



January 20, 2022

Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
1776 "F" Street, NW
Washington, DC 20006

Dear Members of the Board of Directors of the Federal Deposit Insurance Corporation:

The National Community Reinvestment Coalition (NCRC) and its undersigned member organizations express their support for the [Federal Deposit Insurance Corporation's \(FDIC\) action to review](#) the effectiveness of the existing framework surrounding the approval of bank mergers and urge the Federal Reserve and the Office of the Comptroller of the Currency to take similar actions.

NCRC and its grassroots member organizations create opportunities for people to build wealth. We work with community leaders, policymakers, and financial institutions to champion fairness and end discrimination in lending, housing, and business.

We applaud the [leadership of FDIC Board Member Martin Gruenberg, CFPB Director Rohit Chopra](#) and [Acting Comptroller of the Currency Michael Hsu](#) to move this work forward and call on the Board to publish the [Request for Comment](#) so that the public can offer its views on the effect of banking consolidation in their local communities.

Now, in the aftermath of the announcement by [Chairman Jelena McWilliams](#) of her [intention to step down](#) in early February, the FDIC must proceed promptly.

We believe that federal banking regulators must hold banks accountable to demonstrate that the public will benefit from a merger before granting their approval. Additionally, It is critical that the FDIC takes the necessary steps to permit the public to weigh in on this important issue.

Consolidation has a deleterious effect on the provision of retail banking services. Nevertheless, regulators have approved more than [3,500 consecutive merger applications](#) without issuing a

single denial. That record appears to be at odds with Congress' expectations, as the [Bank Merger Act](#) instructs federal banking regulators to consider the public interest with deciding whether to approve or deny a merger and also empowers the Department of Justice to block a merger if the combination would substantially lessen competition.

Not surprisingly, banking trade groups have pushed back immediately. Under loose regulations, the industry has consolidated, enabling banks to reduce costs and [improve their profits](#). In 1984, there were 18,000 insured depository institutions. By 2021, there were [slightly fewer than 5,000](#) independent banks.

A robust consideration of the prior CRA performance of merger participants is a necessary part of any effort by regulators to elevate the needs of the public. A review should consider the CRA performance of both institutions. Merger approvals should address how prior shortcomings of both institutions in meeting the needs and conveniences of their communities will be corrected. Moreover, regulators must establish procedures to verify that improvements have occurred after the approval is given. Regulators should meet with members of the public and consumer organizations to gather input on the performance of financial institutions prior to and after the application process.

Research demonstrates that consolidation often does not confer benefits to the public. Evidence links bank mergers to higher interest rates, reduced investments in new construction, and higher rates of property crime. [A 2019 study](#) found that when a merger led to a branch closure, the number of small business loans made in that census tract fell by 13% over the next eight years. Low-income households [pay higher fees](#) on their checking accounts after bank mergers; additionally, the number of check cashing facilities in surrounding zip codes increases after a merger.

When banks merge, they frequently close branches which then undermines local economies. Due to their ability to incorporate an understanding of local needs, the presence of a bank branch in a community fosters relationship-based lending that can lead to greater access to credit. Large banks are more likely to lend to large companies, and conversely, small banks are more willing to [make loans to smaller firms](#). The loss of branches is especially problematic when it leads to banking deserts. In 2019, the [Federal Reserve released a report](#) showing that 44 “deeply affected” counties that had 10 or fewer branches in 2012 had lost at least half of them by 2017 and that almost all were in rural areas.

Today, the high number of independent financial institutions in the United States serves consumers and businesses well. More choice should lead to better outcomes, so if a regulator

does decide to approve a merger, it should ensure that plans are put in place to bring benefits to local consumers and small businesses in the areas affected by consolidation.

To ensure that mergers do lead to benefits to the public, NCRC negotiates [community benefits agreements](#) in conjunction with bank mergers. If the process initiated last week by the FDIC's Board leads to a future where regulators apply greater scrutiny to merger applications, the FDIC will empower communities to benefit from mergers in ways that they currently do not.

In July, the [White House issued an executive order](#) to call for a thorough review of bank merger guidelines and how they increase or decrease competition. The FDIC has taken the first step in realizing this mandate.

We call on the Board of the FDIC to follow through on its important request for comment on bank mergers. The Board must move forward and publish the request for comment to ensure that NCRC, its members and the communities we serve have the opportunity to comment on the effect of bank mergers. The review of applications should take into account the past CRA performance of acquiring and acquired institutions. Additionally, NCRC calls on the leadership of the Federal Reserve and the Office of the Comptroller of the Currency to initiate similar steps within their respective institutions that would lead to merger reviews that include a requirement to demonstrate a public benefit as a necessary condition of approval.

Sincerely,

National Community Reinvestment Coalition (NCRC)

Access Plus Capital

Affordable Homeownership Foundation, Inc.

African American Trade Association

American GI Forum

ANDP

Asian Business Association

Asian Business Association of Silicon Valley

Association for Neighborhood and Housing Development (ANHD)

Beyond Savvy Consumers

Birmingham Business Resource Center

Black Cultural Zone CDC

BLDG Memphis

Building Alabama Reinvestment

CAARMA

California Coalition for Rural Housing

California Reinvestment Coalition

CAMEO

CASA of Oregon
Ceiba
Center for LGBTQ Economic Advancement & Research (CLEAR)
Central Islip Civic Council, Inc.
CHES, Inc.
Chicago Community Loan Fund
Chicago Rehab Network
Chicanos Por La Causa
City of Jackson
Coalition for NonProfit Housing and Economic Development
Community Link
Community Reinvestment Alliance of South Florida
Community Service Network
Community Service Programs of West Alabama, Inc.
Consumers Council of Missouri
Cornerstone West CDC
Corporation for Supportive Housing (CSH)
CPLC Texas
Delaware Community Reinvestment Action Council, Inc.
EAH Housing
Fair Finance Watch
Fair Housing Center of Central Indiana, Inc.
Fair Housing Contact Service Inc.
Florida Housing Counselor Network
Georgia Advancing Communities Together, Inc.
Greater Cincinnati Microenterprise Initiative
Greater New Orleans Housing Alliance (GNOHA)
Hawai'i Alliance for Community-Based Economic Development
Homes on the Hill, CDC
HomesteadCS
Housing Action Illinois
Housing Education and Economic Development
Housing Justice Center
Housing Options & Planning Enterprises, Inc.
HousingLOUISIANA
HousingNOLA
Jewish Community Action
JOVIS
Legacy Foundation
Lewis Associates
Long Island Housing Services, Inc.
Manna Inc
Maryland Consumer Rights Coalition

Massachusetts Affordable Housing Alliance
Metropolitan Consortium of Community Developers
Metropolitan Milwaukee Fair Housing Council
Metropolitan St. Louis Equal Housing and Opportunity Council
Michigan Oncology Quality Consortium
Montana Fair Housing
Multi-Cultural Development Center
Mustard Seed Development
MY Project USA
National Association of American Veterans, Inc.
National NeighborWorks Association
Neighborhood Improvement Association
New Jersey Citizen Action
Northwest Indiana Reinvestment Alliance
Ohio CDC Association
Olive Hill Community Economic Development Corporation, Inc
People's Self-Help Housing
Philadelphia Association of Community Development Corporations
Piedmont Business Capital
Piedmont Housing Alliance
Pima County Community Land Trust
Pittsburgh Community Reinvestment Group
Prosperity Indiana
Proud Ground
R.A.A. - Ready, Aim, Advocate
River Cities Development Services
River City Housing, Inc.
Roosevelt Southwest Community Dev Corp
Sandhills Community Action Program, Inc.
South Bend Heritage Foundation
Southern California Black Chamber of Commerce
Southern Dallas Progress Community Development Corporation
Southwest Community Development Corporation
Springfield NHS
TCH Development Inc
The Greenlining Institute
Titusville Development Corporation, a CDC
U SNAP BAC INC
Urban Coalition of Appraisal Professionals
Woodstock Institute
Working In Neighborhoods
You Always COUNT Ministries

CC: Secretary Ann Misback, Board of Governors of the Federal Reserve and Chief Counsel Benjamin McDonough, Office of the Comptroller of the Currency.