

April 27, 2021

VIA ELECTRONIC FILING

Ms. Ann E. Misback,
Secretary
Board of Governors of the Federal Reserve
20th Street and Constitution Ave. NW
Washington, DC 20551

Mr. Ivan Hurwitz
Senior Vice President
Federal Reserve Bank of New York
33 Liberty Street
New York, NY 10045

Re: M&T Bank Corporation, Buffalo, New York; to acquire People’s United Financial Inc., and thereby indirectly acquire People’s United Bank National Association, both of Bridgeport, Connecticut.

Dear Ms. Misback and Mr. Hurwitz:

On behalf of the members of the Community Development Bankers Association (CDBA), we respectfully submit the enclosed comments in response to the Federal Reserve Bank of New York’s review of the pending acquisition by M&T Bank Corporation (M&T) of People’s United Financial Inc. (People’s United).

CDBA is the national trade association for banks and thrifts that are US Treasury-certified Community Development Financial Institutions (CDFIs). Our members have a primary mission of promoting community development and target at least 60% of their total lending and activities to Low- and Moderate-Income (LMI) communities and customers that are underserved by traditional financial service providers.

The merger of M&T and People’s United is significant on a national, super-regional, and a local level. M&T and People’s United are already the 33rd and 47th largest bank holding companies in the United States by assets.¹ Once merged, the combined bank will have approximately \$200

¹ FFIEC, National Information Center, “Large Holding Companies,” www.ffiec.gov/npw/Institution/TopHoldings

billion in assets², placing it among the 20 largest holding companies. Of particular importance for issues related to the Community Reinvestment Act (CRA) and community development, the deal will also make M&T a top 10 player in the affordable housing space.³ The combined bank's branch footprint will be concentrated in the Northeast and Mid-Atlantic – extending from Maine to Virginia – and will represent “more than 20% of the U.S. population and 25% of national GDP.”⁴ As a major participant in the financial markets, the proposed entity should be held to a high standard with respect to meeting the credit and financial service needs of LMI communities within its new, larger geographic footprint.

Under the Bank Holding Company Act, the Bank Merger Act, and the Home Owners Loan Act, the Federal Reserve Board is required to review the competitive effects of bank mergers and acquisitions. Without proper oversight, any merger of this size could have a significant and negative impact on economically disadvantaged areas. Specifically, such a merger could, in the words of the Department of Justice, “affect the competitive environment in retail banking markets and that in some cases may raise competitive concerns.”⁵

CDBA does not oppose this merger; rather, we hope that the merged institution will continue to expand its support community development. We note that M&T has a consistent record of “outstanding” CRA ratings and we strongly encourage M&T to extend the strengths of its CRA program to areas previously served by People's United⁶. However, we are particularly concerned about the systemic threat to branch banking in underserved communities that consolidation poses – a trend reflected in both the long-term history and recent acceleration of such mergers. Reducing costs via branch closures is an effective way for financial institutions to save money, as exemplified by People's United's 2021 closure of 18 branches in Connecticut,⁷ or M&T's 2019 closure of 13 branches across New Jersey and Pennsylvania.⁸ Further, the merger represents a consolidation that, in a low-growth market such as the Northeast, will deliver significant pricing power in some markets where M&T will be the “only bank in town.” We urge the regulatory agencies to ensure that M&T demonstrates that it will use this power responsibly.

² Maitree Christian, S&P Global Market Intelligence, “M&T Bank buying Connecticut-based People's United Financial in \$7.6B deal,” February 22, 2021

³ Mahum Tofiq, S&P Global Market Intelligence, “Multifamily loan delinquency reaches 5-year high at end of 2020,” March 4, 2021

⁴ Lauren Seay, S&P Global Market Intelligence, “CEO calls M&T Bank's acquisition of People's United a 'growth story',” February 22, 2021

⁵ U.S. Department of Justice, “How do the Federal Reserve and the U.S. Department of Justice, Antitrust Division, analyze the competitive effects of mergers and acquisitions under the Bank Holding Company Act, the Bank Merger Act and the Home Owners' Loan Act?”, www.justice.gov

⁶ People's United has a track record of 3 consecutive “satisfactory ratings,” despite its stated goal of seeking to “Achieve an ‘Outstanding’ CRA rating for the company.”

⁷ Zachary F. Vasile, Journal Inquirer, “People's United Bank to close Stop & Shop branches,” January 22, 2021

⁸ Ellie Rushing, Philadelphia Inquirer, “M&T Bank closes nearly half its locations, reinvests \$9 million to update branches,” Jul 15, 2019

The combined trends of consolidation and branch closure have a vicious effect on communities, well beyond the loss of access to basic financial services and financial education. Affected communities experience increased costs and a loss of civic leadership⁹ that digital services cannot replicate. Further, the continued concentration of assets within a handful of mega- and regional-banks has a destabilizing effect on communities when credit decisions are increasingly made far away from those communities, if credit is available at all. This destabilization is particularly acute in the communities that CDFI banks serve: distressed rural communities, disinvested urban neighborhoods, and under resourced Native American communities.

To mitigate potential negative impacts, the merged institution should expand its community development program to ensure that LMI communities are well served through CDFI banks. We are aware that M&T has an active CDFI bank deposit-placing program. Given the proven impact and effectiveness of these CRA-qualifying “investments” and their relative ease (please see the Certificate of Deposit Account Registry service, or “CDARs”), we recommend that M&T consider a proportionate post-merger increase in these activities.

Further, to achieve a higher degree of community impact and CRA-related innovation and flexibility, we urge M&T to increase support for CDFI banks with investments of Tier 1 qualifying capital. Long-term, patient equity capital from private partners can have a direct and catalytic effect on a financial institution’s capacity to serve customers and communities that most need investment. In the past several months, multiple opportunities have emerged to make this process easier. For example, M&T should strongly consider the FDIC’s “Mission-Driven Bank Fund.” The goals of the FDIC’s new fund align very well with the needs of underserved communities and the CDFIs that serve them.¹⁰

In summary, we strongly encourage the Federal Reserve to ensure that the new bank has a flexible and innovative community development program that engages productively with CDFI banks as appropriate to its size, scope, complexity, and customer base.

Thank you for the opportunity to comment on this important issue.

Sincerely,



Jeannine Jacokes
Chief Executive Officer

⁹ Board of Governors of the Federal Reserve, “Perspectives from Main Street: Bank Branch Access in Rural Communities,” November 2019

¹⁰ “The Mission-Driven Bank Fund”, www.fdic.gov/regulations/resources/minority/mission-driven/infographic.pdf