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Colorado banks must be able to sell to credit unions

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Free enterprise is the best solution for financial institutions in Colorado

By KAREN TROESTER

This month the House Business Affairs and Labor committee at the state Capitol heard sunset legislation for the Division of Banking and the State Banking Board that includes a recommendation that the Banking Code be amended to allow banks to sell their assets to credit unions.

This provision, in House Bill 1351, was a recommendation from Gov. Jared Polis and the Department of Regulatory Agencies and would provide local banks with one additional option when selling some or all their assets by allowing a local credit union to purchase them. This change would both allow services to remain local and bring our state into alignment with the overwhelming majority of the rest of the country since a bank can sell their assets to a credit union in 46 states in this nation, with Colorado being an outlier.

This is because when a financial institution is choosing to close their doors, or sell some of their assets, it is beneficial to our economy and communities for them to find a consumer-focused fit that may be able to best serve the local community that may otherwise lose or see reduced banking services. The state of Colorado should not be in the business of disallowing sales, especially when expert regulators at the state and federal levels agree that these sales are safe and sound for consumers.

As the president/CEO of Grand Junction Federal Credit Union and with a prior 23-year career in the large banking industry, I have sat on both sides and understand how much the financial world values free enterprise.

Why would a bank choose to sell to a credit union?

Banks who choose to sell do so for many reasons, it may be because they are not able to keep the lights on, because business is bad. This is usually due to the fact that they can't keep up with the intense regulatory burden placed on their small, local financial institutions or compete with large multinational Wall Street banks. They could also be choosing to sell because the local banker is choosing to retire or pursue another career path, or because they can't find the local talent and employees to keep their bank functioning.

When these local banks choose to sell, it should be up to the banks who they want to sell to. That banker may determine that a local credit union is a good option — as the credit union also knows its local community and is more likely to retain staff, keep branches open and provide the same hyper-local service the bank cares about.

If the bank chooses to sell to another bank, that should also be their choice. Our economic system is one of free enterprise and competition, where a business owner should be able to get the best deal for themselves, what they have worked hard to build, and the people they employ. There is ample evidence that there is no reason to block a bank from selling to the buyer of their choice, other than to reduce competition and the choice a banker has when selling.

Credit unions support our community

On the Western Slope, we are blessed to have some fantastic financial institutions — both in our local banks and credit unions. We need to support these local institutions by giving them the choice and freedom to run their businesses. If not, I worry that big banks — whose interest is promoting stockholders on Wall Street, not the people in our communities — could decide to purchase local banks, lay off local employees and close branches on the Western Slope. Over the past decade more than two-thirds of bank assets sold were to out-of-state banks. We need financial institutions that understand our needs around agriculture, oil and gas and our local manufacturing. I trust local banks and credit unions to understand these issues, but a national institution may have different standards and rules that prevent investment from coming into our community.

Colorado's credit unions serve 2.5 million people in Colorado, and their cooperative structure inherently holds them accountable to their members and their communities. Two-thirds of Colorado's credit unions are designated as Low-Income Credit Unions. Credit unions participate in agricultural lending, small business lending and are a great option when you're looking to buy a car or get your financial life back on track. Credit unions are committed to putting the needs of their members and communities first.

Our community deserves to have choice when picking their financial institution, and local bankers deserve that same choice if they are deciding to sell.

Karen Troester is CEO/president of Grand Junction Federal Credit Union. She is the current chair of the Mesa County Workforce Development Board and past chair of the Grand Junction Economic Partnership Board of Directors among other positions she's held in service to the community.