

Statement by Vice Chairman Travis Hill on the Memorandum and Resolution Regarding Merger and Deposit Insurance Application Review Process

June 20, 2024

Our application review process is, in too many cases, taking way too long, and the problem has worsened noticeably in the past couple years. From 2013 to 2021, there was not a single year in which 10 or more merger and deposit insurance applications (“Covered Applications”) reached final action more than nine months after receipt. Since then, we’ve hit double digits every year: 12 in 2022, 16 in 2023, and, in 2024, we are already at 11, with 10 more currently pending and more likely on the way.

The FDIC has previously demonstrated an ability to process large merger applications on a relatively faster timeline. For example, the FDIC approved two mergers in 2019 and 2021 that resulted in institutions with more than \$100 billion in assets, and each took less than nine months. Since 2022, by contrast, the FDIC has approved three mergers resulting in institutions with between \$10 billion in assets and approximately \$50 billion in assets that have taken more than a year.¹

A long application review process is costly in a variety of ways. In the case of mergers, it adds uncertainty for employees and customers, it makes post-merger integration more challenging, and it can be dangerous if one of the merging entities is in a vulnerable condition.

The Board proposal today would require staff to brief the full Board any time a merger or deposit insurance application is outstanding for more than nine months,² and provide quarterly follow-up briefings so long as the application remains outstanding. The briefings would be required to include detailed timelines of the steps taken to process the application, as well as expected timeframes for steps that still needed to be taken.

The purpose of this requirement is, in part, to give the Board more regular and rigorous insight into the review process, but more fundamentally it is intended to motivate faster processing of applications. 270 days is an extremely long time; we need to find ways to move faster.

¹ This paragraph does not include merger applications involving failed bank acquisitions, internal reorganizations, or institutions acquiring much smaller institutions.

² The initial set of briefings would occur at the first regular Board meeting 90 days after adoption of the resolution, to allow time to process some of the pending applications before the briefing requirement is triggered.