

July 16, 2018

The Honorable Paul Ryan
Speaker
United States House of Representatives
Washington, D.C. 20515

The Honorable Nancy Pelosi
Minority Leader
United States House of Representatives
Washington, D.C. 20515

Dear Speaker Ryan and Minority Leader Pelosi:

On behalf of the members of the American Bankers Association, the Credit Union National Association, the Independent Community Bankers of America, and the National Association of Federally Insured Credit Unions, I write to urge the adoption of Congressman Patrick McHenry's amendment to the Financial Services and General Government (FSGG) appropriations bill to prohibit the U.S. Postal Service from providing banking services.

Financial institutions are strongly supportive of the Postal Service, as one of the largest mailers of any industry group in America. Physical mail remains an important communications channel for banks and credit unions. Financial institutions of all sizes use the mail to communicate with current and potential customers, to send statements and receive payments, and to market new products and services to their customers. Financial companies are also a vital revenue source for the Postal Service, generating billions of dollars of annual revenue that supports postal infrastructure. For these reasons, our members are committed to identifying long-term solutions to ensure an efficient, self-sustaining, and affordable U.S. postal system.

Postal banking is not one of those solutions. Although there have been a number of proposals over the past few years to turn the U.S. Postal Service into the world's largest shadow banking system, we are very concerned that allowing the U.S. Postal Service to provide banking services will be beyond the Postal Service's core competencies, will raise a number of serious regulatory and consumer protection questions, and will present significant competitive issues for private sector entities. Congress should encourage the Postal Service to focus on its core business of physical mail delivery, and not be distracted by expanding the mission to businesses outside of the Postal Service's area of expertise.

Most significantly, postal banking does not address the Postal Service's financial challenges, and may well make them worse. The U.S. Postal Service agrees. The Postal Service has [strongly argued](#) against authority to provide banking services, noting that providing these products would almost certainly cause it to lose money:

The Postal Service's mission is to provide the American public with trusted, affordable, universal mail service. Our core function is delivery, not banking... Profit margins on these financial services businesses across the industry are very low... so even if we achieved \$1 billion in revenue and executed well, our cash position would only increase by an estimated \$100 - 200 million, which will not materially change our financial condition—we need to focus on the core delivery business.

The Postal Service went on to note that to the extent that more affordable pricing of financial services is a primary goal of postal banking efforts, “[m]ore affordable appears to mean at a lower price level than the free market provides today... Since established financial services firms make a slim margin on revenue... it seems unlikely that there is any significant room to lower prices without incurring a loss, and at a minimum, a lower profit margin.”

No doubt, postal reform is a serious topic that Congress must confront. We encourage Congress to enact legislation that would reduce costs and increase efficiencies to put the U.S. Postal Service on a sound and sustainable financial path over the long run, but the provision of banking services is not an acceptable solution. We look forward to continuing to work with you on postal reform efforts in the coming months, but urge you to support Congressman McHenry’s amendment to the FSGG appropriations bill to ban the Postal Service from providing banking services when it is on the House Floor this week.

Sincerely,

American Bankers Association
Credit Union National Association
Independent Community Bankers of America
National Association of Federally Insured Credit Unions

CC: Rep. Patrick McHenry
Members of the U.S. House of Representatives