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COMMENT LETTER

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September 15, 2025

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The Honorable French Hill
Chairman
Committee on Financial Services
United States House
Washington, DC 20515

The Honorable Maxine Waters
Ranking Member
Committee on Financial Services
United States House
Washington, DC 20515

Dear Chairman Hill and Ranking Member Waters:

The Conference of State Bank Supervisors (“CSBS”)¹ writes in support of H.R. 5262, the Bank Competition Modernization Act, which would streamline the competitive effects analysis for the bank merger process governing certain mergers of smaller, local institutions.

CSBS supports the Committee’s efforts to review the bank merger process to safely reduce the burden on local-to-local bank mergers. To that end, CSBS has previously recommended revising the “competitive effects” statutory factor² to permit more local bank mergers. As it stands, the competitive effects analysis possesses a barrier that disproportionately affects smaller institutions, particularly in rural areas. These communities often have a limited number of small banks, leading to markets that are deemed highly concentrated for purposes of current bank merger policy analysis. This regulatory determination can impede in-market mergers between small banks,³ often resulting in their acquisition by larger, out-of-market banks with fewer, if any, ties to the local community.

The amendments proposed in the Bank Competition Modernization Act will help keep capital local through statutory changes exempting transactions from the “competitive effects” statutory factor when the resulting institution would have less than \$10 billion in total assets. In addition, the bill appropriately indexes this threshold to inflation to account for future economic growth and changes in industry composition.

We thank the Committee for considering measures to ensure small, local institutions are able to adapt to market factors while continuing to meet the financial needs of their communities. We urge members of the Committee to support the bill, as modified by the managers.

Sincerely,
Brandon Milhorn
President and CEO

- [1](#)

CSBS is the nationwide organization of state banking and financial regulators from all 50 states, the District of Columbia, and the U.S. territories.

- [2](#)

12 U.S.C. §§ 1828(c)(5)(C); 1842(c)(1)(C); 1467a(e)(2)(F)

- [3](#)

Federal Reserve research shows that the number of rural banks in “highly concentrated markets” has increased since the 2008 financial crisis, reducing merger opportunities under current anticompetitive standards. See Andrew P. Meyer, Market Concentration and Its Impact on Community Banks, Federal Reserve Bank of St. Louis, Regional Economist (Apr. 12, 2018).