

**Oral Statement of Ted Dowd  
Acting Senior Deputy Comptroller and Chief Counsel  
Before the  
Subcommittee on Financial Institutions and Monetary Policy  
Committee on Financial Services  
United States House of Representatives  
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Chairman Barr, Ranking Member Foster, and members of the Subcommittee, I am pleased to testify today to discuss the Office of the Comptroller of the Currency's review and consideration of bank merger applications.

I currently serve as the OCC's Acting Senior Deputy Comptroller and Chief Counsel, and oversee the agency's legal and licensing activities, including applications for bank mergers and other business combinations. The process by which the OCC considers bank mergers involving national banks and federal savings associations is governed by federal law and regulation, and the OCC's Licensing Manual on Business Combinations. The OCC carefully reviews each bank merger application received and must provide approval before a bank may consummate a merger.

The OCC supports a diverse and competitive banking system and appreciates the value that community, midsize, and large banks provide to the communities and businesses they serve. Our bank merger application review process allows for robust and thorough consideration of statutory and regulatory factors as well as public input into the process.

Under the Bank Merger Act, the OCC is required to consider five factors when conducting reviews of bank mergers. These include: (1) the effect on competition; (2) financial and managerial resources and future prospects of the banks involved; (3) probable effects on the convenience and needs of the community served; (4) banks' effectiveness in combating money laundering activities; and (5) the risk to the stability of the U.S. banking and financial system.

Separately, under the Community Reinvestment Act, the OCC is required to assess an applicant's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations.

The OCC also considers several regulatory factors including: the capital level of the resulting bank; conformity of the transaction to applicable law, regulation, and supervisory policies; purpose of the transaction; impact on the safety and soundness of the applicant bank; and effect on the applicant bank's shareholders, depositors, creditors, and customers.

Public input is important to the OCC's review of bank merger applications. To facilitate transparency, the OCC posts the public portion of applications on its website and initiates a formal comment period for at least 30 days. The OCC carefully considers all comments received from the public, including comments from public meetings or hearings.

The OCC recognizes the importance of ensuring that the bank merger process reflects the economic realities of today and results in healthy and sound mergers. In February of 2023, the OCC hosted a public, all-day symposium on the bank merger process to explore the effects of mergers on competition, financial stability, and community convenience and needs. Information from the symposium informed the OCC's more recent efforts to update its analytical framework for bank mergers. Toward this end, the OCC is committed to working with the Federal Reserve, the FDIC, and the Department of Justice to ensure appropriate coordination and collaboration in each agency's consideration of bank merger applications.

In addition, earlier this year, the OCC issued a proposal to update its rules and policies for bank mergers to enhance transparency around the decision-making process under the Bank Merger Act. It also includes a policy statement that describes features of applications that are generally consistent with OCC approval, and those that raise supervisory or regulatory concerns.

The proposed policy statement seeks to provide more information and clarity around our decision making. For example, it notes that applications where the acquiring bank has satisfactory supervisory ratings, no open enforcement actions, and no fair lending, CRA, Bank Secrecy Act, or consumer compliance concerns, along with other features, are consistent with timely approval. We recently extended the comment period on the proposal until June 15, and encourage all stakeholders to provide comments.

In conclusion, ensuring continued diversity and competition in the federal banking system is of critical importance to the OCC. As the OCC continues to work with other regulators and the DOJ on updating its analytical framework related to bank mergers, we are also taking steps to improve the processes by which we consider merger applications and the transparency around our decision-making. We welcome further engagement on these matters.

Thank you, I look forward to answering your questions.