



 **COMMENTARY** ECONOMICS

Wait a minute, Mr. Postman: Why postal banking won't work

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Today at *The Week*, I've got an article that takes a critical view of "postal banking," an idea that's been batted about progressive policy circles as the U.S. Postal Service's financial woes have become increasingly intractable.

The key problem, I argue, is that a USPS bank would do nothing to draw the millions of "unbanked" and "underbanked" Americans away from check cashers and predatory lenders. There are many reasons that workers choose these latter options, but lack of proximity to traditional banks is not usually among them.

Creating a network of banks through post offices, then, isn't likely to help these people nearly as much as eliminating the existing incentives to remain "unbanked":

Our focus on the Postal Service shows just how misplaced our good intentions are. When we think of Americans who don't have access to a bank account, the image of a farmer somewhere in the rural Midwest is what comes to mind. Banking through the post office — that enduring institution of small-town America — seems like a natural solution.

Yet nothing could be farther from the truth. In reality, the biggest populations of unbanked people are not in the rural middle of the country, but in its large urban areas. And rather than proximity to bank branches being a key predictor of having a bank account, the more accurate determinants are race, ethnicity, and socioeconomic status.

Read the [full article here](#).