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July 18, 2022

The Honorable James P. McGovern
Chairman
Committee on Rules
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Tom Cole
Ranking Member
Committee on Rules
U.S. House of Representatives
Washington, D.C. 20515

Re: Support amendments to prohibit postal banking and other Federal agency retail banking in FSGG Bill

Dear Chair McGovern and Ranking Member Cole:

On behalf of ICBA and the nearly 50,000 community bank locations we represent, I write to express our strong opposition to report language to fund postal financial services pilot programs in the Fiscal Year 2023 (FY23) House Financial Services and General Government Appropriations (FSGG) Bill. ICBA supports Amendment #69, submitted by Reps. Blaine Luetkemeyer and Patrick McHenry, which would prohibit funds made available in the FSGG Bill to carry out the postal non-banking financial services modernization pilot program. ICBA also supports Amendment #70, submitted by Reps. Luetkemeyer and McHenry, which would prohibit funds made available in the FSGG Bill from being used by any federal agency to accept deposits or provide checking or savings accounts, automated teller machines, or mobile banking options.

We ask that Amendments #69 and #70 be made in order for consideration on the House floor.

Postal banking in any form (even when characterized as “non-banking financial services”) is an ill-advised idea fraught with unintended consequences. 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 by adding services or locations 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 and shoring up the agency’s finances must take priority over all other initiatives. USPS has experienced losses for the past 14 years and has required multiple taxpayer subsidies. A risky experiment in postal banking would only further jeopardize its financial position.

The Nation’s Voice for Community Banks.®

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Amendment #69 should be made in order to prohibit funding for a postal financial services pilot program.

ICBA adamantly opposes the direct provisioning of retail deposit accounts by any federal agency. These accounts would compete directly with checking and savings accounts offered by community banks. Community bank deposits fund vital community lending, and an outflow of deposits from community banks to any federal agency would have an adverse impact on credit availability. Amendment #70 should be made in order to prevent the provision of retail financial services by any federal agency.

Congress should 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. It would be a serious mistake for the USPS or any federal agency 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: Members of the House Committee on Rules