



San Antonio Alamo Area Local Legislative Updates

Letty Alejandro – Legislative Director
LD0195@att.net



Alex Aleman – President, San Antonio Alamo Area Local

Volume 1 No. 4

August 19, 2015

Postal Service could make billions in banking business

By Peter Schroeder

In a new **report**, the watchdog said that even without under existing legal authority, the nation's post offices could reap over \$1 billion a year by offering financial products like electronic money transfers. And if the Postal Service received expanded authority to offer a broader range of financial products, as is done in some other countries, it could pull in as much as \$10 billion more per year, according to the report.

The notion of pushing post offices into the banking business has gained some **traction** among congressional Democrats, who argue it would be an efficient way to boost the Postal Service's finances while serving communities lacking traditional banking options. An estimated one-in-five Americans are "underbanked," relying on often costly items like payday loans in lieu of traditional banking services.

Rep. Elijah Cummings (D-Md.), the ranking Democrat on the House Oversight Committee with jurisdiction over the mail, said Thursday Congress should let post offices get into banking as part of the next postal reform bill.

"This White Paper makes clear that the Postal Service could generate new revenue by offering an expanded range of financial products and services that American consumers want," he said in a statement.

But the idea postal banking has been met with fierce pushback from the financial industry, who are not enthusiastic about seeing a new, government-aligned competitor emerge, arguing the postal system is a poor fit for financial services.

The IG report offered a range of approaches the Postal Service could take if it were to jump into the banking business, including offering a limited range of products under existing legal authority, partnering with financial institutions, and becoming full-fledged banks themselves.

But any major push to overhaul how the Postal Service does business could be a ways away. Congress has struggled to pass postal reform legislation in the past, even as in recent years the Postal Service racked up billions of dollars in losses. And there are no immediate plans in the current Congress to take up another measure, as the Postal Service's finances has seen smaller losses.