

## MEMORANDUM

**TO:** Members of the Committee on Financial Services

**FROM:** Committee Majority Staff

**DATE:** May 9, 2025

**SUBJECT:** May 14, 2025, Subcommittee on Financial Institutions Hearing: “Enhancing Competition: Shaping the Future of Bank Mergers and De Novo Formation.”

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On Wednesday, May 14, 2025, at 2:00 p.m., the Subcommittee on Financial Institutions will hold a hearing in Room 2128 of the Rayburn House Office Building, entitled “Enhancing Competition: Shaping the Future of Bank Mergers and De Novo Formation.” The following witnesses will testify:

- **Mr. Keith Costello**, President and CEO, Locality Bank
- **Ms. Mary Usategui**, President and CEO, BankMiami
- **Ms. Amanda Allexon**, Partner, Simpson Thacher & Bartlett LLP
- **Mr. John Berlau**, Senior Fellow and Director of Finance Policy, Competitive Enterprise Institute
- **Mrs. ReShonda Young**, Founder, Jabez Inc.

This hearing, part of the Committee’s community banking initiative, will examine how regulatory complexity, unclear supervisory standards, and inconsistent approval timelines may be limiting new bank formation and contributing to consolidation in the financial sector. The discussion will explore opportunities to improve transparency and efficiency in the bank merger review process, update the framework for new bank entrants, and promote a more competitive and accessible banking landscape. The hearing will also consider how existing regulations impact market entry and financial access, particularly in underserved areas. The Committee aims to identify reforms that support responsible growth, innovation, and a diverse banking system that meets the needs of communities and the broader economy.

### Legislation Noticed

1. **H.R. \_\_\_\_\_, the *Bank Failure Prevention Act of 2025 (Barr)*:** This bill requires the Federal Reserve Board, FDIC, and OCC to notify merger applicants within a set timeframe if an application is incomplete and mandates final action on all applications within 90 days of submission, regardless of completeness status.
2. **H.J.Res. 92, *Providing for congressional disapproval under chapter 8 of title 5, United States Code, of the rule submitted by the Office of the Comptroller of the Currency of the Department of the Treasury relating to the review of applications under the Bank Merger Act (Barr)*:** This resolution would repeal the OCC’s final rule governing mergers involving national banks and federal savings associations.

3. **H.R. \_\_\_\_, the *Financial Institution Regulatory Tailoring Enhancement Act (Barr)*:** This discussion draft raises the asset threshold from \$10 billion to \$50 billion for applicability of certain regulations, including CFPB supervision, the Volcker Rule, qualified mortgage standards, and capital requirements.
4. **H.R. \_\_\_\_, the *Stress Testing Accountability and Transparency Act*:** This discussion draft requires the Federal Reserve Board to issue a rule governing the application of stress capital buffer requirements.
5. **H.R. \_\_\_\_, the *Bringing the Discount Window into the 21st Century Act (De La Cruz)*:** This bill directs the Federal Reserve Board to review discount window programs, address identified deficiencies, and report findings and plans to Congress.
6. **H.R. \_\_\_\_, a bill to require the Comptroller of the Currency to study how bank-fintech partnerships can support new bank formation (Barr)**: This discussion draft directs the Comptroller of the Currency to conduct a study on how bank-fintech partnerships can support new bank formation. The study must examine how such partnerships may reduce time to market for bank products and services, lower compliance burdens, enhance customer acquisition, improve technological capabilities, and expand access to diverse funding sources. It must also identify regulatory and legal uncertainties that may be hindering these partnerships. A report to Congress is required within six months of enactment.
7. **H.R. \_\_\_\_, a bill to require the Federal prudential regulators to study improving the growth, capital adequacy, and profitability of rural depository institutions**: This discussion draft requires federal prudential regulators to jointly study ways to improve the growth, capital adequacy, and profitability of rural depository institutions and to identify regulatory barriers to these goals and to the formation of new banks, with a report to Congress due within six months.
8. **H.R. \_\_\_\_, a bill to require annual reports on Federal depository institution charter applications, bank holding company applications, Federal deposit insurance applications, and State depository institution charter applications**: This discussion draft requires annual public reports from federal financial regulators detailing the number, status, and processing timelines of applications for federal and state depository charters, bank holding companies, and deposit insurance, including reasons for denials or delays.
9. **H.R. \_\_\_\_, a bill to require the Comptroller General of the United States to study the consideration of insured depository institution merger applications by Federal prudential regulators to ensure they align with statutory requirements and are not in any way influenced by political issues or considerations**: This discussion draft requires the Comptroller General to review how federal financial regulators assess insured depository institution merger applications to ensure compliance with statutory requirements and to confirm that political considerations do not influence the process.
10. **H.R. \_\_\_\_, a bill to require the Inspector General of each Federal prudential regulator to carry out a review of every 3 years of the regulator's handling of insured depository institution merger applications**: This discussion draft mandates that the Inspector General of each Federal

prudential regulator conduct a review every three years to assess how effectively regulators manage insured depository institution merger applications balanced with safety and soundness, competition, and rural community access to financial services.