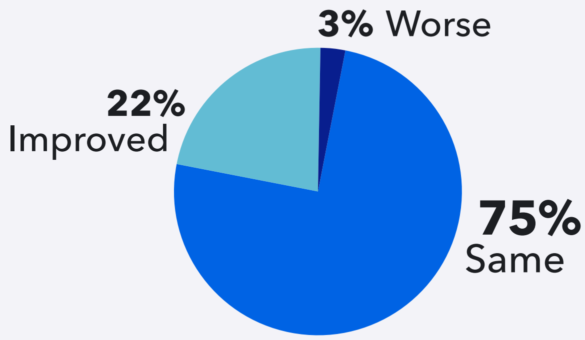

## FUNDING COSTS




## LOAN DEMAND



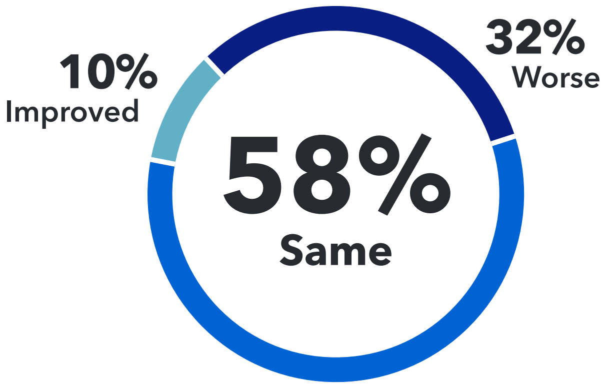

## ACCESS TO CAPITAL



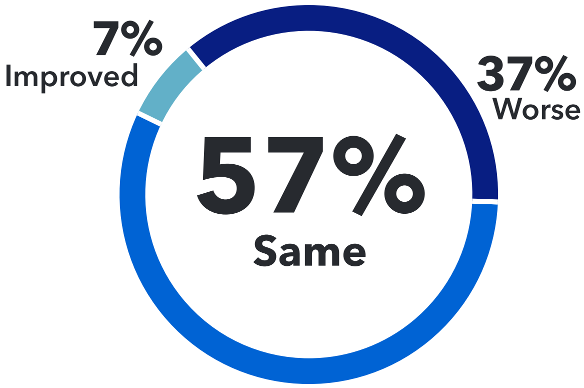
## DEPOSIT COMPETITION

Thirty-two percent of responding bankers report an increase in deposit competition over the past year, consistent with 31% who said the same last quarter. Looking ahead 12 months, 93% predict deposit competition will increase or stay the same — the same percentage as last quarter.

**Experience**
Compared to 12 Months Prior



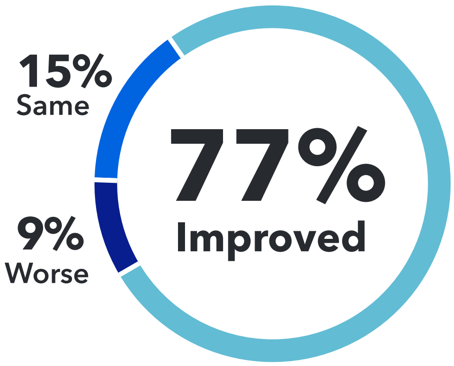

**Expectation**
Looking 12 Months Ahead



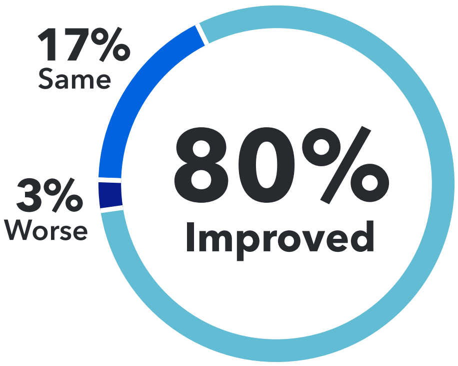

## FUNDING COSTS

A growing number of bankers are reporting lower funding costs. Some 77% of bankers noted their funding costs had dropped over the past year, compared to only 24% in the third quarter of 2024, a 53-point swing. Eighty percent of bankers say funding costs will continue to decline for the next 12 months, reflecting the widespread belief that the Fed has not yet finished lowering interest rates.

**Experience**
Compared to 12 Months Prior



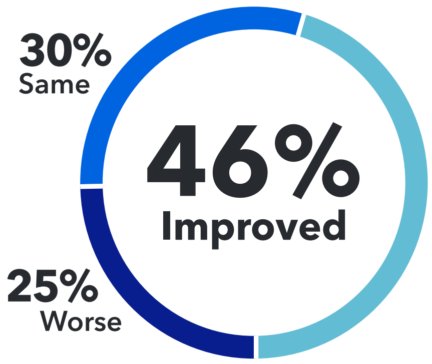

**Expectation**
Looking 12 Months Ahead



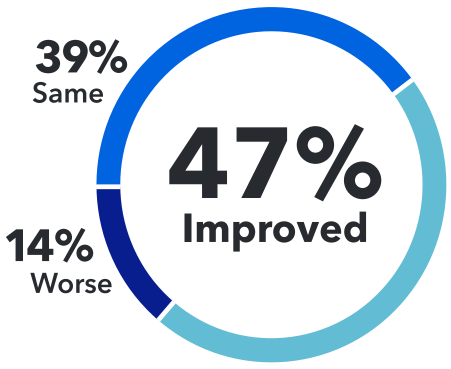
## LOAN DEMAND

Since hitting a low point of 25% in the first quarter of 2023, the percentage of bankers experiencing greater loan demand has grown. This quarter 46% of bankers note higher loan demand compared to 45% in the second quarter of 2025. The expectation for greater loan demand over the next 12 months is 47%, marginally higher than last quarter (45%), but 6 points lower compared to a year ago (the third quarter of 2024).

**Experience**
Compared to 12 Months Prior



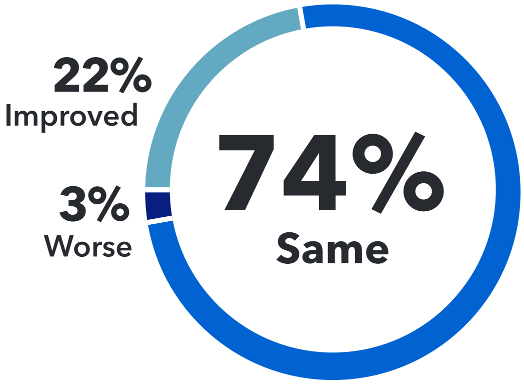

**Expectation**
Looking 12 Months Ahead



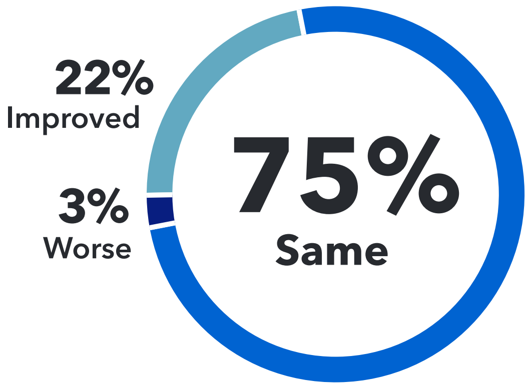

## ACCESS TO CAPITAL

Seventy-four percent of respondents report their banks' access to capital has remained unchanged over the last 12 months, down 7 points from the third quarter of 2024. Seventy-five percent of bankers expect their ability to access capital to remain the same. This number has not deviated more than 2 points in either direction for the last 18 months.

**Experience**
Compared to 12 Months Prior



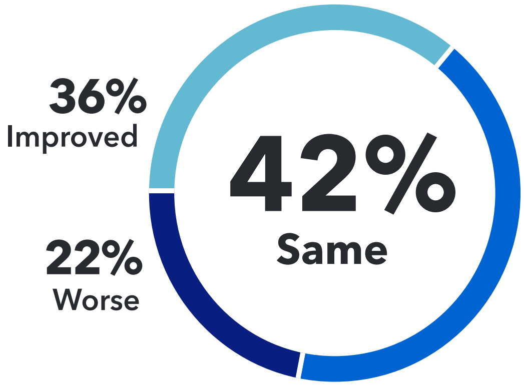

**Expectation**
Looking 12 Months Ahead



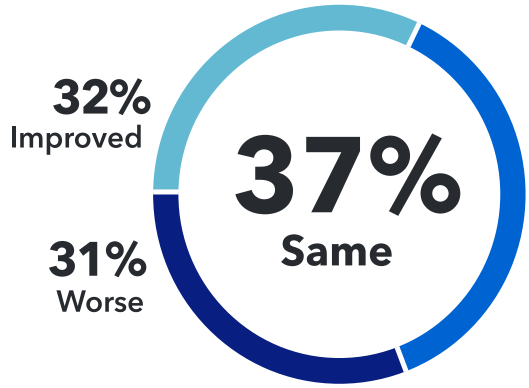
## OVERALL ECONOMIC CONDITIONS

The number of bankers who report that economic conditions have improved hit its highest level since the first quarter of 2022. Thirty-six percent of bankers say economic conditions improved over the last 12 months, compared to 16% a year ago. Looking out 12 months, the percentage of respondents who expect overall economic conditions to improve reached 32%, a 7-point increase compared to the third quarter of 2024.

**Experience**
Compared to 12 Months Prior

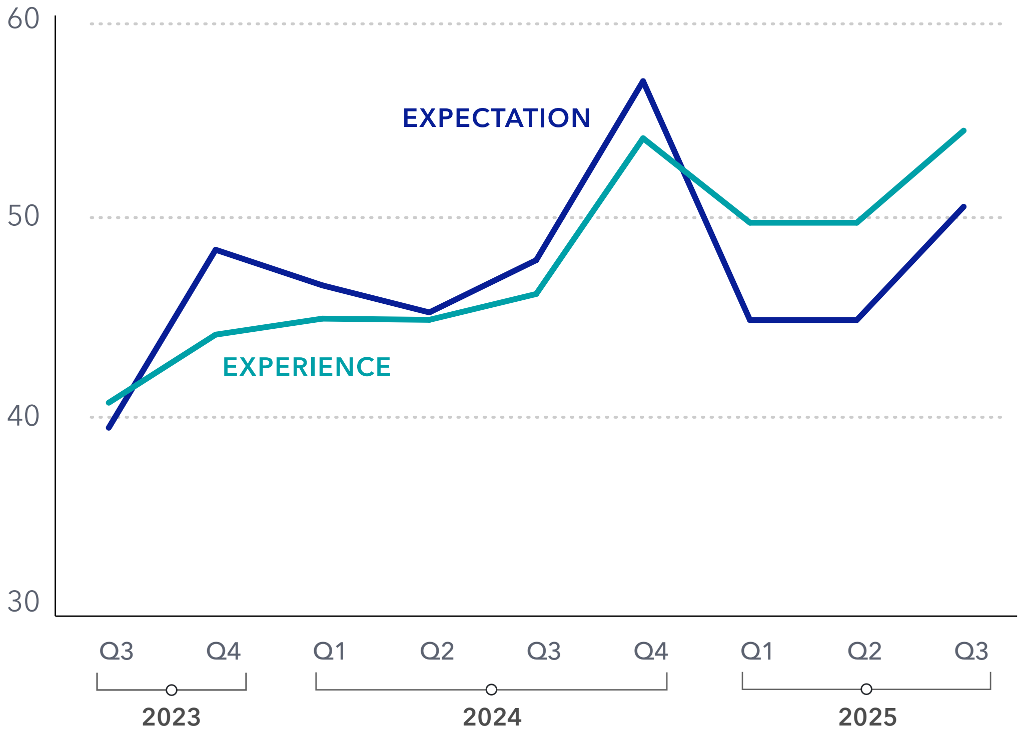



**Expectation**
Looking 12 Months Ahead



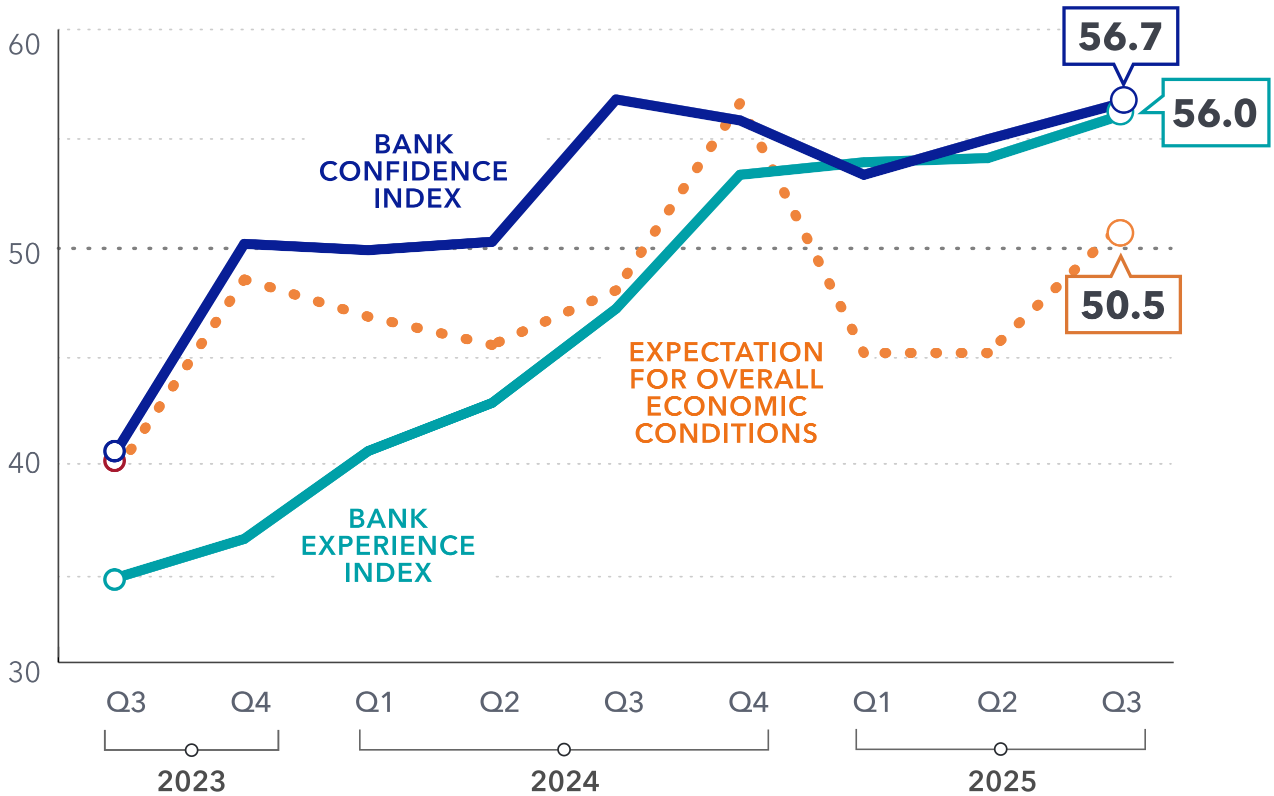

### OVERALL ECONOMIC CONDITIONS OVER TIME

This quarter, bankers' reported experiences over the past 12 months, and their expectations for the year ahead, both rose solidly.



## INDICES

IntraFi's proprietary Bank Experience Index℠ remained over 50 for the fourth consecutive quarter, landing at 56, almost 2 points higher than the second quarter of 2025. Meanwhile, the Bank Confidence Index℠ measured 56.7, a jump of 1.6 points from the prior quarter.




The Bank Experience Index is meant to quantify bankers' experiences looking back over the last 12 months, while the Bank Confidence Index is meant to quantify bankers' forward-looking expectations for the banking industry for the 12 months ahead. The expectation for overall economic conditions is a composite of broad expectations for the next 12 months.

These indices are calculated from responses by CEOs, presidents, CFOs, and COOs to survey questions relating to four key factors: access to capital, loan demand, funding costs, and deposit competition.

Charted on a scale of 0-100, a score of 50 represents the baseline expectation.

The Bank Confidence Index and Bank Experience Index are proprietary indices of IntraFi, calculated using IntraFi's proprietary algorithm. Bank Confidence Index and Bank Experience Index are service marks of IntraFi LLC.

## METHODOLOGY AND RESPONSE

IntraFi's Bank Executive Business Outlook Survey was conducted online over the course of two weeks from October 1 to October 15, 2025.

The survey was delivered via email to bank CEOs, presidents, CFOs, and COOs. Leaders from 441 unique banks throughout the United States completed the survey. Of these respondents, 113 were CEOs (26%), 57 were presidents (13%), 253 were CFOs (57%), and 18 were COOs (4%).

All percentages have been rounded to the nearest whole number unless reported otherwise. Percentages may not total 100% for some questions due to respondents' ability to select more than one answer option.

The sample size for the question titled "Importance of Managing Risk: Understanding Cybersecurity Risks" (Pg. 7) is 243.

## ABOUT INTRAFI

Since its founding over 20 years ago, IntraFi has been chosen by over 3,000 financial institutions. IntraFi's deposit network is the largest of its kind, and its tested, trusted services help its network members acquire high-value relationships, fund more loans, and seamlessly manage liquidity needs. IntraFi invented reciprocal deposits and is the #1 provider of deposit placement solutions, offering the largest per-depositor, per-bank capacity.

For more information about this survey, IntraFi, or its solutions, please contact Rob Blackwell, Chief Content Officer & Head of External Affairs, at (866) 776-6426, x3357 or rblackwell@intrafi.com.

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