

5 Key Takeaways | Debating Critical Issues Facing the Banking Industry

January 31, 2025

Written by **Gary R. Bronstein**

Kilpatrick partner **Gary Bronstein** joined other thought leaders at the **2025 Bank Director Acquire of Be Acquired Conference** to discuss and debate some of the most interesting issues in banking. This annual gathering provides senior leadership teams with the ability to meet with peers who share an interest in exploring financial growth opportunities, strategic initiatives, and business partnerships.

Mr. Bronstein's key takeaways from the session titled "Point/Counterpoint Debate", include:

- 1. The expectation is that the new regulatory regime under the Trump administration will loosen the regulatory environment for banks compared to the prior administration.** Entrepreneurial initiatives, crypto currencies and denovo banks are expected to be encouraged by financial regulators. It is expected that the volume of bank mergers will increase and the wait time for approvals will decrease. Could looser regulation result in abuse and undue risk?
- 2. We had a debate about whether credit unions should be permitted to buy banks which has been increasing in recent years.** While credit unions are cash buyers, they are usually able to pay higher prices than bank buyers because of their tax-exempt status. A free and open market is a positive and the concern raised by banks is that credit unions have an unfair advantage resulting in a unlevel playing field. Credit unions are tax exempt and are not subject to the Community Reinvestment Act which is an added burden for banks.
- 3. Does scale matter for banks?** Smaller banks can offer more personal service to their customers, tends to be more knowledgeable about local markets and provide financial services in communities where larger banks may lack interest. Larger banks tend to be more profitable because they are better able to leverage expenses, such as technology and compliance costs, over a larger asset base. Also, larger banks are better able to profitably offer fee income businesses thereby relying less on net interest income which is variable because it is tied to prevailing interest rates.
- 4. Should boards have a mandatory retirement age?** The advantage is that it is a way to force less productive directors to retire and provides an opportunity to add younger directors with fresh ideas. Mental acuity varies not necessarily tied to age and a better way to force less productive directors, regardless of age, to retire is with an annual robust self-assessment program. Forcing retirement due to age can result in losing the most productive directors.

5. Are more banks needed in the US? The number of banks has been shrinking for many years due to consolidation, bank failures and the limited number of new banks. The US has far more banks than other developed countries largely the result of very restrictive laws on growth in the past. In certain markets, especially in large metropolitan areas, there is a lot of competition for banking services. There are, however, many communities that are under banked and a significant amount of banking services today is offered by unregulated non-banks which potentially creates unacceptable risk in the banking system.

For more information, please contact:
Gary Bronstein, gbronstein@ktslaw.com

Related People



Gary R. Bronstein

t 202.508.5893

gbronstein@ktslaw.com