

# Regulators signal tougher US bank-merger reviews ahead

## Article

**The news:** US regulatory agencies announced new steps this week for their reviews of proposed bank mergers.

- Martin Gruenberg, who took over as acting FDIC chairman following last week's [departure](#) of Jelena McWilliams, [said](#) the regulator would **conduct a comprehensive review of its process for entertaining bank mergers**, noting that this hasn't been done in 25 years.

- The Federal Reserve and the Office of the Comptroller of the Currency (OCC), [set a public meeting](#) on March 8, 2022 to discuss **U.S. Bank's [proposed takeover](#) of MUFG Union Bank.**

**The bigger picture:** Both developments are signs that scrutiny of mergers will increase:

**FDIC:** The decision to press ahead with its merger review represents a [strategic and symbolic turn away from McWilliams](#), who was a Trump Administration holdover:

- The previous chairman clashed with a trio of board members in December 2021 over their [privately green-lighting](#), publishing, and seeking public input on a document regarding mergers after she blocked its release.
- The clash [pitted](#) McWilliams against Democratic FDIC board members such as Consumer Financial Protection Bureau (CFPB) Director Rohit Chopra and Acting Comptroller of the Currency Michael Hsu.

**U.S. Bank:** The public meeting is **the first of its kind since 2019**, when two were held for the tie-up of **BB&T** and **SunTrust** that led to the creation of **Truist**, per American Banker.

- The announcement follows the California Reinvestment Coalition (CRC) requesting three in-state public hearings.
- The CRC [opposes the deal in its current form](#), citing concerns that it will negatively affect communities of color and low-income communities.
- The organization wants the merger to [entail](#) a Community Benefit Agreement, which would include curbing branch closures, forgoing layoffs of frontline staff, and offering mortgages to all qualified borrowers.

There are other signs that the Biden Administration is paying close attention to market competitiveness in general:

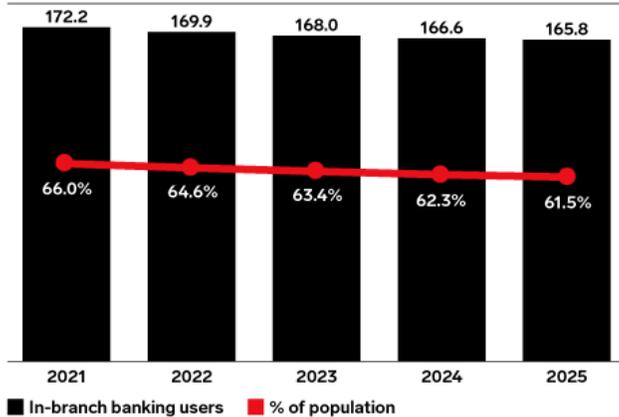
- The Justice Department and the Federal Trade Commission (FTC) [said](#) last month that they are conducting “a joint public inquiry aimed at strengthening enforcement against illegal mergers.” This initiative is in addition to a Justice Department public-comment request regarding [bank mergers specifically](#)—the deadline for this one February 15, 2022.
- In July 2021, the White House [released](#) an executive order directing competitive reviews across industries, including in financial services.

**The big takeaway:** Banks can't assume anymore that M&A deals will gain relatively speedy approval. They should prepare for more protracted review processes and expect some aspects to attract greater scrutiny:

- **Total projected size by assets:** In U.S. Bank's deal, while the acquirer would keep its fifth-place spot among largest US commercial banks by assets, per recent Fed data, the asset size would increase by nearly 24% on a pro-forma basis.
- **Regional market size:** The Justice Department mentions this in its comment request, and U.S. Bank's deal has garnered state-based concern.
- **Related branch closures:** Concerns about branch closures have gained traction in general amid digital-channel adoption and may be harder to implement as cost-cutting measures. This could reduce potential synergies from consolidation.

### US In-Branch Banking Users and Penetration, 2021-2025

millions and % of population



Note: bank account holders ages 18+ who visit a bank, credit union, or a brokerage branch and see a representative in-person at least once per year; excludes ATM visits  
Source: eMarketer, March 2021

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