



Cross-Charter Consolidation: Credit Union Acquisitions of Community Banks

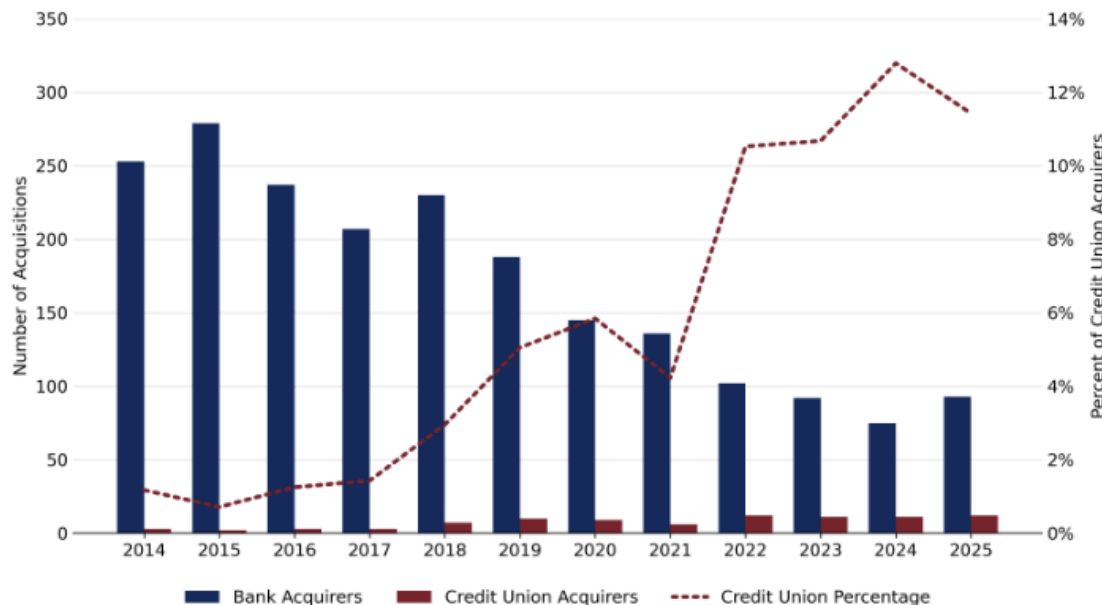
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Credit Unions Are Buying Banks



>10%

of bank acquisitions made by
credit unions since 2022

~20%

of small-bank assets bought
by credit unions in 2025





Why Would a Credit Union Buy a Bank?

Commercial lending capability

Buy loan officers and business borrowers instead of building them

Deposit franchise

Bank deposits become member shares, which a credit union may value differently

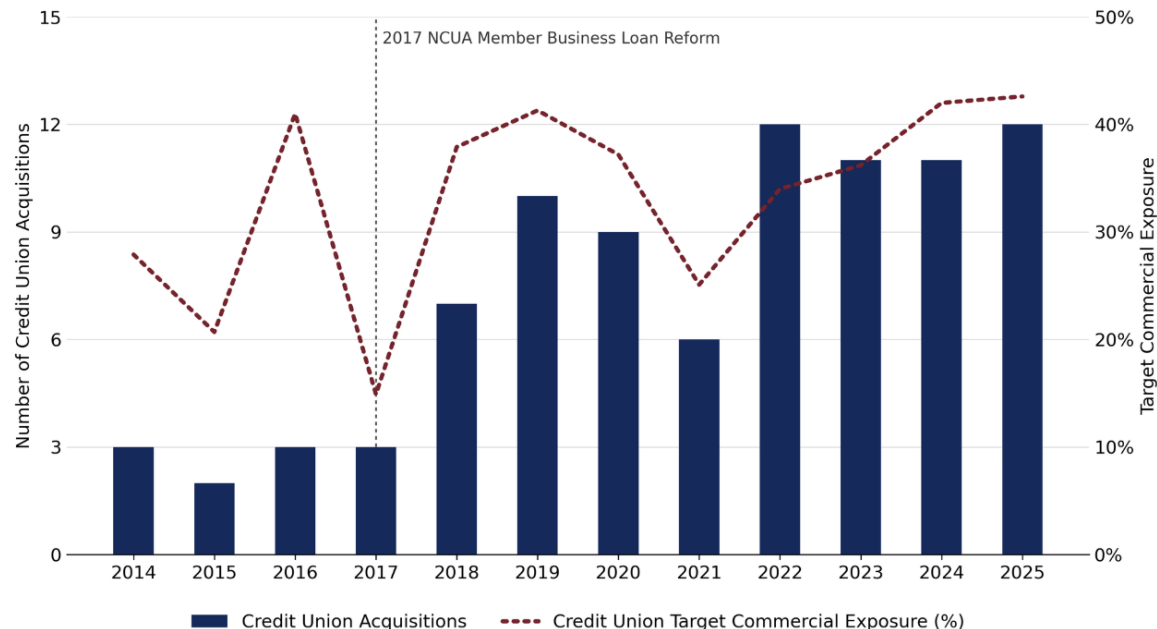
We ask

1. Which banks do credit unions buy?
2. What happens to lending, deposits and pricing after?





Deals Rose After the 2017 Commercial Lending Reform





Data: U.S. Bank Acquisitions, 2014–2025

2,126

acquisitions of community
banks

2,037

by banks

89

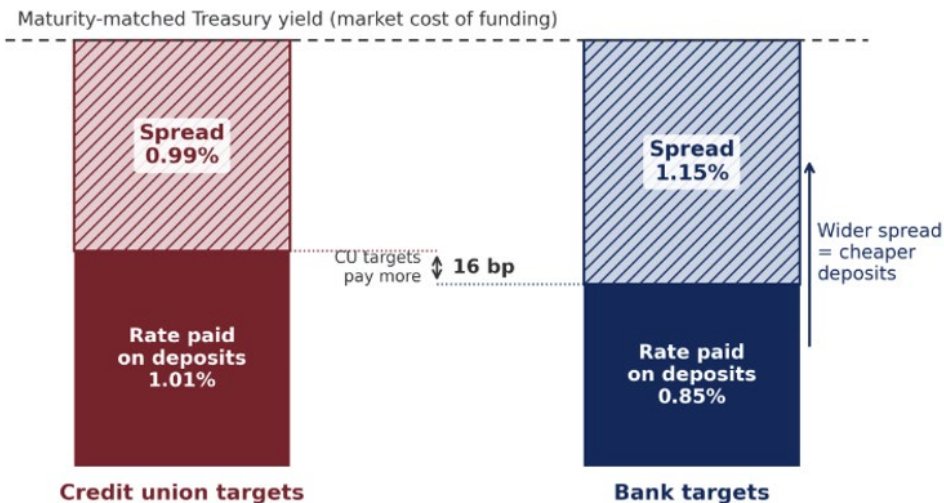
by credit unions

- Call Reports (FFIEC, NCUA), FDIC Summary of Deposits, Fed NIC deal data
- Targets $\leq$ \$1.5 billion in assets; failed-bank deals excluded





Credit Union Targets Differ from Bank Targets



Treasury yield set at 2.00% for illustration; spreads are sample means.

More commercial lending

36% of assets vs. 32%

Weaker deposit franchise

They already pay 16 bp more for deposits

Fewer bad loans

But size and efficiency are similar





Which Bank Does a Credit Union Choose?

Higher commercial lending

Positive and significant in both models

Weaker deposit franchise

Lower spreads: negative and significant in both models

No difference: asset quality, geographic overlap, S-corporation status

Models: conditional logit on each acquirer's feasible targets; two-sided matching model





Post-Acquisition Design

1. Match

65 CU deals
matched to 153
similar bank deals



2. Combine

Add target and
acquirer together
before the deal



3. Compare

Difference-in-
differences: CU
deals vs. bank deals

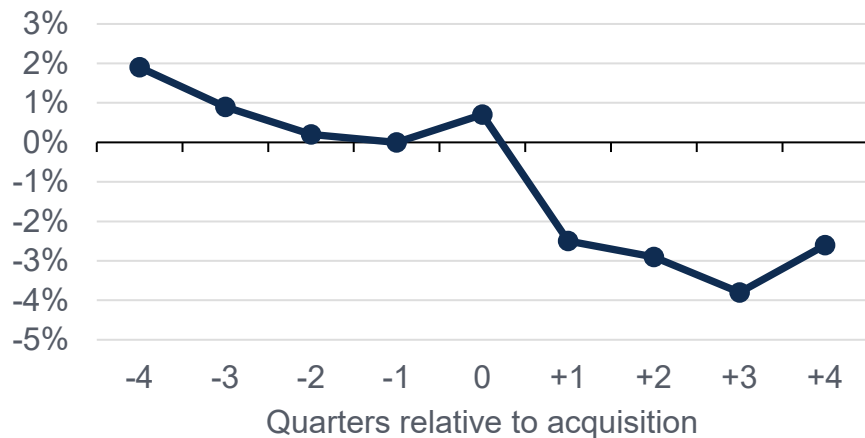
Estimate: how much more (or less) an outcome grows after a CU acquisition





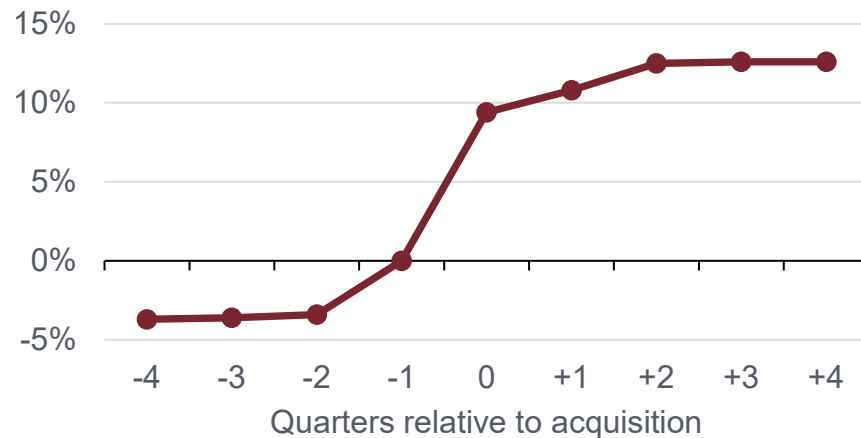
Commercial Lending Does Not Grow; Mortgages Do

Commercial lending



Pooled: -3.7 pp, not significant

Residential mortgages



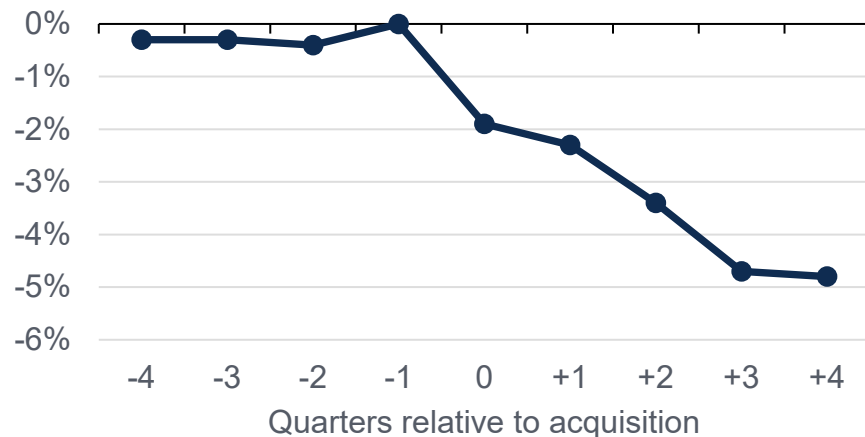
Pooled: +12.0 pp***





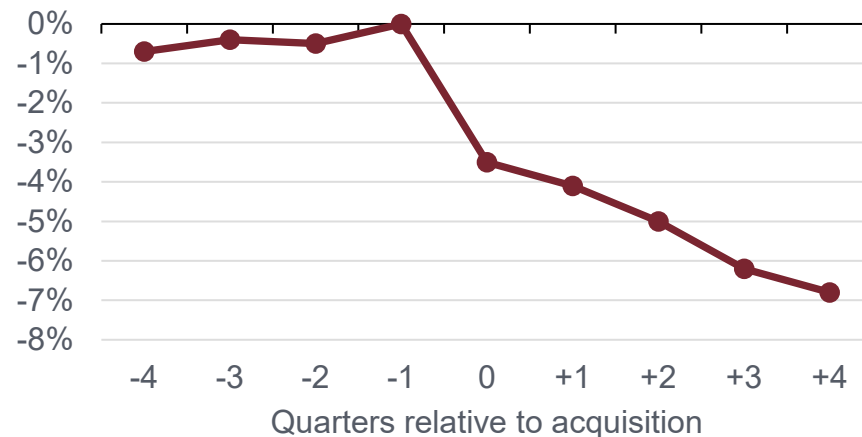
Deposits Grow More Slowly After CU Acquisitions

Total deposits



Pooled: -3.2 pp**

Insured deposits



Pooled: -4.5 pp***





Large CU Deals Pay Depositors More

Bank acquirers

+56 to +62 bp

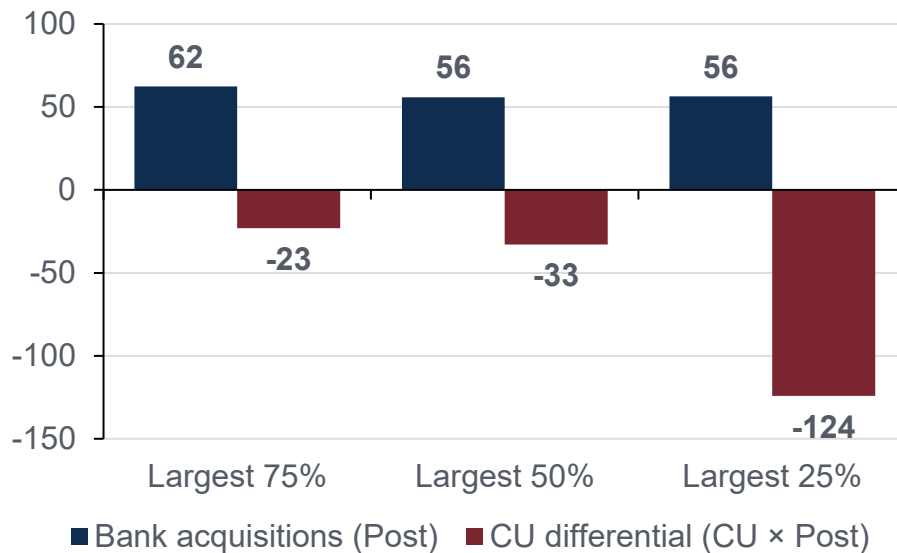
spread widens: depositors paid less

CU deals, largest 25% of targets

-124 bp***

relative to bank deals; net ≈ -68 bp

Deposit spread change (bp)





Summary

Credit unions buy

banks with more
commercial lending
and weaker deposit
franchises



Afterward, lending

shifts to mortgages;
commercial lending
does not grow



Afterward, funding

deposits grow slower
and cost more

Consistent with a post-deal funding constraint that limits commercial expansion

