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Rebeca Romero Rainey, *President and CEO*

May 20, 2019

U.S. House of Representatives
Washington, D.C. 20515

Dear Representative:

On behalf of community banks across the country, with more than 52,000 locations, I write to express our serious concerns about congressional efforts to urge or pressure the United States Postal Service (USPS) into offering traditional banking services. Postal banking is an ill-advised idea fraught with unintended consequences. We urge Congress and the USPS not to go down this dangerous path.

In recent years, postal banking has been offered as a solution to various problems: Enhancing revenues for an agency mired in red ink; displacing non-bank pay-day lending; and creating access to banking services for underbanked populations, neighborhoods, or regions. While these are serious problems, postal banking is not a credible solution.

USPS's serious fiscal problems are well known. According to the Government Accountability Office, USPS has lost \$69.0 billion over the past 11 fiscal years—including \$3.9 billion in fiscal year 2018—and has budgeted for a \$6.6 billion net loss in fiscal year 2019. USPS management should remain focused on bringing the USPS to viability within its *own* industry: the letter, parcel, and package delivery American individuals and businesses depend upon on a daily basis. It would be a serious mistake for the USPS to enter into a highly complex new industry with the potential to ruin itself and its core function and put American taxpayers at risk. Safe and effective banking management requires years if not decades to master.

In the era of systems hacking, managing financial data has become that much more challenging. USPS lacks the substantial resources they would need to adequately safeguard a high volume of consumer financial data. The stakes are simply too high to attempt a misguided experiment in postal banking.

USPS's encroachment into banking services, as one of the largest federal agencies, would represent a major, government-sponsored, competitive threat to the ongoing viability of the nation's thousands of private sector, tax-paying community banks that do an excellent job of serving consumers of all income levels, small businesses and farmers and ranchers across America.

The Nation's Voice for Community Banks.®

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We understand the concern about American families and individuals who lack access to banking services. In trying to address one problem, let's not create another. Instead, Congress should pursue policies to strengthen community banks and encourage de novo banks. Such policies should include the lowering of regulatory barriers to founding and subsequently operating a community bank. The passage of S. 2155 in the last Congress was an excellent start in providing needed regulatory relief, but community banking remains layered with regulations that stifle bankers' ability to serve those customers that most need access to their services.

ICBA and America's community banks urge you to oppose postal banking and thank you for your consideration.

Sincerely,

/s/

Rebeca Romero Rainey
President & CEO

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