

# Take On Wall Street: Fair Banking for ALL

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We call for a more consumer-friendly banking system with stronger consumer protections against wealth-stripping predatory financial products and expanded access to safe and affordable products that enhance consumers' financial well-being.

## The Consumer Bureau is Working to Battle Financial Abuse. It Should Be Defended, not Undercut.

The Consumer Financial Protection Bureau (CFPB) was created to prevent the kinds of tricks and traps that cost American families billions of dollars in the lead up to the financial crisis. Congress gave the Bureau “the authority and accountability to ensure that existing consumer protection laws and regulations are comprehensive, fair, and vigorously enforced.” The CFPB consolidated consumer protection oversight of the country’s 107 largest banks in a single, focused agency and brought debt collectors, credit reporting agencies, and other important players in the consumer finance market under meaningful federal oversight for the first time.

Through its rulemaking, supervision, enforcement, education, and complaint system, the CFPB is making the financial marketplace fairer for consumers. Its enforcement efforts alone have delivered more than \$11.2 billion in relief to well over 25 million consumers, while cracking down on scams ranging from fake credit card add-on products to discriminatory auto lending. The Bureau is moving toward two major advances in consumer protection by developing rules both to end the debt trap of abusive payday, care title, and installment lending, and to prevent big banks and bottom-feeding financial predators alike from using forced arbitration clauses to escape accountability when they break the law. There is also much more work to be done to make debt collection, credit reporting, overdraft fees, and other products fairer and safer.

## A Fair and Accessible Alternative: Postal Banking and Public Banking

Nearly 28 percent of U.S. households rely on fringe financial institutions for banking and credit services, which are often provided on predatory terms. Fees paid to payday lenders and check-cashers cost these households an astonishing \$89 billion a year. That’s more than \$2,400 per household— nearly 10 percent of their average income. These predatory services are concentrated in low-income neighborhoods and in communities of color, stripping additional wealth from those who can least afford it.

Regulating abusive and aggressively marketed products is important; but much more needs to be done to broaden access to high-quality, low-cost financial services. The U.S. Postal Service (USPS) is well placed to provide such basic banking services. In past decades, the USPS offered savings accounts on a significant scale, and postal systems in countries around the world currently provide financial services to more than a billion consumers.

1. The Postal Service is geographically well-positioned to reach people with little or no access to retail banking. Increasingly, banks are closing branches, particularly in low-income communities. The USPS has more than 31,000 branches serving every urban, suburban, and rural community in the country. Fifty-nine percent of post offices are in zip codes with either no bank or only one bank.
2. The USPS is legally required to serve all Americans, regardless of geography, at uniform price and quality. Its nonprofit, universal mandate contrasts sharply with exorbitantly-priced financial services that target vulnerable communities.
3. The USPS already offers some very limited financial products, including the sale of money orders, international money transfers to nine countries, and cashing of U.S. Treasury checks. The Postmaster General, with the approval of the Postal Regulatory Commission, can take action under the Postal Service's existing authority to offer more basic banking services, including:
  - Low-cost ATMs with free access for Treasury Direct Express cards, providing Social Security benefits at no cost;
  - Electronic money transfersto other U.S. post offices and more foreign countries
  - Cashing paychecks; and
  - Bill payment services, allowing the unbanked to make fast, convenient payments for utilities and other essential services.
  - Pilot projects could explore additional products offerings.

### Actions for Members of Congress:

Support the CFPB and its important actions to prevent abusive payday and car title lending, prohibit class action bans in forced arbitration, fight hidden kickbacks and discrimination in auto lending, and more. Oppose efforts to weaken the CFPB, or block its needed rulemaking, supervision, and enforcement authorities.

Call on Postmaster General Megan Brennan to implement basic financial services at post offices to increase access to fair, affordable banking.