

Congress of the United States
Washington, DC 20515

March 16, 2020

The Honorable Mike Quigley
Chairman
Subcommittee on Financial Services
House Appropriations Committee
Washington, D.C. 20515

The Honorable Tom Graves
Ranking Member
Subcommittee on Financial Services
House Appropriations Committee
Washington, D.C. 20515

Dear Chairman Quigley and Ranking Member Graves,

We write to strongly encourage you to include the below report language supporting postal banking pilot programs in the Fiscal Year 2021 (FY21) House Financial Services and General Government Appropriations (FSGG) Bill. A postal banking pilot program would help Americans lacking access to a mainstream financial service. These individuals are often ineligible for banking options due to poor credit or are unable to the afford fees associated with bank accounts and maintain bank account minimums.

The Federal Deposit Insurance Corporation found in 2017 that some 63 million adults are considered ‘underbanked’.ⁱ Underbanked Americans are geographically, economically, and demographically diverse. Ninety percent of zip codes lacking a bank or credit union are in rural areas. Bank branches are also sparse in low income urban communities, with approximately 46 percent of Latino and 49 percent of African American households underbanked.

Individuals lacking access to a mainstream financial service are often forced to use nontraditional financial providers for regular or emergency financial needs. These predatory lenders routinely charge customers interest rates sometimes as high as 20 times more than the average credit card and can push borrowers into a cycle of poverty.ⁱⁱ Every year, approximately 12 million borrowers spend more than \$7 billion on fees associated with payday loans.ⁱⁱⁱ Often, it is the most vulnerable Americans that take out these loans, including those without a college degree, home renters, African Americans, those earning below \$40,000 annually, and those who are separated or divorced.^{iv}

In two reports over the past five years the USPS Office of the Inspector General (OIG) found that the USPS is well-suited to help bring financial services products to underbanked communities. In 2014, the USPS OIG determined that the USPS “is well-positioned to provide non-bank financial services to those whose needs are not being met by the traditional financial sector”.^v The report found there is significant demand for these services from underbanked populations that the USPS could fill because of its vast network of 35,000 locations across every zip code. In 2015, the USPS OIG concluded that expanding the current financial services offerings at USPS facilities is permissible under current statutory authority and could generate \$1.1 billion in additional revenue for USPS annually after five years.^{vi}

We thus respectfully request that the Committee include the following report language and funding for postal banking pilot programs in the FY21 House FSGG Appropriations Bill:

Postal Banking Pilot Programs – The Committee recognizes that USPS is well-suited to provide affordable non-bank financial services. The Committee recognizes the benefits of postal banking to provide critical financial services to tens of millions of unbanked and underbanked Americans living in both rural and urban areas. The Committee notes that the USPS is already the largest single provider of paper money orders in the United States, and additionally already provides electronic funds transfers and U.S. Treasury check cashing. The Committee thus provides \$2 million and directs USPS to carry out pilot programs (in at least one urban zip code and at least one rural zip code) to expand its current postal banking services to surcharge-free automated teller machines, wire transfers, check cashing, and bill payment to the fullest extent permitted under current statutory authority as described in the 2015 USPS Office of the Inspector General (OIG) Report entitled ‘The Road Ahead for Postal Financial Services’ (RARC-WP-15-011). The Committee directs USPS, in collaboration with the USPS OIG, to provide a report to the Committee within one year of the enactment of this Act regarding its findings.

We thank you for your time and consideration of supporting pilot postal banking programs in the FY21 House FSGG Appropriations Bill.

Sincerely,



Bill Pascrell, Jr.
Member of Congress



Alexandria Ocasio-Cortez
Member of Congress

ⁱ <https://www.fdic.gov/householdsurvey/2017/2017execsumm.pdf>

ⁱⁱ <https://www.fdic.gov/householdsurvey/2017/2017execsumm.pdf>

ⁱⁱⁱ <https://www.pewtrusts.org/en/research-and-analysis/reports/2012/07/19/who-borrows-where-they-borrow-and-why>

^{iv} <https://www.pewtrusts.org/en/research-and-analysis/reports/2012/07/19/who-borrows-where-they-borrow-and-why>

^v https://www.uspsoig.gov/sites/default/files/document-library-files/2015/rarc-wp-14-007_0.pdf

^{vi} https://www.uspsoig.gov/sites/default/files/document-library-files/2015/rarc-wp-15-011_0.pdf