



**America's
Credit Unions**

Jim Nussle

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May 1, 2024

The Honorable Andy Barr
Chairman
Committee on Financial Services
Subcommittee on Financial Institutions
and Monetary Policy
U.S. House of Representatives
Washington, DC 20515

The Honorable Bill Foster
Ranking Member
Committee on Financial Services
Subcommittee on Financial Institutions
and Monetary Policy
U.S. House of Representatives
Washington, DC 20515

Re: Today's Hearing: "Merger Policies of the Federal Banking Agencies"

Dear Chairman Barr and Ranking Member Foster:

On behalf of America's Credit Unions, I am writing regarding the Subcommittee's hearing entitled, "Merger Policies of the Federal Banking Agencies." America's Credit Unions is the voice of consumers' best option for financial services: credit unions. We advocate for policies that allow the industry to effectively meet the needs of their nearly 140 million members nationwide.

America's Credit Unions welcomes the Subcommittee's review of federal banking agency merger policies. As consumers face unpredictability in the market it is crucial that transactions that combine financial institutions are appropriately scrutinized by the appropriate federal agency. We have unfortunately seen the negative effects of mergers that reduce choice, reduce competition, and impair the consumer experience. There are some who look to deflect from those concerns by calling eyes to banks selling to credit unions, yet conveniently ignore the benefits of these transactions. These bank-credit union mergers make up a tiny fraction of total bank merger activity.

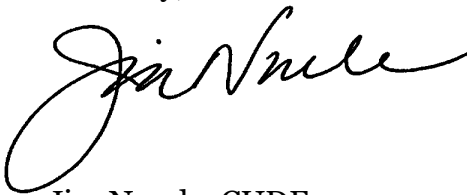
Banks are more often than not initiating transactions with credit unions to ensure that their investors benefit from the sale, their employees keep their jobs, and that their customers benefit by gaining access to responsible, community focused financial services. These transactions also often involve low-income areas – 80 percent of bank to credit union transactions involve low-income designated credit unions. This ensures that the consumers most affected by banking deserts retain access to a local financial institution. For example, from 2012 to 2023, 19,000 bank branches were closed, while in that same period credit unions opened nearly 1,400 net branches. Additionally, these sales are not forced, and they are taxed. Bank boards must approve the sale of assets to a credit union, and generally do so because of the benefits provided to the bank's customers, community, employees, and investors. Every bank sale to a credit union is also subject to corporate taxation, averaging 24.5 percent of the purchase price, while bank-to-bank mergers may involve stock transactions that could limit tax liability.

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Finally, I would like to call attention to the need to support legislation that reduces burdens on smaller lenders. As this hearing discusses the negative impacts of bank mergers to consumer choice and access to financial products, it is important to include in the conversation the impact of burdensome regulations that impose significant costs on smaller lenders that lead to the need to merge in the first place.

On behalf of America's Credit Unions and their nearly 140 million credit union members, thank you for the opportunity to share our views. We look forward to continuing to work with you on this important issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Nussle". The signature is fluid and cursive, with a large loop at the end of the last name.

Jim Nussle, CUDE
President & CEO

cc: Members of the Subcommittee on Financial Institutions and Monetary Policy