With the Board's vote today on the merger of two associations, we are again reminded of the fluidity that characterizes the financial sector, in general, and agriculture lending, in particular. As the arm's-length regulator tasked with ensuring the safety and soundness, as well as the mission service, of the Farm Credit System, we take very seriously the responsibility of evaluating and acting upon proposed consolidation within the System.

In considering such proposed mergers, I believe it is as important to consider the impact on the entire System, as it is to evaluate the impact on the specific territory being served by the merged institution. I know fellow Board Member Spearman, as well as FCA staff, share in this belief and commitment. It is no easy task, however, to evaluate the long-term impact on the System.

As we look to the future, I believe we have a responsibility to gather and analyze complete information that will help guide us on how best to serve agricultural borrowers today and tomorrow. We know that consolidation among the institutions can both improve efficiencies and reduce risk. In addition, we know that consolidation may also create challenges in meeting the credit needs of all eligible borrowers.

While further consolidation will likely always be a part of growth and change in the financial sector, it is important to “do it right.” Toward that end, I look forward to working with my Board colleagues to reach out to the System and others to gather the information and data necessary to make decisions that will lead to the continued growth, strength, and soundness of the Farm Credit System. This cooperative System of agricultural lenders is so vital to the agriculture sector and rural communities in our country.