

TESTIMONY OF MEHRSA BARADARAN

**Professor of Law, University of California Irvine School of Law
before the
United States House of Representatives
Committee on Financial Services Task Force on Financial Technology**

Chairman Lynch and Ranking Chair Emmer, members of the Task Force on Financial Technology, thank you for this opportunity to testify on “Inclusive Banking During a Pandemic: Using FedAccounts and Digital Tools to Improve Delivery of Stimulus Payments.” As the United States enters a state of recession with unprecedented rates of unemployment, savings accounts are being depleted, expenses are rising, and the future of household well-being appears uncertain. Congress swiftly responded with the CARES Act to provide relief to families and businesses impacted by the virus. A chief goal of this bill was to put money directly into people’s hands through increased benefits and direct stimulus payments. Yet the dispersal of these funds has revealed deep-rooted problems with the US payments system that have made it difficult for some of the Americans most in need to access stimulus funds.

Many Americans have had to wait long hours in ATM lines, pay fees to alternative service providers, or wait weeks or months to receive their stimulus funds.¹ Up to 70 million Americans will encounter delays or problems in receiving their payments.² For those without a bank account, the wait can be as long as five months.³ The massive scale of this crisis will mix with the financial precarity of many Americans and will likely lead them into the open arms of high-cost check-cashers, payday lenders, title lenders, pawn shops, and other high-interest lenders. Though this recession is likely to make these problems more acute, the gaps in our exclusionary payments system are not new.

There are practical solutions to these problems that can quickly and effectively achieve financial inclusion and democratize the United States financial system. I urge Congress to authorize basic checking accounts at the United States Postal Service in partnership with the Federal Reserve Payments System. In order to cross the cash-to-digital divide, unbanked and underbanked individuals need an account with physical locations. Adopting digital accounts without providing access points for communities already excluded from the banking system would further exacerbate longstanding inequalities in access.

I: The Problem: Banks Do Not Serve Every Customer

A quarter (25%) of Americans are unbanked or underbanked.⁴ These low-income families spend about 10% of their total income in fees to alternative financial service providers just to use their money.⁵ Being underbanked is expensive and time-consuming as each financial transaction

involves fees and hurdles.⁶ The unbanked must spend time and money to send and receive money, cash checks, use debit cards, and otherwise engage in commercial activities that are routine and nearly free for most Americans. Only chartered banks and their customers can access the payments systems built, maintained, and overseen by the Federal Reserve.⁷ Yet banks are not mandated to offer these services to all people.

Banks have abandoned certain low-profit communities and customers. Over the last several decades, deregulation, heightened market competition, and the subprime crisis has led to wave after wave of bank mergers and a conglomerated banking industry. Industry consolidation has left many communities, especially in lower income zip codes, without access to a bank.⁸ In fact, rural America has lost over half of its banks in the last few decades with 1 in 8 communities designated as a banking desert.⁹ Due to industry consolidation, 93 percent of the 1,800 bank branches that have closed since late 2008 were in postal codes where the household income is below the national median.¹⁰ In these banking deserts, it is not uncommon that the only ATM in the entire area is at a gas station with fees up to \$7.50 per transaction.¹¹ Research shows that when banks leave a community, businesses lose 20% of their revenue.¹² Based on the current economic pressures on small banks and businesses, more banks will likely have to shut their doors, leaving small businesses in even more dire conditions. This is a particularly acute problem for Minority-owned businesses who are particularly vulnerable to failure in challenging economic conditions.¹³

Even in zip codes where banks are physically available, there remain many barriers for low-income Americans. The FDIC survey of the unbanked and underbanked showed that over one third of respondents did not trust banks with distrust increasing over time. Banks charge excessive and onerous overdraft fees and excess activity fees—fees that are lucrative for banks and disastrous for low-income consumers.¹⁴ Banks no longer offer small loans and though some promise “free checking,” there are hidden fees and requirements that repel most small balance customers. Most banks require balances of \$1,500 to avoid fees on their basic accounts, and small accounts are not profitable for banks, so they avoid them—either by leaving low income areas or repelling low income customers through fees. ¹⁵These fees, borne primarily by LMI bank customers, has become a profitable business with some large regional banks reporting that fees account for 40% of their income. Together, consumers paid \$17 billion in overdraft fees in 2015, according to the Center for Responsible Lending.¹⁶ Faced with seemingly random and punitive fees, low-income customers have taken their business to the fringe banking sector.¹⁷

Without bank accounts, many Americans do not have a safe and accessible means for saving their money.¹⁸ More than 40% of Americans do not have even \$500 in savings and would need to borrow if they had a shortfall—over 60% would need to borrow \$1000 if they faced a financial emergency.¹⁹ Many Americans do not save because they do not earn enough even while working full time, but even if they have money to save, most accounts are not accessible to those with small savings.²⁰ Cash savings are vulnerable to theft and loss.²¹ Research abroad has demonstrated that increased access to a savings account enhances economic welfare and other important outcomes.²²

Having a safe, low-cost, and easy savings account could lead to more savings, which could diminish the need for payday loans when families hit a snag.²³ When individuals can dip into savings, they are less likely to need payday loans.

Another important way that banks are not meeting the needs of low-income Americans is the delay in making funds available to customers. Payments clearing—the time between when a check is deposited and when the funds can be withdrawn as cash—can take three to five business days. For families who do not have a buffer of wealth and need to spend their paychecks for food or rent, this delay is costly and onerous. In order to avoid this time gap, families often resort to check-cashers or payday lenders. Estimates show that \$89 billion is spent each year by the unbanked on financial fees and services, including payday lenders, check cashers, pre-paid cards, and other services.²⁴

II: The Federal Reserve Has a Mandate to Make Services Equitable

The Federal Reserve payments system has proved secure, private, and safe and is among the most reliable in the world—but it is exclusionary. Congress established the Federal Reserve in 1913 to increase the integrity, efficiency and equity of US payments. The Federal Reserve states that it has “a public-interest motivation in seeking to stimulate improvements in the efficiency of the payments system.”²⁵ This, according to their own mission, requires it “to provide equitable access and an adequate level of services nationwide.”²⁶ Indeed, achieving this mission today is essential to helping many vulnerable Americans access much-needed funds during the current recession

The Federal Reserve has only offered its payments system to banks with the implicit understanding that banks would provide these services to customers, which they have not done. This is a problem that can and must be fixed through policy rather than outsourced to technology or banking corporations to solve. In order to achieve this mission, the Federal Reserve must open up its payments system to all Americans. If the Federal Reserve falters in its mission, it falls in Congress’s purview to enforce it. To the extent that this system is exclusionary, it is up to our democratically elected representatives to update this mission and mandate that the Fed promote efficiency and financial inclusion to the benefit of more Americans. Money itself is a public good and its creation, supply, and stability is a function of the US Treasury in coordination with the Federal Reserve.²⁷ Every American not only deserves the right to participate in the economy, but also to participate democratically in the federally supported payments system.

Financial technology companies (“fintechs”) and blockchain providers have promised that alternative technologies and services can lead to financial inclusion.²⁸ Fintechs, which are distinct from traditional banks, provide technology-centered products and services directly to consumers. Unlike traditional banks, fintechs do not have access to the Fed’s payments system.²⁹ They must partner with a U.S. chartered bank in order to offer payments services. As required by anti-money laundering and anti-terrorism laws passed by Congress, banks must ensure accurate identification of

their customers. Allowing these private companies access to these essential payments systems without the oversight under which banks operate would put Congress's interests in security and crime prevention in danger.³⁰ These companies offer customers greater convenience and easy to use apps, but their ability to achieve financial inclusion is limited due to their lack of a large physical footprint. This is the critical missing step into widescale fintech or digital account use. For communities without bank branches or for customers who are unbanked or underbanked, the many fintech options, including FedAccounts and digital wallets will not be able to overcome access issues if they are not linked with a place where cash can be deposited or withdrawn. Moreover, many communities do not have the technology yet to be able to move all of their financial transactions to mobile or internet accounts. Many LMI individuals and communities, with estimates between 20 to 40 million Americans, do not have broadband internet services and many other users prefer cash or a simple debit card for transactions.³¹ Most LMI communities still operate at least some portion of their financial activities in cash and the majority of Americans with an income of less than \$50,000 use a debit card as their preferred payment method.³² A physical location with simple ATM and debit card capabilities would help many Americans avoid the high cost alternative service providers. Those who are unbanked need a way to cross the cash/digital divide so they can engage in commerce.

III. The Solution: Digital Accounts at the Post Office

A simple solution to this problem is for the postal service to offer a simple checking account with online capacities to all communities.³³ The post office can provide the physical services necessary for the unbanked and underbanked to access FedAccounts, digital wallets, and other fintech services. As America's oldest instrument of democracy in action, the Post Office can offer an essential service to every community. This is not a new or radical idea. The United States Postal Service (USPS) operated a savings bank for much of its history and the majority of postal services worldwide offer banking services. Postal banking has been operational in many Western countries since the 1800s, and currently, fifty-one countries have postal banking as their primary method of financial inclusion—only 6% of postal carriers worldwide do not offer banking services. (It is estimated that postal banking has banked over 1 billion people worldwide.)³⁴ There are a variety of models worldwide—some focused on the poor and others that offer postal banking services to the entire population. In fact, the United States is one of the only developed countries in the world without a postal banking network. Though we do not need to look abroad for a justification or even a model for postal banking when we can refer to America's own rich history of postal banking.

The post office can deliver the physical branches, ATMs and checking account services in partnership with the Federal Reserve that would provide the same access that it provides currently to banks. The funds would be placed in the Fed's reserve account, which is the most secure depository in the world. Many individuals and communities need a bridge toward the digital cash economy. They need a point of physical contact so that people who need to withdraw cash or deposit their wages into an account and the Post Office is ideally suited to help with the transition

toward the digital economy. In fact, in communities without banking services, many are already using the post office for simple financial transactions. Financial journalist Kevin Wack reports that in a rural town that lost its bank, one hotel proprietor “will walk over to the post office, buy a single stamp and request a check back,” which is “cheaper than patronizing either of the town’s two ATMs.” An electricity cooperative in town uses the post office for their business accounts: Rather than keeping a lot of currency on hand, or embarking on long drives to the nearest bank, an employee goes to the post office several days each week and buys a money order. “Thankfully the post office is the unofficial bank,” the cooperative’s CEO, Steven Lunt, said.³⁵ These customers and businesses need a way of converting cash to digital accounts and vice versa. This is a crucial need that fintech providers are not able to meet in many areas. Once customers have a digital account, they can use fintech services for their transactional needs.

The Post Office has the largest physical footprint of any other institution with over 30,000 branches and over 160 million delivery points nationwide making it the most ideally suited institution to help LMI zip codes and rural communities cross the cash/digital divide.³⁶ Professors Terri Friedline and Mathieu Despard created a database and five research reports concerning US households’ access to financial services in which they determined that “37% of all zip codes in the US lack either a bank or credit union.” Further, almost 90% of these banking deserts were in rural areas.” They concluded, “the good news is that the density of post offices in these deserts is 1.11 per 1,000 people, compared to only 0.27 in non-deserts. This means that post offices are abundantly located in places where financial services are lacking.” It is these areas that have suffered the most from the trends toward acute inequality. It is also in these regions where check cashers and payday lenders congregate.

Because the Post Office never left communities deserted by banks and other businesses, it is not only available in all the regions forsaken by banks, it has developed an ongoing relationship of trust within these communities. Among the unbanked and underbanked, many do not use banks because of a lack of trust. Meanwhile, a recent survey of the “Most Trusted Brands” in the United States, the USPS was ranked number one—with the most survey respondents stating that it was the institution that they most trusted “to do what is right.”³⁷ No banks were on the list of the top 25 companies. The Postal Act of 1792, passed by Congress and signed into law by President George Washington, gave the USPS a mandate to honor the privacy of citizens and to offer services to all communities. For over 200 years, the USPS has maintained its public-serving mission by offering equitable services to all. I would urge Congress to continue their support of this foundational American institution by allowing it to help democratize the financial system.

The Post Offices could offer banking services across the country at a much lower cost than banks, alternative service providers, and even fintech because (1) they can use natural economies of scale and scope to lower the costs of the products, (2) their existing infrastructure significantly reduces overhead costs, and (3) they do not have profit-demanding shareholders and would be able to offer products at cost.³⁸ Both postal banking and FedAccounts could be designed to create

revenue for the post office and the Federal Reserve while offering lower cost services to the unbanked and underbanked.³⁹ In addition to physical branches and FedAccounts, a Realtime payments could help eliminate unnecessary delays in processing.⁴⁰ The technology is already available to modernize all of these issues that present obstacles for many Americans.⁴¹

Postal savings accounts have the potential to become an accessible and inclusive account for Americans left out of the banking system. Many customers already operate a provisional savings account by purchasing money orders at the post office.⁴² Even having a few hundred dollars stored away can make a significant difference to a moderate-income family who may face an emergency in their lives. It is difficult to measure how many people are not saving in banks because of financial and cultural barriers of entry, but it is possible that just as in the past, funds would pour into the postal banks from under proverbial mattresses, in prepaid cards, or otherwise wired abroad. Just as our postal banks did successfully for half a century, lowering barriers of access to low-cost savings accounts can greatly benefit a population living without any financial cushion.

IV. Conclusion

In order to meaningfully participate in the economy, the excluded, unbanked, and communities living in banking deserts need access to the safe and subsidized payments system operated by the Federal Reserve. Justice Louis Brandeis believed banking to be among the industries that might be considered a public utility because, as he explained, “deposit banking should be recognized as one of the businesses ‘affected with a public interest.’”⁴³ Achieving an equitable financial system requires that the payments system operated by the Federal Reserve be opened to all. The central bank payments system already resembles a public utility, but it is currently only a public service open to banks who operate as an intermediary. Opening the payments system to the unbanked and underbanked would not cause any disruptions to the financial market and would be a boon to low- and moderate-income families who are currently paying to use a public resource. Postal banks would offer a free checking account with digital services that would enable the unbanked and underbanked to engage in simple financial transactions through the public payments system instead of high cost non-bank options. It would also help the Federal Reserve achieve its Congressionally mandated mission of creating an equitable financial system.

- ¹ Matthew Haag, *To Reach a Single A.T.M., a Line of Unemployed Stretches a Block*, N.Y. Times (June 5, 2020), <https://www.nytimes.com/2020/06/05/nyregion/keybank-nyc-coronavirus.html>; *Receiving Your Unemployment Benefits by Direct Deposit or DUA Debit Card*, Mass.gov (2020), <https://www.mass.gov/guides/receiving-your-unemployment-benefits-by-direct-deposit-or-dua-debit-card>; Lorie Konish, *Paper Stimulus Checks Could Be Delayed by up to 5 Months*, CNBC (Apr. 2, 2020), <https://www.cnbc.com/2020/04/02/paper-stimulus-checks-could-be-delayed-by-up-to-5-months.html>. Reports already abound of long wait times to submit unemployment claims (either online or over the phone) and even longer to have them approved. Mallory Sofastaii, *Spike in Unemployment Claims Leads to Long Wait Times, Delay in Benefits*,² ABC WMAR (Baltimore) (Mar. 26, 2020), <https://www.wmar2news.com/news/coronavirus/spike-in-unemployment-claims-leads-to-long-wait-times-delay-in-benefits>; Tony Romm, *Uber Drivers and Other Gig Economy Workers were Promised Unemployment Benefits. It May Be a Long Wait*, Wash. Post (Apr. 2, 2020), <https://www.washingtonpost.com/business/2020/04/02/uber-airbnb-lyft-unemployment-coronavirus/>; Jerry Davich, *Waiting for Unemployment Insurance Benefits to Kick in? Just Hold Tight.*, Chi. Trib. (Apr. 3, 2020), <https://www.chicagotribune.com/suburbs/post-tribune/opinion/ct-ptb-davich-applying-for-unemployment-insurance-benefits-st-0406-20200403-rforj7xdzakpan5dvt5x43iou-story.html>.
- ² Aaron Klein, *70 Million People Can't Afford to Wait for their Stimulus Funds to Come in a Paper Check*, Brookings (Mar. 31, 2020), <https://www.brookings.edu/opinions/70-million-people-cant-afford-to-wait-months-for-their-stimulus-to-come-in-a-paper-check/>.
- ³ Konish, *supra* note 1.
- ⁴ Fed. Deposit Ins. Corpo., 2017 FDIC National Survey of Unbanked and Underbanked Households (2017), <https://www.fdic.gov/householdsurvey/2017/2017report.pdf>; Erin Barry, *25% of US Households are Either Unbanked or Underbanked*, CNBC (Mar. 9, 2019), <https://www.cnbc.com/2019/03/08/25percent-of-us-households-are-either-unbanked-or-underbanked.html>.
- ⁵ U.S. Postal Service, *Providing Non-Bank Financial Services for the Underserved* (2014), https://www.uspsaig.gov/sites/default/files/document-library-files/2015/rarc-wp-14-007_0.pdf.
- ⁶ See Mehrsa Baradaran, *How the Other Half Banks: Exclusion, Exploitation, and the Threat to Democracy*, Harvard University Press (Oct. 2015).
- ⁷ *Structure of the Federal Reserve System*, Board Governors Fed. Res. (Mar. 3, 2017), <https://www.federalreserve.gov/aboutthefed/structure-federal-reserve-system.htm>.
- ⁸ NCRC Research, *Banking Deserts in America*, National Community Reinvestment Coalition (June 2017), <http://maps.ncrc.org/bankdeserts/index.html>; Frank Bass & Dakin Campbell, *Study Finds Latest Bank Branch Closing Strike Hardest in Poor Neighborhoods*, Bloomberg News (May 2, 2013), https://www.stltoday.com/business/local/study-finds-latest-bank-branch-closings-strike-hardest-in-poor/article_b33a4103-280f-5b3c-9754-3086de4b0070.html; Hous. Assistance Council, *The Community Reinvestment Act and Mortgage Lending in Rural Communities* 22 (Jan. 2015), <http://www.ruralhome.org/storage/documents/publications/rrrreports/rrr-cra-in-rural-america.pdf>.
- ⁹ Randal K. Quarles, Chairman for Supervision, Bd. of Governors of the Fed. Reserve Sys., *Trends in Urban and Rural Community Banks* fig.1 (Oct. 4, 2018), <https://www.federalreserve.gov/newsevents/speech/quarles20181004a.htm>; Hous. Assistance Council, *supra* note 8.
- ¹⁰ Bass & Campbell, *supra* note 8. However, as branches were closing in poorer neighborhoods banks “continued to expand in wealthier ones, despite decades of government regulations requiring financial institutions to meet the credit needs of poor and middle-class neighborhoods.” Nelson D. Schwartz, *Bank Closings Tilt Towards Poor Areas*, N.Y. Times (Feb. 12, 2011), <https://www.nytimes.com/2011/02/23/business/23banks.html>.
- ¹¹ Janell Ross, *A Town With No Bank: How Itta Benna, Mississippi, Became a Banking Desert*, NBC News (June 15, 2019), <https://www.nbcnews.com/news/nbcblk/how-itta-benna-mississippi-became-banking-desert-n1017686>.
- ¹² Kevin Wack, *When a Small Town Loses its Only Bank*, Am. Banker (Feb. 2, 2020), <https://www.americanbanker.com/news/when-a-small-town-loses-its-only-bank>.

- 13 See Sifan Liu & Joseph Parilla, *Businesses Owned by Women and Minorities Have Grown. Will COVID-19 Undo That?*, Brookings (April 14, 2020), <https://www.brookings.edu/research/businesses-owned-by-women-and-minorities-have-grown-will-covid-19-undo-that/>; see also Ron Jarmin, et al., *Owner Characteristics and Firm Performance During the Great Recession*, CES (September 2014), <https://www2.census.gov/ces/wp/2014/CES-WP-14-36.pdf>. See Also, Mehrsa Baradaran, *The Color of Money: Black Banks and the Racial Wealth Gap*, Harvard University Press (2017).
- 14 Spencer Tierney, *Overdraft Fees: Compare What Banks Charge*, NerdWallet (Sept. 6, 2019), <https://www.nerdwallet.com/blog/banking/overdraft-fees-what-banks-charge/>; Jessica Dickler, *Bank overdraft Fees Could Jump if Consumer Watchdog Eases Rule*, CNBC (June 26, 2019), <https://www.cnbc.com/2019/06/25/bank-overdraft-fees-could-jump-if-consumer-watchdog-eases-rule.html>; Peter Smith, *Report: FDIC Data Shows that Banks Collected \$11.45 Billion in Overdraft Fees in 2017*, Ctr. For Responsible Lending (Aug. 7, 2018), <https://www.responsiblelending.org/media/report-fdic-data-shows-banks-collected-1145-billion-overdraft-fees-2017>; Peter Smith, *Unfair Market: The State of High-Cost Overdraft Practices in 2017*, Ctr. For Responsible Lending (Aug. 7, 2018), <https://www.responsiblelending.org/research-publication/unfair-market-state-high-cost-overdraft-practices-2017>.
- 15 Lisa J. Servon, *The High Cost, for the Poor, of Using a Bank*, New Yorker (Oct. 9, 2013), <https://www.newyorker.com/business/currency/the-high-cost-for-the-poor-of-using-a-bank>. Abby Vesoulis, *Millions of Americans Can't Afford a Checking Account. The Post Office Could Fix That*, Time (Aug. 7, 2018), <https://time.com/5351706/postal-banking-kirsten-gillibrand/>; Gov't Accountability Office, *Community Reinvestment Act: Options for Treasury to Consider to Encourage Services and Small-Dollar Loans When Reviewing Framework* (2018), <https://www.gao.gov/products/GAO-18-244>.
- 16 Smith, *Report*, *supra* note 14.
- 17 The rise of fringe banking, check-cashing, and payday lending was a direct result of the decline of community banks. See Baradaran, *How the Other Half Banks*, *supra* note 6.
- 18 Pew Charitable Trs., *Drowning in Debt: A Health Impact Assessment of How Payday Loan Reforms Improve the Health of Minnesota's Most Vulnerable* (2016), <https://www.pewtrusts.org/-/media/assets/external-sites/health-impact-project/hip-2016-payday-lending-report.pdf> [<https://perma.cc/S7V6-VBZN>].
- 19 Bd. of Governors of the Fed. Reserve Sys., *Report on the Economic Well-Being of U.S. Households in 2017 - May 2018*, <https://www.federalreserve.gov/publications/2018-economic-well-being-of-us-households-in-2017-dealing-with-unexpected-expenses.htm>.
- 20 Sarah Holder, *Why Cleveland Wants to Bring Back Postal Banking*, CityLab (June 4, 2019), <https://www.citylab.com/equity/2019/06/cleveland-post-office-banking-cash-check-predatory-lending/590557/>; Derek Thompson, *Why Don't Americans Save More Money?*, The Atlantic (Apr. 19, 2016), <https://www.theatlantic.com/business/archive/2016/04/why-dont-americans-save-money/478929/>.
- 21 Holder, *supra* note 20; Thompson, *supra* note 20.
- 22 Dean Karlan et al., *Impact of Savings Groups on the Lives of the Poor*, 114 Proc. of the Nat'l. Acad. of Sci. of the U.S. 3079 (2017).
- 23 *Id.*
- 24 See Mehrsa Baradaran, *Postal Banking's Public Benefits*, 3 Am. Aff. J. 18, 23 (2018).
- 25 *Federal Reserve's Key Policies for the Provision of Financial Services*, Board Fed. Res. System (Nov. 20, 2008), https://www.federalreserve.gov/paymentsystems/pfs_frpaysys.htm.
- 26 *Id.*
- 27 Morgan Ricks, John Crawford, & Lev Menand, *FedAccounts: Digital Dollars*, 89 Geo. Wash. L. Rev. (forthcoming 2020), <https://ssrn.com/abstract=3192162>; James Tobin, *The Case for Preserving Regulatory Distinctions*, in RESTRUCTURING THE FINANCIAL SYSTEM 167, 172 (1987) ("I think the government should make available to the public a medium with the convenience of deposits and the safety of currency, essentially currency on deposit, transferable in any amount by check or other order. ... The Federal Reserve Banks themselves could offer such deposits."); see also Kenneth J. Arrow, *The Organization of Economic Activity: Issues Pertinent to the Choice of Market versus Non-market Allocations*, in ANALYSIS AND EVALUATION OF PUBLIC EXPENDITURES: THE PPP SYSTEM 48 (J. Econ. Comm. of Cong. 1969)

(“The creation of money is in many respects an example of a public good.”); CHARLES P. KINDLEBERGER & ROBERT Z. ALIBER, *MANIAS, PANICS, AND CRASHES: A HISTORY OF FINANCIAL CRISES* 19 (6th ed. 2011) (“Money is a public good.”); John Cochrane, Remarks at the Federal Reserve Bank of Minneapolis, May 16, 2016 (“There’s a few things that government has a natural monopoly in: national defense, courts, property rights, and I would say money.”).

²⁸ William Magnusson, *Regulating Fintech*, 71 *Vand. L. Rev.* 1167, 1174 (2018); Mehrsa Baradaran, *Rethinking Financial Inclusion: Designing an Equitable Financial System with Public Policy*: <https://rooseveltinstitute.org/rethinking-financial-inclusion-equitable-financial-system-public-policy/>

²⁹ Odinet, Christopher K., *Securitizing Digital Debts* (April 23, 2020). *Arizona State Law Journal*, Vol. 52, 2020. Available at SSRN: <https://ssrn.com/abstract=3583688>

³⁰ 31 U.S.C. § 5311, *et seq.* (2018); 31 C.F.R. § 1010.220; *see also* Bridget Mayer Briggs & Ariel S. Glasner, *The FinTech Revolution: Complying with Anti-Money Laundering Laws to Avoid Regulatory Enforcement Action*, BlankRome (Apr., 2018), <https://www.blankrome.com/publications/fintech-revolution-complying-anti-money-laundering-laws-avoid-reg>.

³¹ Linda Poon, *There Are Far More Americans Without Broadband Access than Previously Thought*, February 19, 2020; <https://www.citylab.com/equity/2020/02/internet-access-rural-broadband-digital-divide-map-fcc-data/606424/>

³² TSYS U.S. *Consumer Payment Study*, TSYS (2018), https://www.tsys.com/Assets/TSYS/downloads/rs_2018-us-consumer-payment-study.pdf.

³³ Mehrsa Baradaran, *It’s Time for Postal Banking*, 127 *Harv. L. Rev. F.* 165 (2014); *see* MORGAN RICKS, JOHN CRAWFORD & LEV MENAND, *CENTRAL BANKING FOR ALL: A PUBLIC OPTION FOR BANK ACCOUNTS 1* (2018), <https://greatdemocracyinitiative.org/wp-content/uploads/2018/06/FedAccountsGDI.pdf>.

³⁴ Alexandre Berthaud and Gisela Davico. “*Global Panorama on Postal Financial Inclusion.*” *Universal Postal Union*. (March 2013). Available at

³⁵ Kevin Wack, *When a Small Town Loses its Only Bank*, *Am. Banker* (Feb. 2, 2020), <https://www.americanbanker.com/news/when-a-small-town-loses-its-only-bank>.

³⁶ Postal Facts, at <https://facts.usps.com/size-and-scope/>; Terri Friedline & Mathieu Despard, *Mapping Financial Opportunity: Final Report 8–9* (2017), <https://aedi.ssw.umich.edu/sites/default/files/publications/Mapping-Financial-Opportunity.pdf> [<https://perma.cc/V5AF-2FLF>].

³⁷ <https://morningconsult.com/most-trusted-brands/?mod=djemCMOToday>

³⁸ For more information, *see* Baradaran, *How the Other Half Banks*, *supra* note 6.

³⁹ For revenue projections for the post office and market share of AFS spending, *see* U.S. Postal Service, *Providing Non-Bank Financial Services for the Underserved* (2014), https://www.uspsoig.gov/sites/default/files/document-library-files/2015/rarc-wp-14-007_0.pdf. *See* Mehrsa Baradaran, *A Short History of Postal Banking*, *Slate* (Aug. 18, 2014), <https://slate.com/news-and-politics/2014/08/postal-banking-already-worked-in-the-usa-and-it-will-work-again.html> [<https://perma.cc/F6M5-22CA>].

⁴⁰ Aaron Klein, *Real-time payments can Help Combat Inequality*, *Brookings* (March 6, 2019), <https://www.brookings.edu/opinions/real-time-payments-can-help-combat-inequality/>. The Federal Reserve has stated that it is studying the issue, but the recently-introduced Payments Modernization Act seeks to speed the process along and mandate a real time payments system. John Heltman, *Democrats try to Force Fed’s hand on Faster Payments*, *Am. Banker* (July 24, 2019), <https://www.americanbanker.com/news/elizabeth-warren-other-democrats-look-to-force-feds-hand-on-faster-payments>; Faster Payments Task Force, Bd. of Fed. Governors Sys., *The U.S. Path to Faster Payments* (2017), <https://www.federalreserve.gov/newsevents/pressreleases/files/US-path-to-faster-payments-pt1-201701.pdf>; Fed. Reserve Sys., *Strategies for Improving the U.S. Payment System* (Jan. 26, 2016), <https://fedpaymentsimprovement.org/wp-content/uploads/strategies-improving-us-payment-system.pdf>.

⁴¹ *Real-Time Payments: What, Where, and When*, NCR (2020), <https://www.ncr.com/company/blogs/financial/real-time-payments-what-where-and-when>.

⁴² <https://www.uspsoig.gov/sites/default/files/document-library-files/2017/RARC-WP-16-007.pdf>

⁴³ Louis D. Brandeis, *Other People’s Money and How the Bankers Use It* 64 (1914).