

July 29, 2021

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
Washington, DC 20515

Dear Speaker Pelosi and Minority Leader McCarthy:

On behalf of the Electronic Transactions Association (ETA), I write in opposition of the postal non-banking financial services modernization pilot program that is included Fiscal Year 2022 Financial Services and General Government appropriations bill.

ETA is the world's leading advocacy and trade association for the payments industry. Our members span the breadth of significant payments and fintech companies, from the largest incumbent players to the emerging disruptors in the U.S and in more than a dozen countries around the world. ETA members make commerce possible by processing more than \$21 trillion in purchases worldwide and deploying payments innovation to merchants and consumers.

We strongly support efforts to increase financial inclusion across the country and our members are providing high-quality, affordable financial services to the broadest possible set of consumers. Through the development and deployment of innovative products – led by financial institutions and fintechs – that expand access to and provide new financial offerings for consumers at lower costs. These products and services which support improved financial management, increased transaction security, and stronger financial stability continue to expand financial opportunities for traditionally underserved consumers.

Congress should encourage the Postal Service to focus on its core business of delivering mail and not expand their mission to include postal banking. Allowing the Post Office to conduct banking services would stifle the innovation found in the private sector and raise consumer protection questions.

ETA publishes an annual white paper¹ that highlights the many ways in which our members are using technology to address the financial needs of underserved consumers and expand access to financial services. As Congress considers the future of payments, ETA developed² 7 Principles to guide the discussion. One of the principles is the “right tool for the job” and the stated purpose of the Post Office proposal is trying to address low- to-moderate income Americans. The current payments system solves that issue with the following tools:

- **Prepaid Products** — Provide cost-effective, convenient, and innovative payment options for millions of consumers, including those who may not have access to traditional financial accounts.

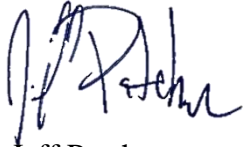
¹ <https://www.electran.org/wp-content/uploads/2021-ETA-WP-FinTech-UnderServed.pdf>

² <https://www.electran.org/wp-content/uploads/2021-ETA-7-Guiding-Principles-of-CBDC.pdf>

- **Nontraditional Payments** — Provide innovative solutions in a changing economy, such as specifically developing tools for the needs of consumers to add cash directly to their accounts and shop online.
- **Mobile Payments** — Provide an alternative to cash and checks that allows consumers to pay for goods and services in an efficient, cost-effective, and secure manner.
- **Peer-2-Peer Payments** — Enable consumers to send money to each other via mobile applications.

While postal reform is a topic that Congress should address, ETA believes this banking solution is not an acceptable answer. If you have any questions, please contact me or ETA's Senior Vice President of Government Affairs, Scott Talbott at stalbott@electran.org.

Sincerely,



Jeff Patchen
Senior Manager of Government Affairs
Electronic Transactions Association

