April 23, 2024

Dear Executives of the FDIC,

I am writing on behalf of the request for comment on the proposed statement of policy on Bank Merger Transactions. As an independent community banker doing business in Northwest Montana, I am in favor of creating additional scrutiny by the FDIC for the purchase, assumption or merger transactions of FDIC insured depository institutions by non-FDIC insured entities. Presently, credit unions are buying FDIC insured banks. Not only is there a loss of tax revenue, but unfair competition escalates when these credit unions compete against commercial banks.

In our market, the non-taxed credit unions aggressively pay the highest rates on deposits and charge the lowest rates on loans. In addition, their loans do not have fees. These overpriced deposits and underpriced loans already give credit unions an unfair advantage. This is a factor why banks are presently experiencing downgrades in CAMEL ratings. A motivating factor for credit unions executives is to move into areas where there is high demand for commercial loans. As credit unions buy banks with their tax advantages, the credit union has pricing opportunities now on commercial loans. A large credit union could underprice the market. We are at a critical time where bank margins are compressed. Now, throw credit union expanding into the origination of commercial loans and bank margins will further deteriorate. This loss of revenue will result in lower CAMEL ratings. Where will it stop?

At a minimum, please increase regulation on these transactions between credit unions and banks. We compete against a $2 billion-dollar local credit union; it could be devastating to our $300 million locally owned community bank if this credit union purchased a bank.

Thank you for the opportunity to comment on this proposal. If you have any questions, please contact me at 406-751-5230 or ajking@threeriversbank.com

Sincerely,

A.J. King
CEO & Chairman, Three Rivers Bank of Montana