

**Congress of the United States**  
**Washington, DC 20515**

April 28, 2021

The Honorable Mike Quigley  
Chairman  
Subcommittee on Financial Services  
and General Government  
House Appropriations Committee  
Washington, D.C. 20515

The Honorable Steve Womack  
Ranking Member  
Subcommittee on Financial Services  
and General Government  
House Appropriations Committee  
Washington, D.C. 20515

Dear Chairman Quigley and Ranking Member Womack,

We write to strongly encourage you to include the below language supporting postal non-bank financial services pilot programs in the Fiscal Year 2022 (FY22) House Financial Services and General Government Appropriations (FSGG) Bill. These pilot programs would help Americans, particularly people of color, lacking access to mainstream financial services. These individuals are often ineligible for banking options due to poor credit or are unable to afford the fees associated with bank accounts and maintain bank account minimums. Millions of Americans in urban and rural areas even live in a ‘bank desert’ or region without immediate access to a brick and mortar bank.<sup>i</sup>

The Federal Deposit Insurance Corporation found in 2017 that some 63 million adults are considered ‘underbanked’.<sup>ii</sup> Underbanked Americans are geographically, economically, and demographically diverse. Ninety percent of zip codes lacking a bank or credit union are in rural areas. Bank branches are also sparse in low income urban communities, with approximately 46 percent of Latino and 49 percent of African American households underbanked.

Individuals lacking access to a mainstream financial service are often forced to use nontraditional financial providers for regular or emergency financial needs. These predatory lenders routinely charge customers rapacious interest rates sometimes as high as 20 times more than the average credit card and can push borrowers into a cycle of poverty.<sup>iii</sup> Every year, approximately 12 million borrowers spend more than \$7 billion on fees associated with payday loans.<sup>iv</sup> Often, it is the most vulnerable Americans that take out these loans, including those without a college degree, home renters, African Americans, those earning below \$40,000 annually, and those who are separated or divorced.<sup>v</sup> The COVID-19 pandemic has only underscored the critical need for expanded financial services to receive stimulus checks, unemployment insurance, and other federal relief programs.

In two recent reports, the USPS Office of the Inspector General (OIG) found that USPS is well-suited to help bring financial services products to underbanked communities. In 2014, the USPS OIG determined that USPS “is well-positioned to provide non-bank financial services to those whose needs are not being met by the traditional financial sector”.<sup>vi</sup> The report found there is significant demand for these services from underbanked populations that USPS could fill because of its vast network of 35,000 locations across every zip code. In 2015, the USPS OIG

concluded that expanding the current financial services offerings at USPS facilities is permissible under current statutory authority and could generate \$1.1 billion in additional revenue for USPS annually after five years.<sup>vii</sup>

Expanding statutorily permitted financial services at local Post Offices would help both USPS and the individuals they serve. The American people thankfully have high trust in USPS. According to Gallup, 74 percent of Americans view USPS as excellent or good, while 61 percent of Americans lack faith in traditional financial institutions.<sup>viii</sup> Additionally, some of our closest allies including Spain, Germany, Japan, and the United Kingdom already deliver forms of financial services to their citizens through their postal services.

We thus request that the Committee include the following report language for non-bank financial services pilot programs in the FY22 House FSGG Appropriations Bill:

*Postal Non-Bank Financial Services Pilot Programs – The Committee recognizes that USPS is well-suited to provide affordable non-bank financial services. The Committee recognizes the benefits of non-bank financial services to provide critical assistance to tens of millions of unbanked and underbanked Americans. The Committee notes that the USPS is already the largest single provider of paper money orders in the United States, and additionally already provides electronic funds transfers and U.S. Treasury check cashing. The Committee thus directs USPS, in collaboration with the U.S. Treasury and/or Federal Reserve, to carry out pilot programs (in at least five urban zip codes and at least five rural zip codes) to expand its current non-bank financial services to surcharge-free automated teller machines, wire transfers, check cashing, and bill payment to the fullest extent permitted under current statutory authority as described in the 2015 USPS Office of the Inspector General (OIG) Report entitled ‘The Road Ahead for Postal Financial Services’ (RARC-WP-15-011). The Committee directs USPS, in collaboration with the USPS OIG, to provide a report to the Committee within one year of the enactment of this Act regarding its findings.*

Additionally, we request the Committee include bill language appropriating \$6,000,000 to USPS in FY22 to carry out these pilot programs to expand non-bank financial services offerings.

Thank you for your attention to and consideration of this request.

Sincerely,



Bill Pascrell, Jr.  
Member of Congress



Alexandria Ocasio-Cortez  
Member of Congress



Marcy Kaptur  
Member of Congress

## List of Signatories

/s/ Alma S. Adams, Ph.D.  
/s/ Andy Kim  
/s/ Ayanna Pressley  
/s/ Barbara Lee  
/s/ Bobby L. Rush  
/s/ Darren Soto  
/s/ Diana DeGette  
/s/ Dina Titus  
/s/ Donald M. Payne, Jr.  
/s/ Earl Blumenauer  
/s/ Eleanor Holmes Norton  
/s/ Frank Pallone, Jr.  
/s/ Ilhan Omar  
/s/ Jackie Speier  
/s/ Jamaal Bowman, Ed.D  
/s/ James P. McGovern  
/s/ Jan Schakowsky

/s/ Jason Crow  
/s/ Jesús G. “Chuy” García  
/s/ Jimmy Panetta  
/s/ Marie Newman  
/s/ Mark DeSaulnier  
/s/ Mike Doyle  
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/s/ Peter A. DeFazio  
/s/ Raúl M. Grijalva  
/s/ Ritchie Torres  
/s/ Ro Khanna  
/s/ Salud Carbajal  
/s/ Sylvia R. Garcia

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<sup>i</sup> <https://www.stlouisfed.org/publications/regional-economist/second-quarter-2017/banking-deserts-become-a-concern-as-branches-dry-up>

<sup>ii</sup> <https://www.fdic.gov/householdsurvey/2017/2017execsumm.pdf>

<sup>iii</sup> <https://www.fdic.gov/householdsurvey/2017/2017execsumm.pdf>

<sup>iv</sup> <https://www.pewtrusts.org/en/research-and-analysis/reports/2012/07/19/who-borrows-where-they-borrow-and-why>

<sup>v</sup> <https://www.pewtrusts.org/en/research-and-analysis/reports/2012/07/19/who-borrows-where-they-borrow-and-why>

<sup>vi</sup> [https://www.uspsoig.gov/sites/default/files/document-library-files/2015/rarc-wp-14-007\\_0.pdf](https://www.uspsoig.gov/sites/default/files/document-library-files/2015/rarc-wp-14-007_0.pdf)

<sup>vii</sup> [https://www.uspsoig.gov/sites/default/files/document-library-files/2015/rarc-wp-15-011\\_0.pdf](https://www.uspsoig.gov/sites/default/files/document-library-files/2015/rarc-wp-15-011_0.pdf)

<sup>viii</sup> <https://news.gallup.com/poll/257510/postal-service-americans-favorite-federal-agency.aspx>