State Regulators Support Modernizing Regulatory Framework for Bank Mergers

BLOG POST

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A modernized regulatory framework for bank merger transactions should reflect changes in financial services, the diversity of consumer and small business needs and the interests of community banks, CSBS said in a comment letter to the FDIC.

The FDIC has solicited comments as it undertakes a comprehensive review of all aspects of the existing regulatory framework applicable to bank merger transactions.

In a letter filed Tuesday, CSBS recommended that the FDIC:

- Reevaluate the Herfindahl-Hirschman Index calculation in light of technological innovations, market expansion and consumer preferences;
- Consider how banks reach customers through new technologies when accounting for market share and concentration;
- Create a de minimis exception for certain transactions to preserve the viability of community banks;
- Incorporate the role of states in the federal regulatory framework of bank merger transactions;
- Promote alignment and consistency across the federal banking agencies and the DOJ; and
- Provide greater clarity around the objective, scope, and criteria of modernizing the regulatory framework for the benefit of regulators, the banking industry and the public.