

# INDUSTRY TRENDS

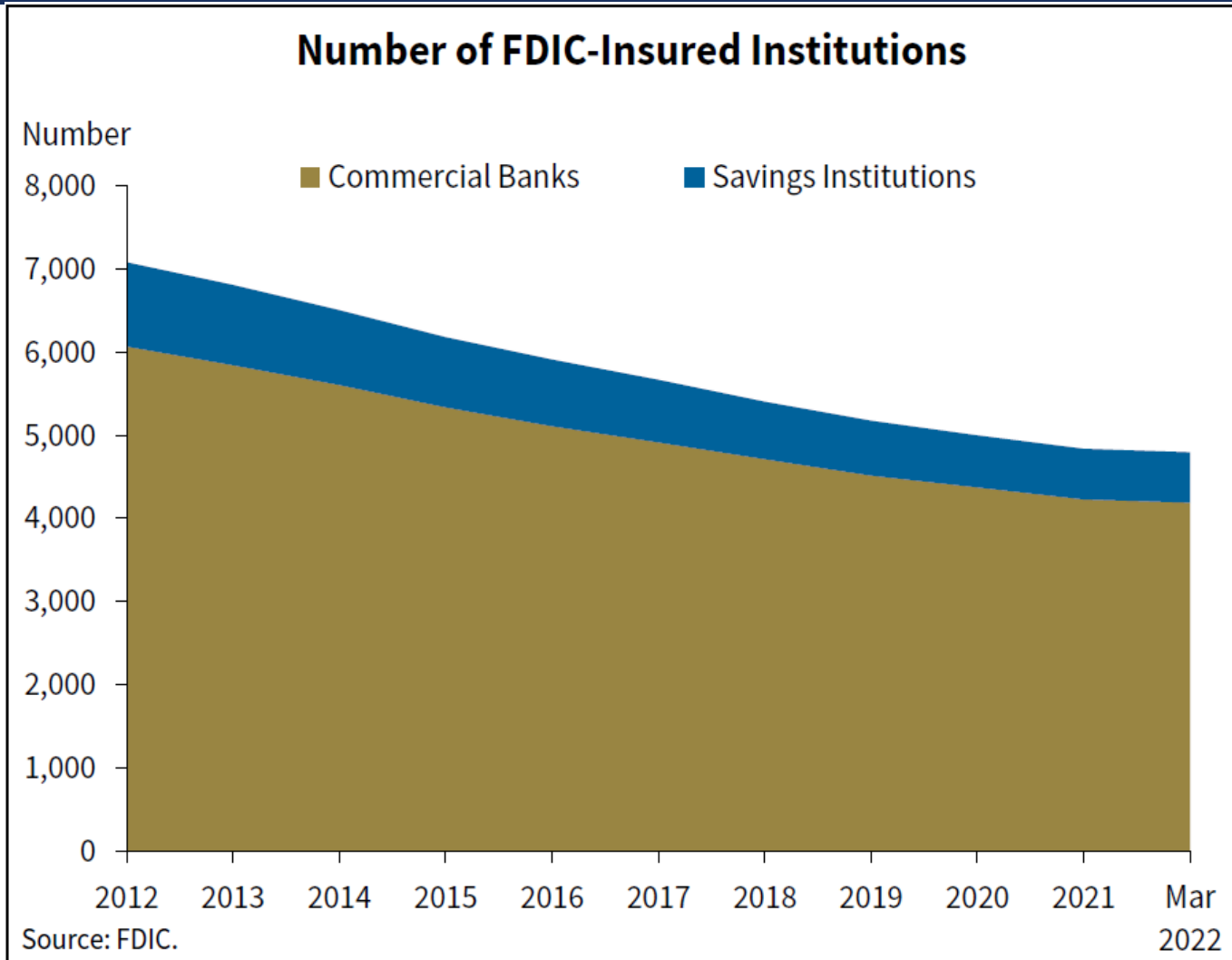
MATT BRUNING

LENDING & CREDIT CONFERENCE

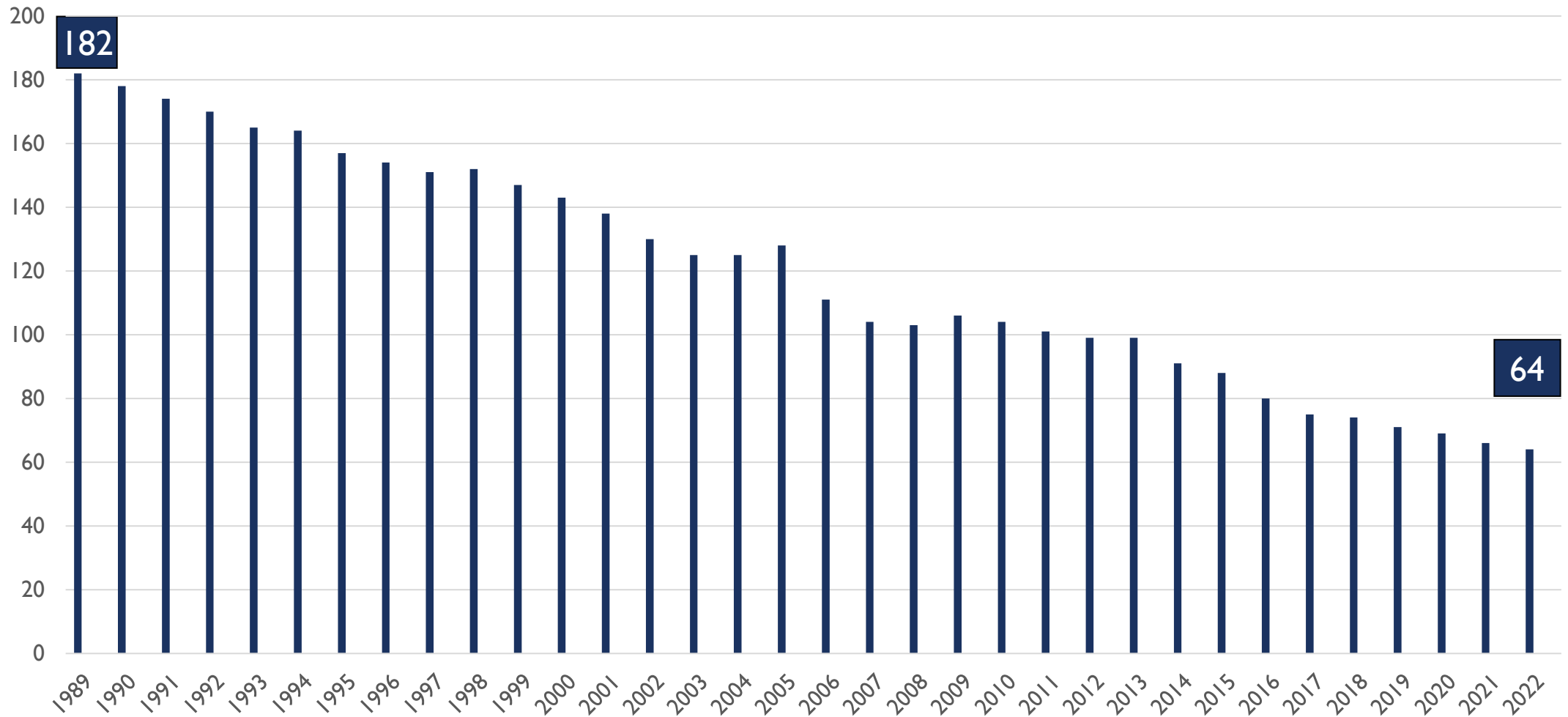
OCTOBER 25, 2022

[MBRUNING@VABANKERS.ORG](mailto:MBRUNING@VABANKERS.ORG)

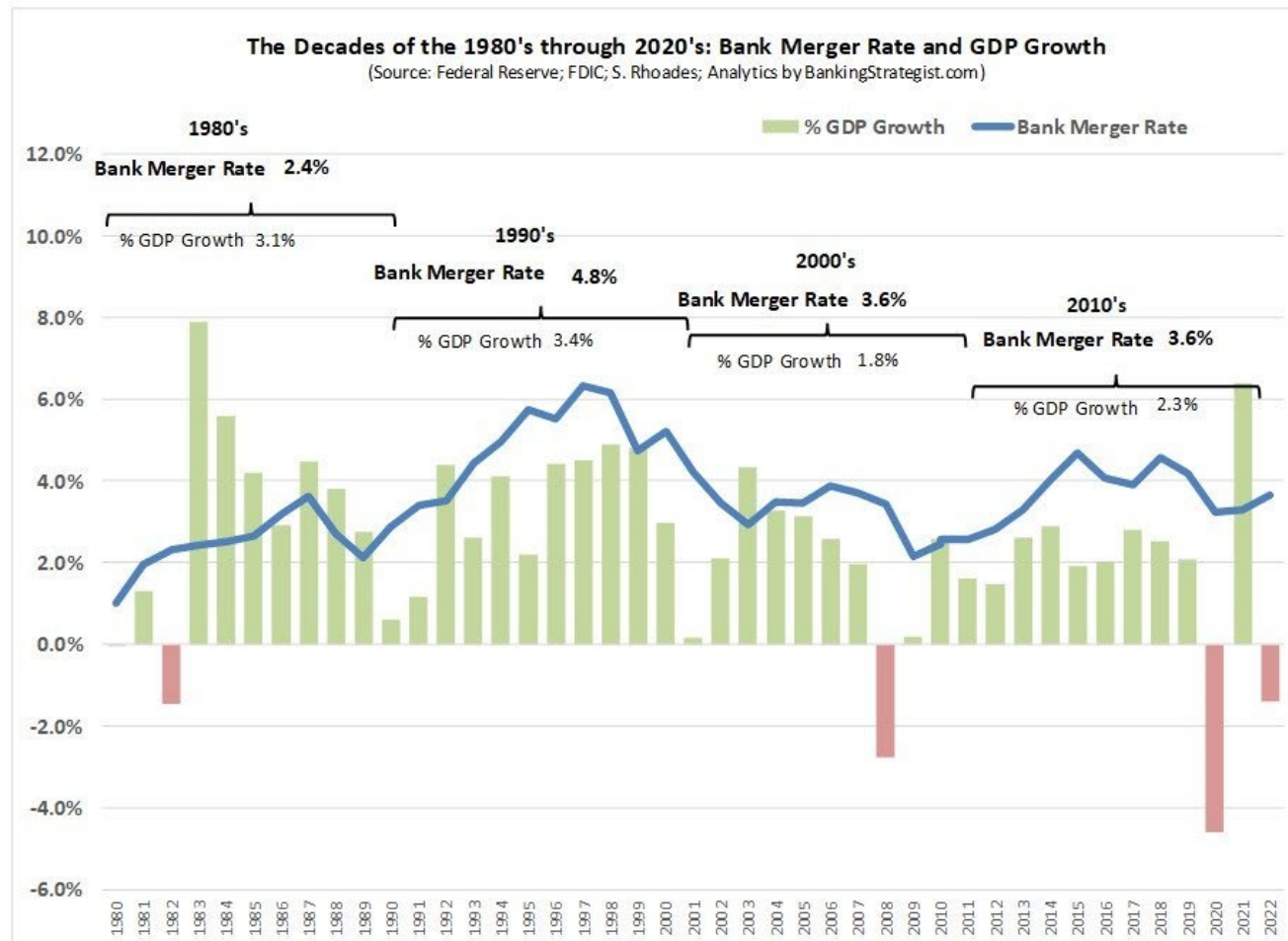
# INDUSTRY CONSOLIDATION - NATIONAL



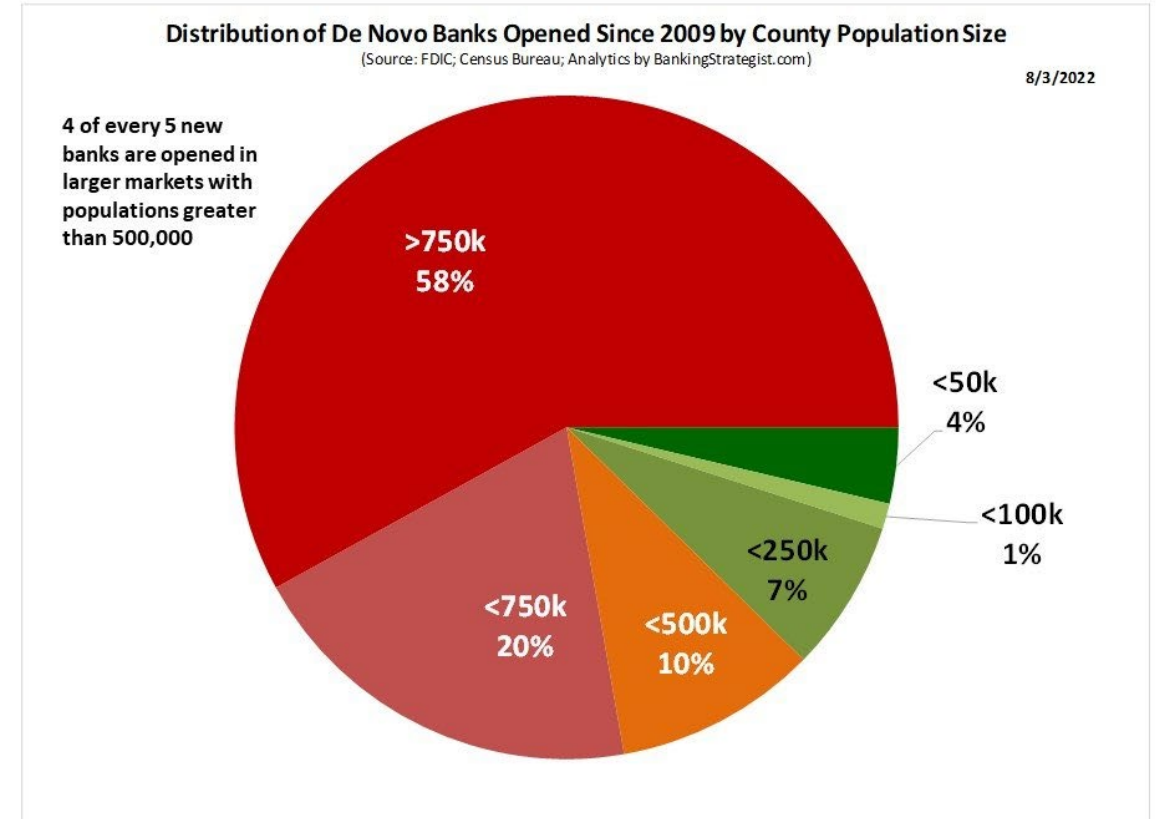
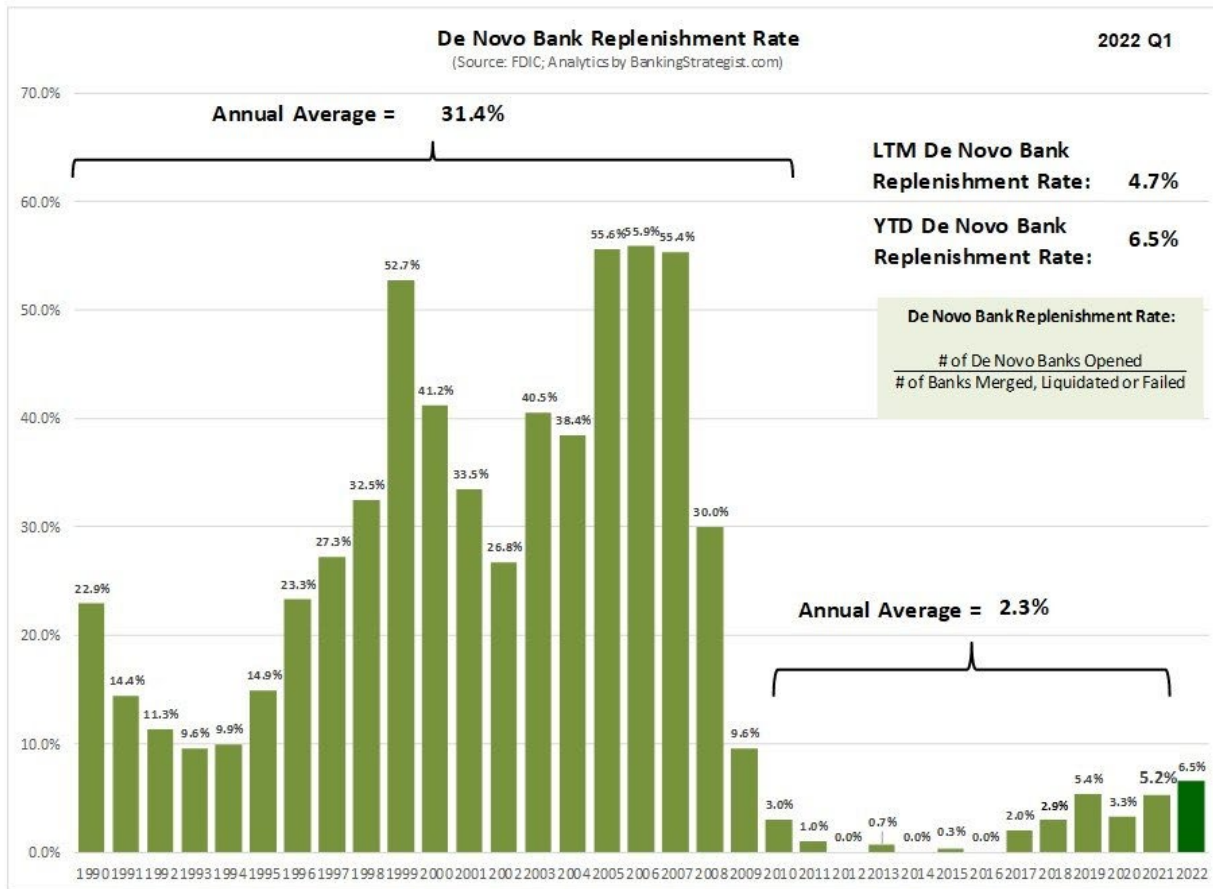
# INDUSTRY CONSOLIDATION - VIRGINIA



# INDUSTRY CONSOLIDATION – ECONOMIC TRENDLINE

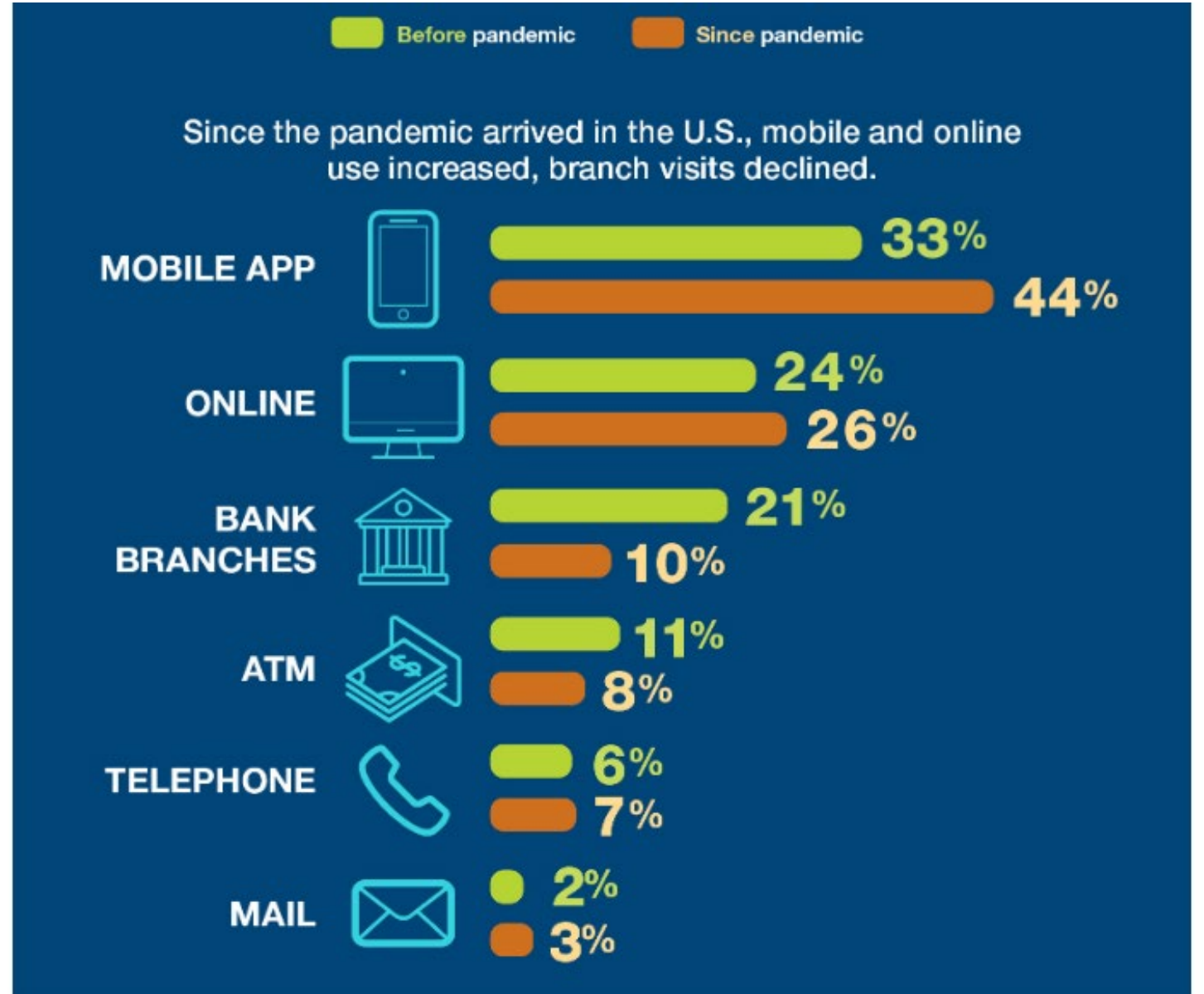


# DE NOVO ACTIVITY



Source: BankingStrategist.com

# HOW AMERICANS BANK: BEFORE & DURING PANDEMIC

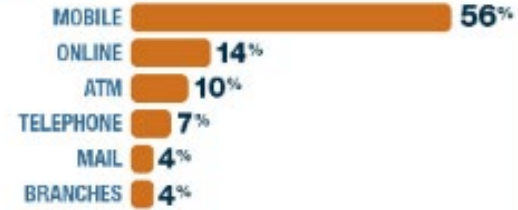


# DIFFERENT AGE GROUPS BANK DIFFERENTLY

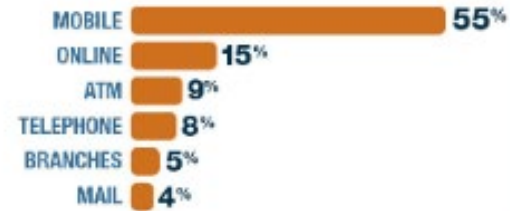
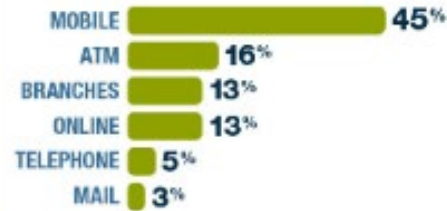
## BEFORE PANDEMIC

## SINCE PANDEMIC

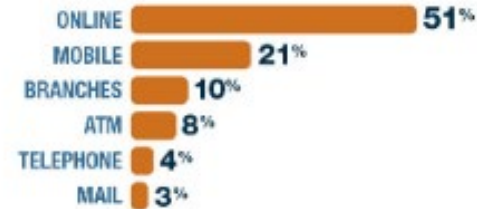
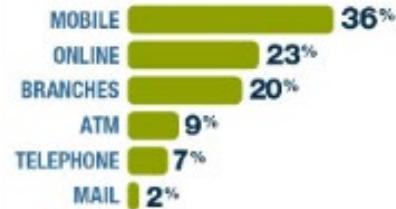
### GEN Z (1997–2012)



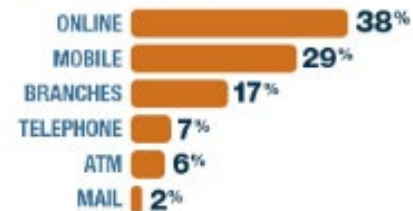
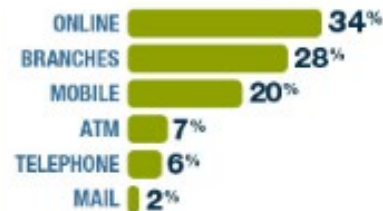
### MILLENNIALS (1981–1996)



### GEN X (1965–1980)



### BABY BOOMERS (1946–1964)



# CONSUMER SATISFACTION



**9 in 10**

account holders are  
“very satisfied” or “satisfied”  
with their primary bank



**88%**

agree they have multiple options  
when selecting products and  
services such as bank accounts,  
loans and credit cards

**83%**

believe their bank  
is transparent about  
disclosing fees

**62%**

say account fees  
charged by their bank  
are reasonable





# CURRENT SITUATION



# FEDERAL LEGISLATIVE & REGULATORY KEY ISSUES

- Legislation
  - IRS reporting
  - SAFE Banking Act
  - Interchange Restrictions 2.0
- Regulation
  - CRA Modernization
  - 1071 Reporting
  - Climate Change Risk/ESG
  - Cryptocurrency/FinTech/I033 Data
  - CFPB Focus on Bank Fees
  - Fair Lending/UDAAP

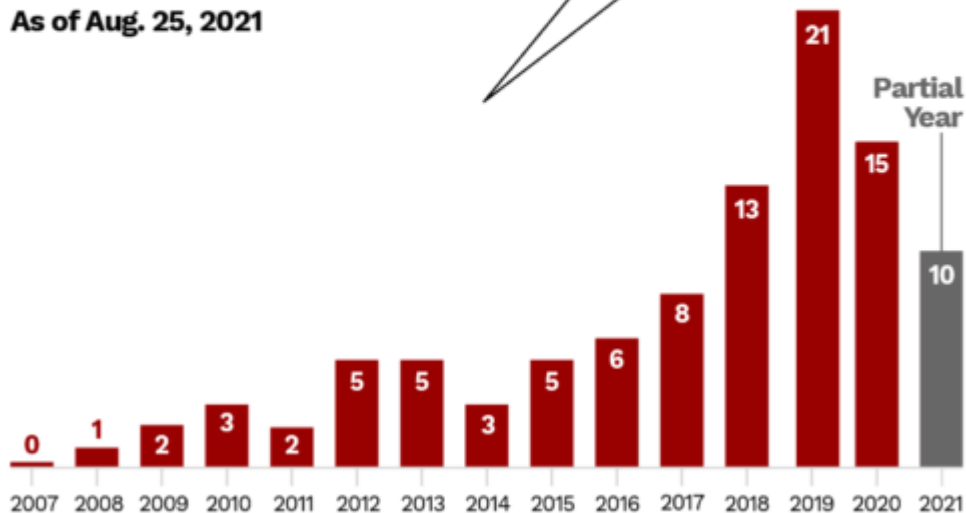
# KEY STATE LEGISLATIVE ISSUES

- Federal Funds – Small Business, Housing, Broadband, Tourism
- Data Privacy – State and Federal
- Oppose Credit Union Expansion – Legislative & Litigation Strategies
- Affordable/Workforce Housing – State and Federal
- Tax Policy
- Virtual Currency

# CREDIT UNIONS – BANK BUYERS

Credit union acquisitions of banks/bank assets over 15 years

As of Aug. 25, 2021



SOURCE: ICBA analysis of S&P data © September 2021 The Financial Brand

- 13 banks were acquired by credit unions in 2021
- Consultants and investment bankers are increasingly pitching banks to sell, or at least consider, credit union bidders, noting the shortcut for CRA review and that credit unions must pay in cash because they have no stock.
- When credit unions buy banks, they can't say they are different from banks at the same time. The tax and regulatory treatment of the industry should match the facts on the ground.

# CREDIT UNIONS – FIGHTING BACK

- VBA and 7 Virginia banks successfully appealed Virginia Bureau of Financial Institution's approval of Virginia Credit Union (VACU) field of membership expansion to members of the Medical Society of Virginia (MSV)
  - Case started in August 2019, had two trials before a Hearing Examiner
  - SCC recently decided in our favor, overturning the approval
  - VACU is the largest Virginia state-chartered credit union with over \$4.7 billion in assets. All 7 participating banks are smaller than VACU.
  - VBA argues that adding MSV members totaling over 10,000 potential customers exceeds state law which does not allow new groups over 3,000 to be added unless the group cannot feasibly or reasonably establish a new credit union
  - VACU declined to appeal ruling to the Supreme Court of Virginia
- ABA filed suit against NCUA in 2019 over their field of membership rule over redlining concerns
- Legislative efforts on leveling playing field on CRA, taxation and regulatory oversight while opposing efforts to expand business lending

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VIRGINIA BANKERS  
ASSOCIATION

THANK YOU!

