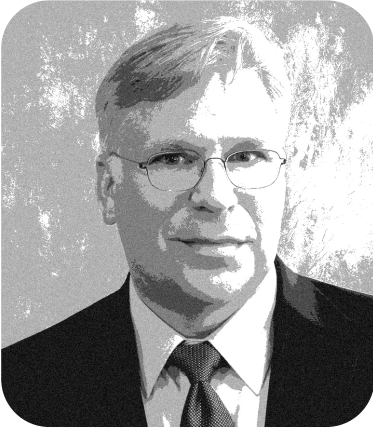




BANK EXECUTIVE BUSINESS OUTLOOK SURVEY REPORT

INTRODUCTION



Welcome to IntraFi's Bank Executive Business Outlook Survey report for the first quarter of 2025. In this edition of the survey—the 38th published by IntraFi—a large majority of bankers are worried about the health of the U.S. economy. Almost three-quarters think the economy is in recession already or will be sometime in the next 12 months. We also asked bankers about their views on higher tariffs and what specifically concerns them about the broader economy. And they were prompted to share their opinion on the growing number of bank-credit union mergers. This report, with responses from executives at 427 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](https://www.intrafi.com).

MARK JACOBSEN
Cofounder & CEO
IntraFi

EXECUTIVE SUMMARY

It's been a bumpy ride for the U.S. economy over the past few months, with consumer confidence at a 12-year low.¹ Many economists are predicting an economic downturn—and senior banking executives agree, according to IntraFi's Bank Executive Business Outlook Survey for the first quarter of 2025.

When asked if the U.S. economy is in trouble, 73% of survey respondents said the U.S. economy is in recession already or will be within the next 12 months. Nearly four in 10 (39%) believe a recession will occur within the next 6 to 12 months, while another 24% anticipate it within the next 6 months. Interestingly, no

bankers in the northeast region of the U.S. believe the economy is already in recession, but 67% believe it will be in the next year.

Rising pessimism about the U.S. economy is also highlighted elsewhere in the survey. Forty-two percent of bank executives anticipate economic conditions to be worse for the 12 months ahead, a 24-percentage point increase since last quarter.

Asked what factors are driving their economic outlook, 52% of bankers listed interest rate uncertainty, followed by 39% who cited credit-quality deterioration and 38% who

[1] <https://www.conference-board.org/topics/consumer-confidence>

EXECUTIVE SUMMARY (CONTINUED)

cited higher U.S. tariffs. Respondents who believe we are in or heading towards a recession were twice as likely to list tariffs as a top economic concern.

More than 70% of respondents anticipate that tariffs may create moderate or significant challenges, particularly for customers in sectors like manufacturing, agriculture, and retail. Twelve percent expect significant negative impacts, including reduced loan demand and financial stress for business clients, while 15% note that ongoing uncertainty around trade policy is a concern, even if the direct impact of tariffs is limited. Importantly, seven percent feel that tariffs could benefit some customers in the long term.

Despite a record-breaking 22 whole-bank acquisitions by credit unions in 2024 (totalling 64 since 2020²), a majority of respondents say they would refuse to sell their bank to a credit union. This figure is slightly higher (by 2 points) than when we asked this exact same question in 2021. ♦

HIGHLIGHTS

Deposit Competition. Eighty-two percent said that deposit competition remained the same or increased over the past 12 months. Looking ahead, 88% anticipate the same or increased levels in the next year.

Funding Costs. Sixty-six percent said they experienced a decrease in their bank's funding costs compared to 12 months ago, while nearly the same level (67%) project their bank's funding costs will decrease in the 12 months ahead.

Loan Demand is softening according to bankers. Although 44% of respondents cited a rise in demand over the past 12 months, the percentage of bankers who anticipate loan demand to increase in the next 12 months dropped 16 points from the previous quarter to 39% in the first quarter of 2025.

Access to Capital. There was a 1-point drop in the percentage of those who experienced the same level of access to capital over the last 12 months compared to the fourth quarter of 2024 (from 81% to 80%). The percentage of those who predict it will remain constant over the next year remained the same at 75%.

Q1 2025 Highlights

88%
predict deposit
competition to worsen
or remain the same

↓ 67%
predict a decline
in funding costs

↓ 39%
expect that loan
demand will improve

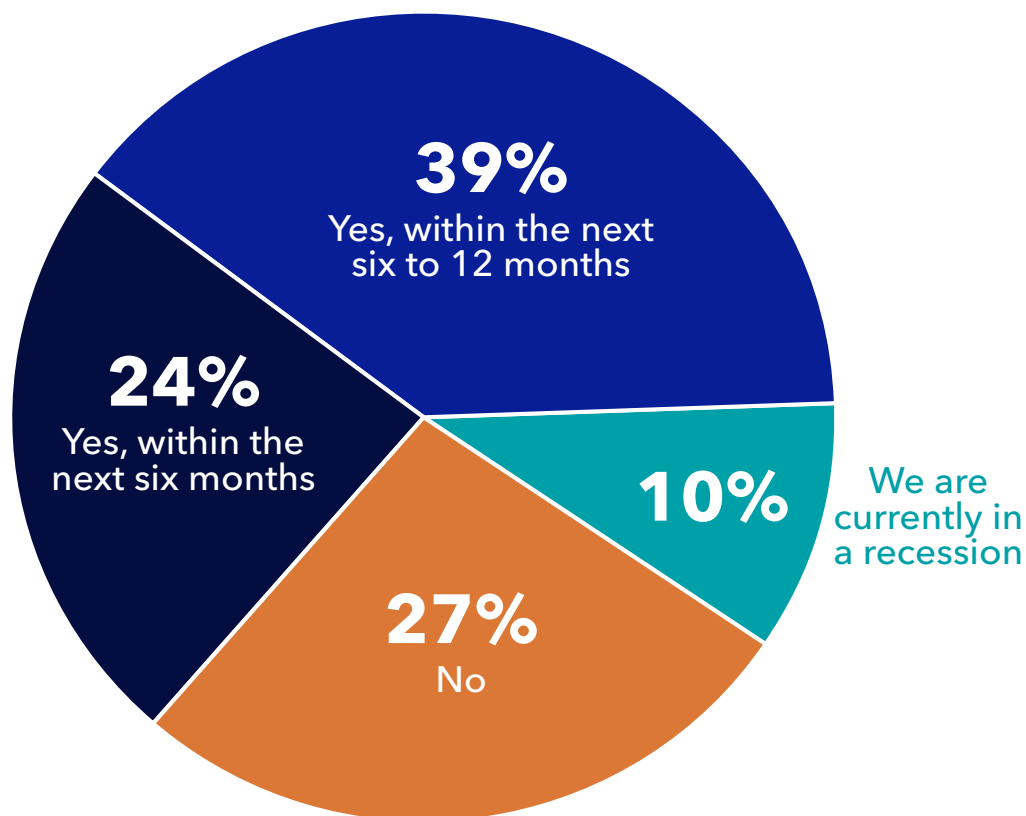
[2] <https://www.bankdirector.com/article/could-2025-bring-more-credit-union-deals/>

Banker Perspectives

Each quarter, we pose a series of questions based on current events affecting the banking sector. This quarter, we asked a series of questions on the possibility of a recession, the impact of higher tariffs, the biggest threat to the economy, and bank mergers with credit unions.

IS A RECESSION ON THE HORIZON?

Consumer confidence hit its lowest point in more than two years in March, sparking renewed fears of a recession. Do you think a recession is on the horizon?

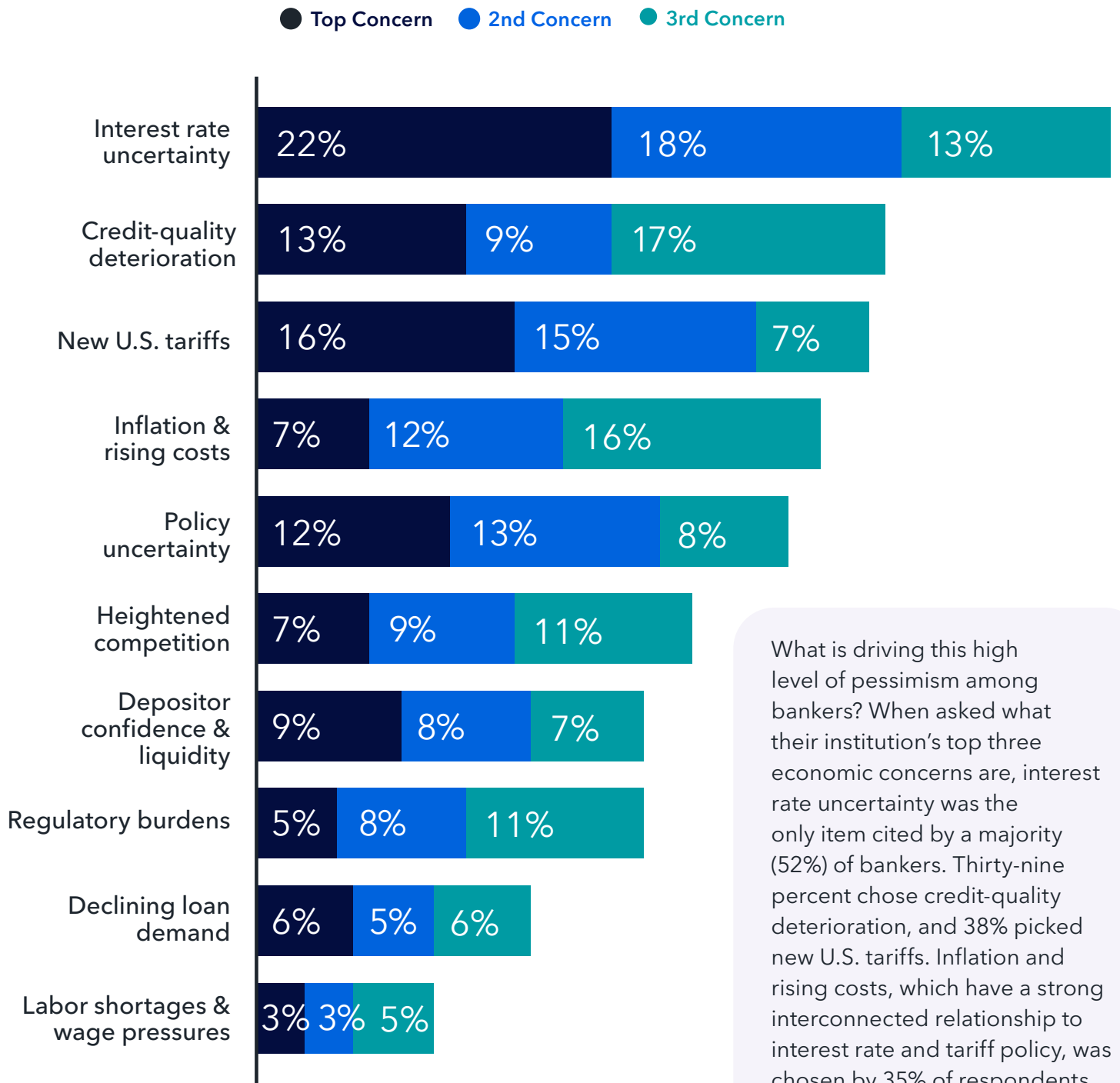


A recession is not typically declared by the National Bureau of Economic Research (the official arbiter) until several months after it has begun. But according to this survey, 10% of bankers believe the economy is already in a recession, and another 63% believe we will enter one within the next 12 months. These results align with recent national surveys on the direction of the U.S. economy.³

[3] <https://news.gallup.com/poll/659630/americans-economic-financial-expectations-sink-april.aspx>

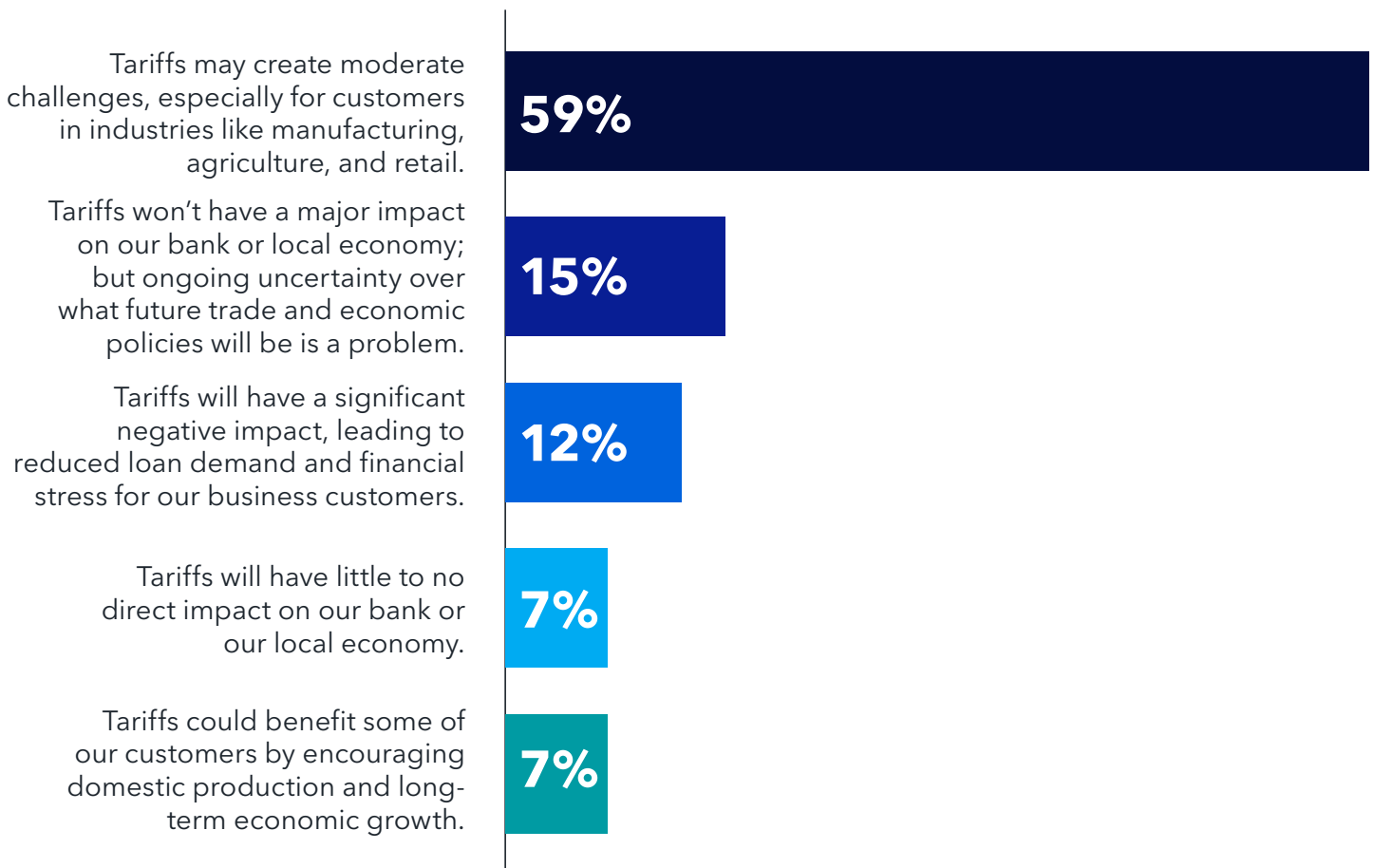
ECONOMIC CLIMATE CONCERNS

What are the top three biggest concerns at your institution regarding the current economic climate?



IMPACT OF TARIFFS ON BANKS AND CUSTOMERS

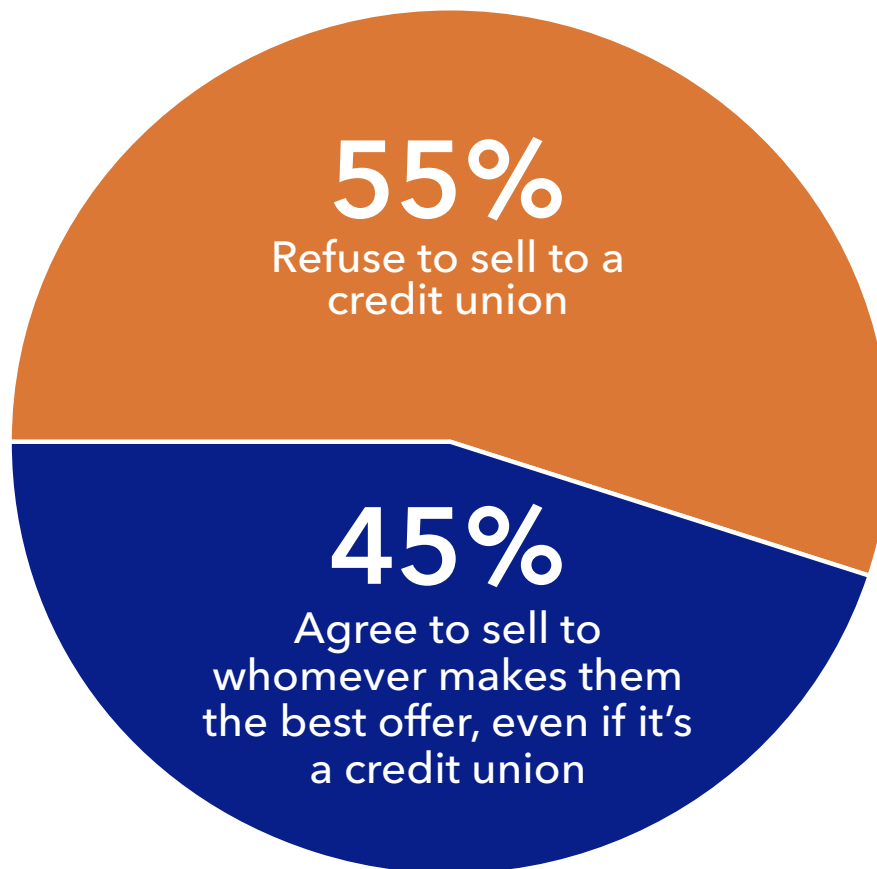
Recent discussions on tariffs, including potential increases on imports from China and other trading partners, have raised concerns about their economic impact. How do you anticipate these tariffs will affect your bank and its customers?



Seventy-one percent of respondents believe the United States' new tariffs will have a significant or moderately negative impact on their customers, particularly retail, agricultural, and manufacturing businesses. Notably, bankers who said they believe we are in, or heading towards, a recession were almost twice as likely to list tariffs as a top economic concern compared to those that did not say a recession is imminent.

CREDIT UNION PURCHASES OF COMMERCIAL BANKS

The financial institution industry saw 22 whole-bank acquisitions by credit unions announced in 2024, surpassing the previous record of 16 announced deals set in 2022. If your bank were up for sale, would you sell to a credit union?

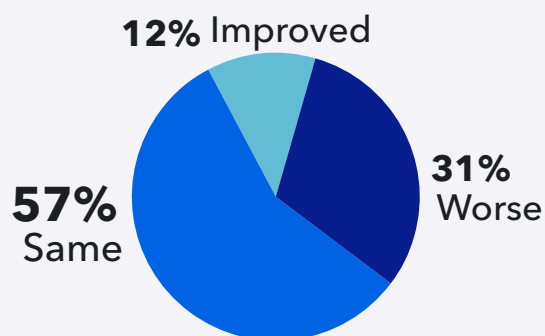


Even though a record number of banks were purchased by credit unions last year, the number of bank respondents who said they would choose another buyer, even if a credit union offered the most money, was 55%. That is 2 points higher than it was the last time we asked this question (the third quarter of 2021). These results underscore that a high level of acrimony among banks and credit unions remains and (as we noted in 2021) may force credit unions who want to buy a bank to pay a premium.

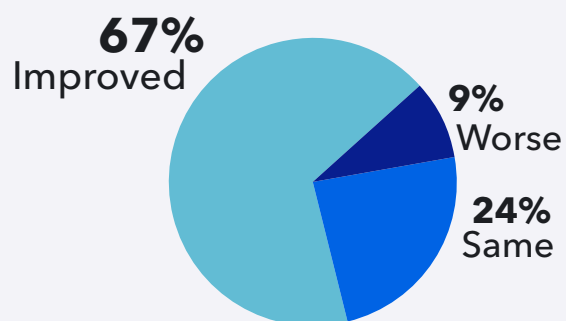
Toplines

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

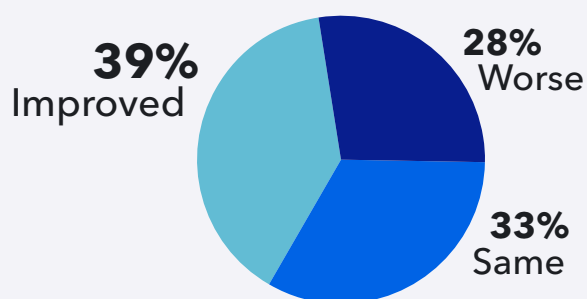
DEPOSIT COMPETITION



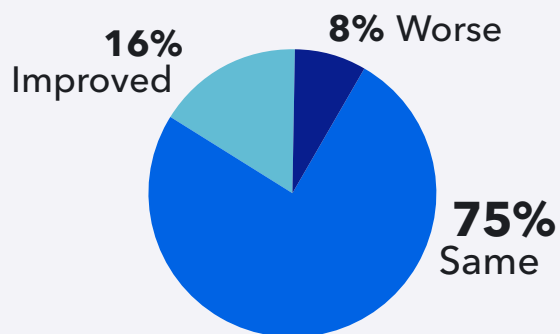
FUNDING COSTS



LOAN DEMAND

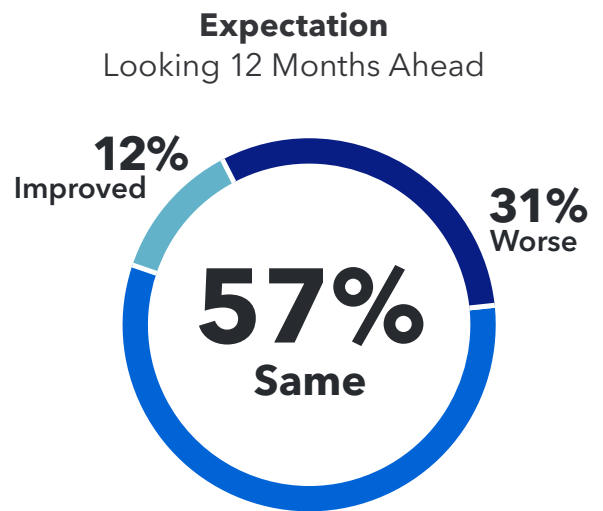
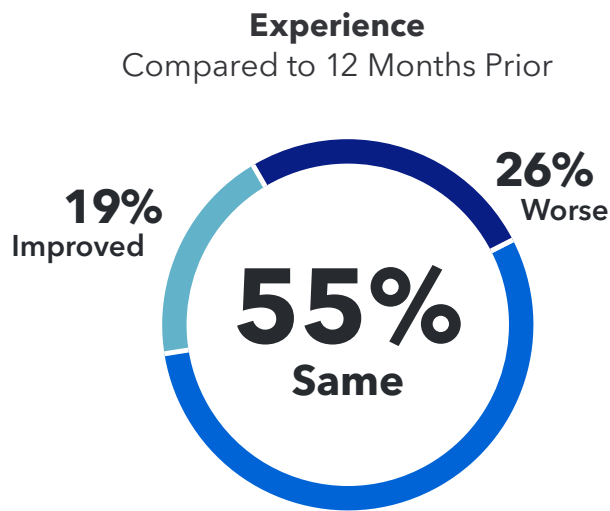


ACCESS TO CAPITAL



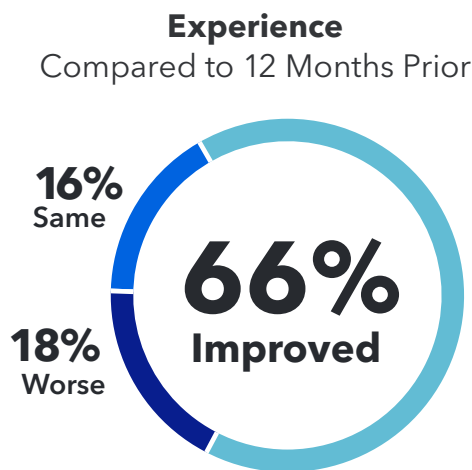
DEPOSIT COMPETITION

Bankers reported deposit competition remains tight as over 80% said they experienced the same or greater levels of competition over the past 12 months. Looking ahead, bankers expect competition to remain strong over the next 12 months, with 88% anticipating the same or increased levels of deposit competition—just four points lower than the first quarter of 2024.



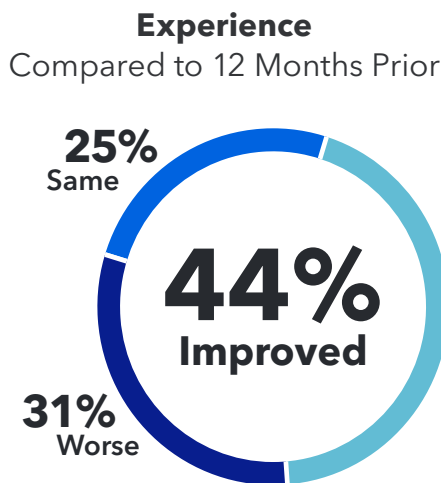
FUNDING COSTS

A majority of bankers (66%) saw a decrease in their bank's funding costs compared to 12 months ago (an improvement of about 8 points from the prior quarter). Meanwhile, 16% said funding costs were the same, and 18% experienced an increase. Sixty-seven percent project their bank's funding costs will decrease in the 12 months ahead, about a 10-point improvement from last quarter, likely driven in part by an expectation that the Fed will cut rates at some point in 2025.



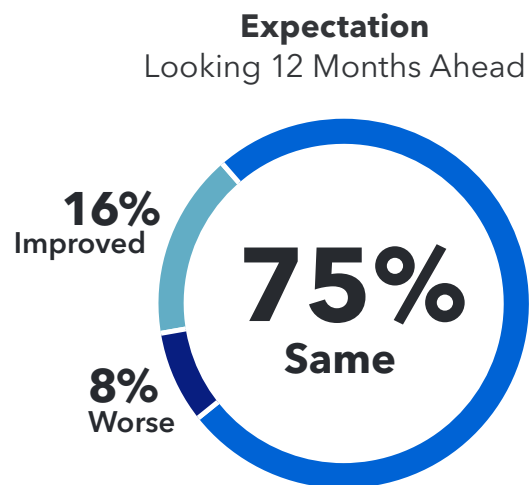
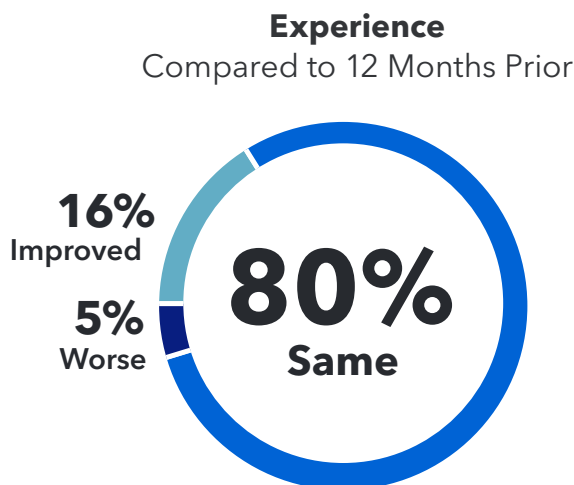
LOAN DEMAND

Loan demand worsened according to 31% of bankers, an increase of 9 points from the prior quarter. Looking ahead, banker optimism has soured. Those expecting stronger loan demand dropped from a majority of 55% in the last quarter of 2024 to only 39% of bankers in the first quarter of 2025—a decline of 16 points.



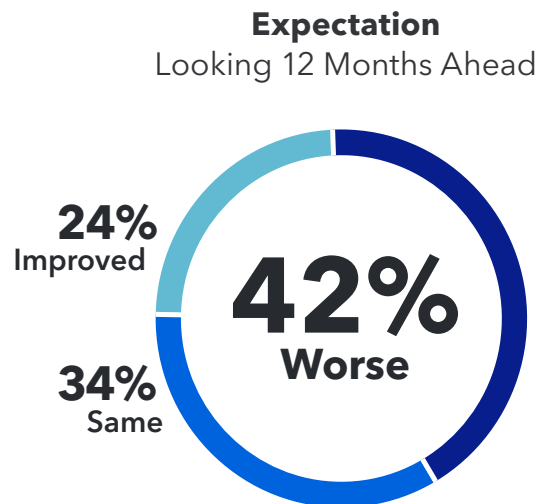
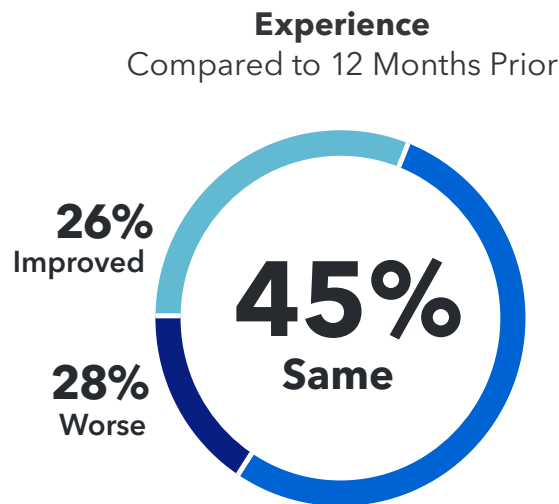
ACCESS TO CAPITAL

Access to capital is the sole index that remained constant every quarter. Eighty percent of bankers note there was no change in their access to capital, just 1 point lower than last quarter. Looking ahead, 75% of bankers expect their access to capital will remain the same, the exact percentage recorded in the fourth quarter of 2024.



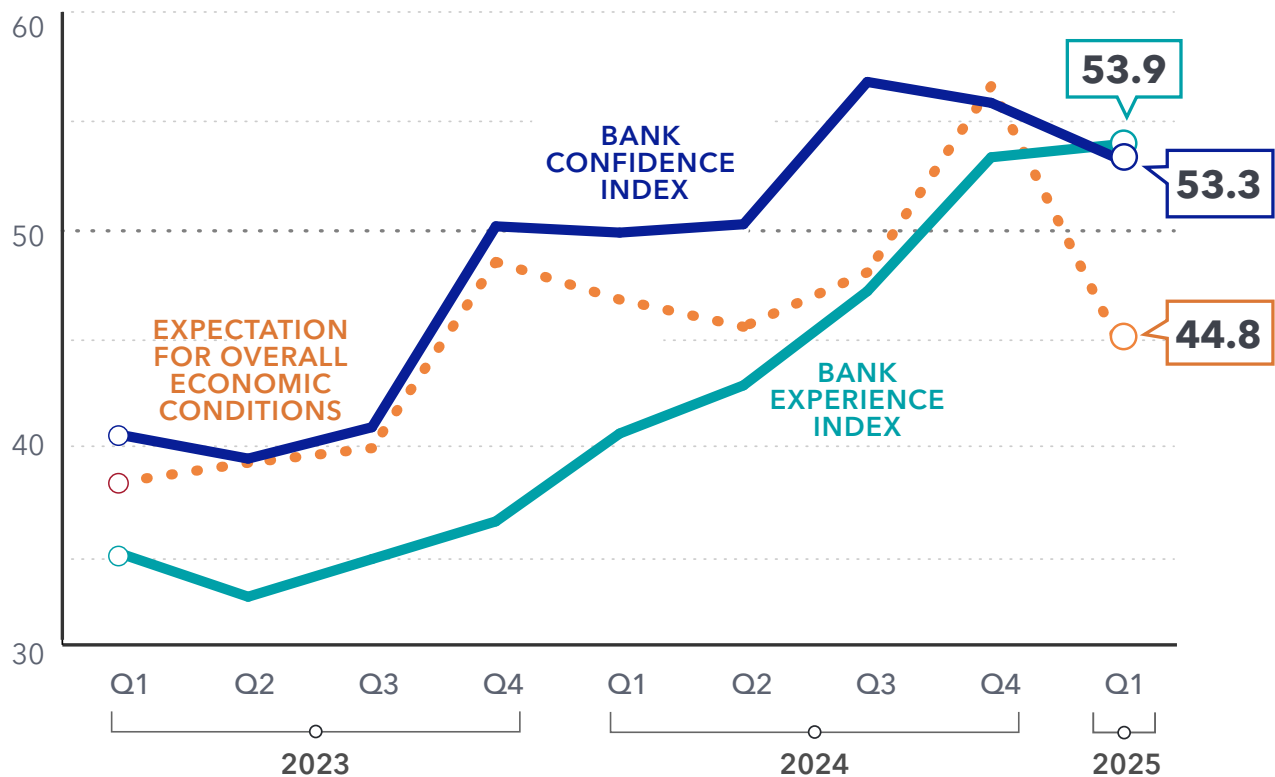
OVERALL ECONOMIC CONDITIONS

Bankers noted a downturn in present economic conditions. The percentage of respondents who reported economic conditions remained stable or improved (72%) dropped 12 points since the fourth quarter of 2024. Bankers' expectations for overall economic conditions for the next 12 months reflect their views about the likelihood of a recession. Since last quarter, there was a 24-point increase in bankers who expect overall economic conditions to worsen (42%), and a commensurate 19-point decrease in those who expect conditions to improve (24%).



INDICES

IntraFi's proprietary Bank Experience IndexSM showed almost no change from the fourth quarter, landing at 53.9, a rise of just 0.6 points. Meanwhile, the Bank Confidence IndexSM measured 53.3, its second consecutive decline from its record score set in the third quarter of 2024 (56.9).



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 April 2 to April 16, 2025.

The survey was delivered via email to bank CEOs, presidents, CFOs, and COOs. c

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.

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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