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PRESS RELEASES

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Washington, D.C. - State financial regulators voiced support for rescinding the FDIC's current bank merger policy statement and suggested reforms that would modernize and improve the M&A framework in a letter sent today from the Conference of State Bank Supervisors (CSBS).

To enable growth and the long-term stability of community banks and the broader financial system, bank merger policy should be more objective, reflect market competition, and promote streamlined application reviews, CSBS said in the letter. The FDIC's 2024 Bank Merger Policy Statement was a step in the wrong direction and would have resulted in an unpredictable, more costly, and lengthier merger and acquisition process.

In the future, CSBS recommends that the FDIC revise its bank merger policy to:

- Establish a *de minimis* exception to allow small banks to merge in highly concentrated rural markets to preserve local banking options.
- Fully incorporate nonbank financial institutions, credit unions, savings institutions, and Farm Credit Associations into the competitive effects analysis.
- Preserve a safe harbor for transactions that are unlikely to raise antitrust concerns.
- Revisit the use of Summary of Deposits data when evaluating market competition, as it is flawed and reports distorted deposit information data.
- Streamline the merger review process by collaborating more closely with state and other federal regulators.

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The Conference of State Bank Supervisors (CSBS) is the national organization of financial regulators from all 50 states, American Samoa, District of Columbia, Guam, Puerto Rico, and U.S. Virgin Islands. State regulators supervise 79% of all U.S. banks and a variety of non-depository financial services. CSBS, on behalf of state regulators, also operates the Nationwide Multistate Licensing System to license and register non-depository financial service providers in the mortgage, money services businesses, consumer finance, and debt industries.

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