

October 31, 2023

The Honorable Jerome Powell  
Chair  
Board of Governors of the Federal Reserve  
System  
20<sup>th</sup> Street and Constitution Avenue, N.W.  
Washington, D.C. 20551

The Honorable Martin Gruenberg  
Chairman  
United States Federal Deposit Insurance  
Corporation  
550 17<sup>th</sup> Street, N.W.  
Washington, D.C. 20429

Mr. Michael Hsu  
Acting Comptroller  
The Office of the Comptroller of the Currency  
400 7<sup>th</sup> Street, S.W.  
Washington, D.C. 20219

Dear Chair Powell, Chairman Gruenberg, and Acting Comptroller Hsu:

We write regarding the timeliness of the Federal banking agencies' review and approval of banking organization mergers and acquisitions.

Under the Biden Administration, tremendous political pressure has been placed on you to revisit merger guidelines and withhold approvals of merger applications by larger banks. As Federal Reserve Vice Chair for Supervision Michael Barr previously acknowledged, “[m]ergers are often a feature of vibrant sectors . . . [and a] merged institution may be able to provide a wider range of products and services at lower prices.”<sup>1</sup> Despite this, the Federal banking agencies are “reviewing” whether adjustments need to be made to how the Federal banking agencies review merger applications.<sup>2</sup>

To date, none of the Federal banking agencies have proposed revisions to their merger review procedures through a notice and comment process. Instead, we have observed prospective mergers being subjected to substantial delay with little transparency into what problems need to be addressed.<sup>3</sup> Clear expectations and timelines surrounding the review process are critical so banks can make an informed decision as to whether to continue devoting resources and incurring costs when approval is likely or withdraw an application and reduce expenses when it is not.

Bank mergers are an important channel for increasing competition within the banking industry. In combination with other reforms, such as reforming the de novo bank chartering process, maintaining an efficient, timely, and transparent merger review and approval process focused on protecting safety and soundness is critical to ensuring robust and dynamic competition in banking. Allowing banking organizations to realize economies of scale and scope via mergers or

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<sup>1</sup> *Hearing Before the H. Comm. on Financial Services*, 117th Cong. (Nov. 16, 2022) ([testimony](#) of Hon. Michael Barr, Vice Chair for Supervision, Board of Governors of the Federal Reserve System).

<sup>2</sup> *Hearing Before the H. Comm. on Financial Services*, 117th Cong. (May 16, 2023) ([testimony](#) of Hon. Martin Gruenberg, Chairman, Federal Deposit Insurance Corporation); Michael J. Hsu, *Bank Mergers and Industry Resiliency* (May 9, 2022) ([remarks](#) at the Brookings Institution).

<sup>3</sup> See, e.g., Keith Noreika & Bryan Hubbard, [TD's Failed Acquisition Highlights Our Broken M&A Process](#), *Am. Banker* (May 9, 2023).

acquisitions not only creates competition, but generates cost savings that can be passed on to consumers through higher interest rates on deposits, lower interest rates on loans, and reduced administrative fees.

We appreciate your attention to this matter. Please respond with your agency's plans, regulatory proposals, or proposals for legislation that would provide greater clarity and timeliness in the merger and acquisition review process for banking organizations.

Sincerely,

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Andy Barr  
Chairman  
Financial Institutions and  
Monetary Policy Subcommittee

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Scott Fitzgerald  
Member of Congress