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February 14, 2022

The Honorable Charles E. Schumer
Majority Leader
United States Senate
Washington, D.C. 20510

The Honorable Mitch McConnell
Minority Leader
United States Senate
Washington, D.C. 20510

Dear Majority Leader Schumer and Minority Leader McConnell:

On behalf of community banks across the country, with more than 50,000 locations, I write to express our concern about efforts to use the Postal Service Reform Act of 2022 (H.R. 3076) as a vehicle to authorize the United States Postal Service (USPS) to offer additional banking services either through floor amendments to the bill or through the interpretation of broad language included in the House bill. Postal banking in any form is an ill-advised idea fraught with unintended consequences. It should have no place in legislation intended to bring needed fiscal relief to a struggling agency. We ask all Senators to oppose postal banking amendments to H.R. 3076 and to specify that any expansion by the agency into non-postal services explicitly excludes postal banking.

The lackluster results of a [postal banking pilot program](#) launched last September should prompt Congress and the USPS to abandon postal banking proposals. The pilot had only six customers as of January, bringing in fee revenue of \$35.70, indicating almost non-existent demand and a failure to generate revenue to cover expenses. Any attempt to scale up this pilot would only jeopardize the core mission of United States Postal Service (USPS) – the timely delivery of letters and parcels on which American commerce and consumers depend. Improving delivery times must take priority over all other initiatives.

Postal banking would create significant revenue losses depending on the scale of the undertaking. Recent proposals for postal banking would require USPS to pay interest on savings accounts comparable to what a commercial bank pays but would charge interest on loans at a rate well below rates charged by commercial banks and other financial institutions. Yet, a postal bank would incur significant expenses: high employment costs including benefits for staff qualified to provide financial services, as well as the high start-up costs of capitalization and of upgrading branches to accommodate security and technology. These expenses would divert scarce resources from USPS's core mission.

Congress should focus on shoring up the finances of a critical government agency and explore better and proven alternatives for expanding access to low-cost financial services such as empowering minority depository institutions and promoting the use of financial technology in partnership with established community banks.

In addition to our strong opposition to any postal banking amendment to H.R. 3076, we are concerned about the broad authorization of Section 3703 for the offer of non-postal services to the public in

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partnership with a state, local, or tribal government, which could be used to expand the agency's financial services offerings. Though this would be an aggressive interpretation of the language, a number of state and local governments have expressed interest in the creation of public banks and may seize any opportunity, however implausible, to partner with USPS in a misguided postal banking initiative. We ask that Section 3703 be amended to explicitly prohibit postal banking.

ICBA and America's community banks urge the Senate to ensure that the Postal Service Reform Act does lead to the expansion of postal banking. It would be a serious mistake for the USPS to enter into a highly competitive, complex new industry which would compromise its core function and put American taxpayers at further risk.

Thank you for your consideration.

Sincerely,

/s/

Rebeca Romero Rainey
President & CEO

CC: Member of the United States Senate

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