ICBA
Independent Community
Bankers of America®

WAKE UP

Statistics About Credit Union Acquisitions of Community Banks:

- Credit unions first began acquiring community banks in 2008, but the number of acquisitions has grown exponentially since 2015. 2019 is a record year, with 19 acquisitions thus far (source: NCUA/S&P Intelligence).

- The median asset size of an acquiring credit union has been $1.8 billion. Of 38 transactions since 2008, only eight credit unions had less than $1 billion in total assets, and of these, only four credit unions were under $500 million in total assets (source: NCUA/S&P Intelligence).

- Acquiring credit unions are on average nine times larger than their community bank targets. Among all 38 transactions since 2008, the average size of an acquired community bank has been $219 million (source: FDIC/ICBA/S&P Intelligence).

- Of these 38 acquisitions, 80 percent have occurred in the Southeast and Midwest. Specifically, Florida (eight acquisitions), Michigan (six), Wisconsin (four), Alabama, (four), and Georgia (three) have seen the most of this M&A activity (source: S&P Intelligence).

- So far, credit union acquisitions of community banks have cost state and federal tax authorities an additional $13.5 million in lost revenue ($2.5 million average annual revenue loss), as tax-exempt entities acquire tax-paying ones, taking them off the tax rolls (source: FDIC).

- One-third of credit union acquisitions of community banks have occurred across state lines, and the average time to complete transactions has decreased from 58.8 weeks to 34 weeks (source: S&P Intelligence).

Statistics About the Credit Union Tax Exemption:

- Credit unions' tax exemption has cost state and federal tax authorities an estimated $2.3 billion per year in foregone revenue between 2000 and 2018. Under the Tax Cuts and Jobs Act, credit unions would have paid $2.7 billion in total income taxes in 2018 (source: ICBA/NCUA).

- Credit unions over $1 billion in total assets would be most affected if their tax exemption were revoked. Holding 74 percent of total credit union assets, the 311 credit unions over $1 billion in total assets comprised only 6 percent of the total number of credit unions in 2018. From 2000 to 2018, they would have paid on average 51 percent of the tax burden. (source: ICBA/NCUA).

- Due to their outsized growth, credit unions over $1 billion in total assets would have been the only peer group of credit unions to see their share of the tax burden increase between 2000 and 2018. It did so by 260 percent (source: ICBA/NCUA).

- Credit unions' estimated tax burden would have been 3 percent of total assets from 2000 to 2018, constituting a modest check on their year-over-year economic growth (source: ICBA/NCUA).

- Between 25 and 33 percent of the credit union tax subsidy is misapplied and does not benefit credit union members, instead being absorbed by inefficiencies, such as labor costs and high-risk investments (source: ICBA).

- From 2000 to 2018, credit unions' inefficiencies cost members between $500 million and $900 million, benefitting third-party stakeholders such as management and non-member stakeholders (source: ICBA).