



**Public Meeting:
First Chicago NBD & Banc One Merger**

Remarks of:

Congresswoman Julia Carson, 10th District Indiana

For more information contact Steven Cook, (202) 226-7759, steve.cook@mail.house.gov

I listen with interest. I have another more painful side to tell of this latest story of merger mania.

I'm from Indianapolis. I serve in the Congress and on the Committee on Banking and Financial Services. I am Julia Carson.

I urge a conservative course--a careful investigation of the facts, the history and the harm.

They claim that mergers benefit companies, employees, and consumers, increasing competition. I favor growth but not at the cost of harm to the community and the people.

Indianapolis is where the two giant merger partners have perhaps the greatest business overlap, facing each other next to the Federal Courthouse, amassing \$17.6 billion in assets between them.

*Remarks of Congresswoman Julia Carson
Federal Reserve Bank of Chicago, August 13, 1998*

Court is where this matter will end up if this process is not well and thoroughly conducted. There is a better way.

Our *Indianapolis Star* warns:

“the most pressing concern. . . is customer service and cost. If history is any guide, the former will drop and the latter rise as banks become more monolithic.”

Joining the *Star*, our Mayor, grassroots organizations, community groups, and activists from Indianapolis, and across the country, warn, too, because of the harms threatened. These voices cannot all be wrong.

The point of business is to ‘beat the competition.’ We believe that competition is healthy because it benefits the consumer. Our law--our public policy--encourage competition by legal protection: beating the competition is OK, but killing it is not.

Anti-trust law will make the superbank reduce its market share. Selling deposits, they say, will make the purchaser a new competitor. The requirement to slim down is powerful: branches will be closed;

*Remarks of Congresswoman Julia Carson
Federal Reserve Bank of Chicago, August 13, 1998*

operations consolidated.

Each bank now has 60 or more branches in Central Indiana. Banc One alone has 27 on the block. Each branch is a center of local commerce, competing with others. Closing cuts consumer choice. Merger will close competitive branches, neighborhood by neighborhood, as the new superbank makes the rational decision not to compete with itself. I doubt that the buyer bank will keep those branches going. The incentive is small: deposits are the most portable form of assets--real estate and bank worker--6000 in central Indiana--complicate the bottom line. This plan makes them expendable.

More harm is predicted by history: a *Wall Street Journal* analysis of the 5 largest bank acquisitions last year shows that small business lending fell 6% though business lending increased--less for beginning business. In Indianapolis we need more business formation, not less; small business opportunity based at home,

*Remarks of Congresswoman Julia Carson
Federal Reserve Bank of Chicago, August 13, 1998*

growing over time into big business--work for our people.

Our law forbids mergers which substantially lessen competition unless those effects are clearly outweighed in the public interest by the probable effect of the transaction in serving the convenience and needs of the community. Our law is devoted to preservation--to conservation--of economic values vital to our way of life. Our people ask that the law be applied to save their jobs, their prosperity, our neighborhoods.

For American banking a great windfall approaches: printing and mailing of most government checks will end in 1999; these transfers will be made by electronic means, flowing billions through our banks.

For direct deposit, you need a bank account. To get one, you'll have to find a branch, harder and harder where I live. Fewer branches mean less access for a whole new throng of American consumers brought into the banking system by this way of the future. The longer it takes to cash a check, the more the money earns for

*Remarks of Congresswoman Julia Carson
Federal Reserve Bank of Chicago, August 13, 1998*

the bank holding the funds.

Nationally we are at the door of a new era in competition; this merger threatens to slam doors firmly closed in Indianapolis just as they begin to crack open across the country.

My esteemed friend and colleague Congressman Danny Davis will tell you about the promise of development for the Congressional District he represents.

For Indianapolis, the view differs painfully. You will hear of complaints about bank behavior hurting those with low-incomes; about an investigation for lending discrimination against low-to-moderate income borrowers, Hispanics and blacks. I fear untold numbers of bank workers out of work, with more pain. Community Reinvestment Act assessments tell a sad tale.

Careful investigation will establish that competition is in danger in Indiana's Tenth District and I ask that such investigation be conducted.

*Remarks of Congresswoman Julia Carson
Federal Reserve Bank of Chicago, August 13, 1998*

These banks, good corporate citizens in many ways, now have an opportunity for truly creative citizenship.

Together, we must keep in mind the convenience of our people and the future of our city. In that process, I assure the parties of my willingness to help.

Our country deserves the greatest of care here. Most of all, the people of Indianapolis have a right to it. All will benefit if this work is well done. Many will suffer needlessly if it is not.