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March 7, 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 support for an amendment to the Postal Service Reform Act of 2022 (H.R. 3076) to be offered by Senator Patrick Toomey. Amendment 4966 would clarify that no provision of the Act may be construed to permit the United States Postal Service (USPS) to offer financial services. ICBA urges all Senators to vote YES on Amendment 4966 and to oppose any amendment that would authorize USPS to offer financial services.

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. Senator Toomey's amendment is needed to ensure that postal banking advocates do not aggressively interpret any provision of the bill, however broadly worded, to expand the agency's financial services offerings. In particular, a number of state and local governments have expressed interest in the creation of public banks and may seize any opportunity to partner with USPS in a misguided postal banking initiative. Amendment 4966 would provide that neither Section 3703 nor any other provision of the Postal Service Reform Act may be construed to permit USPS to offer, directly or indirectly, financial services, including by entering into an agreement with a third party to provide such services.

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.

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.

ICBA and America's community banks urge the Senate to ensure that the Postal Service Reform Act does not lead to the expansion of postal banking by passing Amendment 4966 and opposing any amendments

The Nation's Voice for Community Banks.®

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to authorize the further offering of financial services alone or in partnership with a state, local, or tribal government or other third party. 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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