To amend title 39, United States Code, to provide that the United States Postal Service may provide certain basic financial services, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mrs. GILLIBRAND (for herself and Mr. SANDERS) introduced the following bill; which was read twice and referred to the Committee on

A BILL

To amend title 39, United States Code, to provide that the United States Postal Service may provide certain basic financial services, and for other purposes.

Be it enacted by the Senate and House of Representa-
tives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Postal Banking Act”.

SEC. 2. AUTHORITY FOR THE POSTAL SERVICE TO OFFER CERTAIN FINANCIAL SERVICES.

(a) In General.—Section 404(a) of title 39, United States Code, is amended—
(1) in paragraph (7), by striking “and” at the end;

(2) in paragraph (8), by striking the period at the end and inserting a semicolon; and

(3) by adding at the end the following:

“(9) to provide basic financial services, including—

“(A) low-cost, small-dollar loans, not to exceed $500 at a time, or $1,000 from 1 year of the issuance of the initial loan, as adjusted annually by the Postmaster General to reflect any change in the Consumer Price Index for All Urban Consumers of the Department of Labor;

“(B) small dollar lending servicing, which shall ensure that the customer’s access to the products and the public interest is given significant consideration; and

“(C) small checking accounts and interest-bearing savings accounts, not to exceed the greater of—

“(i) $20,000 per account; and

“(ii) 25 percent of the median account balance reported in the Federal Deposit Insurance Corporation’s quarterly Consolidated Reports of Condition and Income;
“(D) transactional services, including debit cards, automated teller machines, online checking accounts, check-cashing services, automatic bill-pay, mobile banking, or other products or partnerships that allow users to engage in the financial services described in this paragraph;

“(E) remittance services, including the receiving and sending of money to domestic or foreign recipients; and

“(F) such other basic financial services as the Postal Service determines appropriate in the public interest;

“(10) to set interest rates and fees for the financial instruments and products provided by the Postal Service that—

“(A) ensures that the customer access to the products and the public interest is given significant consideration;

“(B) ensures that interest rates on savings accounts are at least 100 percent of the Federal Deposit Insurance Corporation’s weekly national rate on nonjumbo savings accounts; and

“(C) ensures that the total interest rates on small-dollar loan amounts—
“(i) are inclusive of interest, fees, charges, and ancillary products and services; and

“(ii) do not exceed 101 percent of the Treasury 1 month constant maturity rate; and

“(11) to provide all financial products and services in subsection (a) exclusively, ensuring that the customer’s access to the products and the public interest is given significant consideration, and not through a partnership or contract with private institutions, including insured depository institutions.”.

(b) NO BANK CHARTER.—The United States Postal Service shall not be granted a bank charter, become an insured depository institution, as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813), for the purpose of capital requirements.

(c) UCC.—The United States Postal Service shall be subject to the provisions of article 4 of the Uniform Commercial Code.

(d) REGULATIONS.—The Postmaster General, in consultation with the Secretary of the Treasury, the Bureau of Consumer Financial Protection, and the Federal banking agencies, shall promulgate regulations carrying out this Act and the amendments made by this Act.
(c) TECHNICAL AND CONFORMING AMENDMENT.—

(1) IN GENERAL.—Section 404(e)(2) of title 39, United States Code, is amended by adding at the end the following: “The preceding sentence shall not apply to any financial service offered by the Postal Service under subsection (a)(9).”.

(2) FEDERAL RESERVE ACT.—Section 11 of the Federal Reserve Act is amended—

(A) by redesignating the second subsection (s) (relating to assessments, fees, and other charges for certain companies) as subsection (t); and

(B) by adding at the end the following:

“(u) FUNDING FOR POSTAL FINANCIAL SERVICES.—
The Board, in consultation with the Chairman of the Board and the Postmaster General, shall transfer to the Postmaster General such sums as may be necessary to carry out the services described in section 404(a)(9) of title 39, United States Code, which shall—

“(1) be sufficient to ensure that the products described in that section shall substantially decrease the number of people who do not have a bank account or use alternative financial products such as payday lending, check cashing, prepaid debt cards, and overdraft fees; and
“(2) be provided to the Postmaster General through of an account separate from products not included or allowed under section 404 of that title.”.

(f) RULE OF CONSTRUCTION.—The services offered by the United States Postal Service under section 404 of title 39, United States Code—

(1) shall be considered permissible non-banking activities in accordance with section 225.28 of title 12, Code of Federal Regulations; and

(2) shall not be considered the business of banking under the seventh paragraph of section 5136 of the Revised Statutes (12 U.S.C. 24).

(g) GAO REPORT.—The Comptroller General of the United States shall submit to Congress an annual report that includes the demographics, number of participants, and average balances and uses for all products described in paragraphs (9) and (10) of section 404(a) of title 39, United States Code, as added by subsection (a) of this section.