

The Postal Bank as the People's Bank?

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With its back to the proverbial wall, the Canadian Union of Postal Workers has its thinking cap on. And while it's not a new idea – first Canada Post president Michael Warren was making the same pitch decades ago – one of the main notions now being floated towards making Canada Post solvent is the creation of a postal bank.

Deepak Chopra, current head honcho at Canada Post, has noted that the postal service doesn't have the expertise to enter the banking sphere, and that the only answer to the corporation's woes is slashing service and jobs.

Bolstering Chopra's grim prognosis is a Conference Board of Canada study, *The Future of Postal Services in Canada*, which suggests that while postal banking is a good idea – and has worked in a variety of countries around the world – the Canadian banking sector already “has a highly developed financial sector that extends from large banks to small credit unions.”

In short, the Canadian financial field is already full.

Not so, says Geoff Bickerton, Research Director at CUPW and longtime *Canadian Dimensions* contributor. Granted, Canada Post doesn't have the expertise yet, concedes Bickerton. But the rules of finance are fairly straightforward, and it isn't rocket science.

“It's not necessarily like sending a person to land on Mars,” says Bickerton. “President's Choice formed a bank. Wal-Mart formed a bank. There's talent out there you can buy, you can do things in partnership. Other institutions have done it. It's possible.”

As for the Conference Board study, Bickerton challenges the notion that the authors say that postal banking is good for the global goose, but not for the Canadian gander.

“Other countries have gotten into postal banking and have done very well, but in the case of Canada we ‘already have a developed banking sector?’” says Bickerton. “Unlike Switzerland, say. What do they know about banks? That's why the authors didn't elaborate on that section of the report, in my opinion, because they would have had to elaborate on that idea.”

There is also the issue of our increasing reliance on the internet, which brings into doubt the actual need for more physical banks in this age of online services. It's been instrumental in the downward spiral of postal service delivery, and the Canadian Bankers' Association has reported that since 1990 there has been a 22% drop in the number of bank branches.

Would Canada Post simply be throwing its lot in with one more institution set for extinction?

No, says Bickerton, because the postal bank would be a different type of bank, one guided by a mandate of serving the unserved. Traditional banks are closing, true. But they're also exclusive places and increasingly centralized in high density, higher income, areas, like shopping malls.

To prove the point, he draws back the curtain of a boardroom at the Holiday Inn in Dartmouth. Outside is the neon rush of another Pay Day loan storefront, a high interest loan provider that preys largely upon those who have been excluded from traditional banks due to poverty.

"We know who uses the pay day loan system," says Bickerton. "It's basically the people who have been excluded from our 'great' banking system. In many cases they are part of the 3-5% of the population who don't have banks accounts. These are the poorest people in the country and they are systematically excluded from the banks. We know that First Nations people are often the greatest users of the pay day loans. Why? Because they are the most excluded from our banking system."

Another of the great bank-excluded classes are rural Canadians. And here, with its cross-country network of postal outlets, Canada Post would be at a distinct advantage. Bickerton notes that there are over 2,000 bank-less communities across the country that *are* served by a postal outlet. Add a financial service delivery capacity to these outlets - *et voila* - an instant underserved market, goes the logic.

Bickerton and CUPW aren't yet at the stage of proposing an actual postal banking model. From the United Kingdom, to France, to New Zealand, to Brazil and beyond, there are a variety of models to choose from, ranging from full counter service to simple bill-paying centres. The similarity that all these countries' models share is that their postal banking services all help shoulder the financial load of personal mail delivery. And that helps keep the valuable jobs associated with mail delivery.

"We're not proposing any one specific structure yet," says Bickerton. "There are reasons for that. Firstly, we want to concentrate on gaining support for the concept. And frankly, we want to work with our allies on this. We need to do more research. We need to know more about the industry. And most importantly we need to be flexible, because along the way we're going to be approached [by other banks or credit unions] who want to do business with Canada Post."

There is, of course, the notion of a bank as a blunt tool driven by profit at all cost that doesn't necessarily jive with the forward-thinking, sometimes radical, Canadian Union of Postal Workers. From their Boycott, Divestment and Sanctions of Israel to their solidarity work around the world, the CUPW is often at the vanguard of outwardly thinking, union-led, resolutions.

Could the CUPW, in good faith, champion the Canadian banking system, regardless of whether a postal bank were to provide services to unserved or underserved communities?

I ask Bickerton what might make a postal bank any less morally corrupt than, say, a Scotia or Royal Bank, institutions that many activists have distanced themselves from in exchange for a more localized financial plan. His answer, at this formative, pitch stage of the process, was understandably not complete. The suggestion is that it will be up to the vigilance of those involved, notably CUPW, to keep Canada Post honest in the banking world.

“If the board of directors of Canada Post has their way you can be sure that Canada Post postal bank would be at least as morally corrupt as Scotia Bank, if not leading the way,” says Bickerton. “This is where the whole question of the mandate becomes central. It will depend on the mandate, but firstly we have to get to that stage.

“We don’t want simply another place where people can go and make deposits and withdrawals. We want an institution that will have as a mandate, one of social inclusion, where we will actually attempt to deal with the problems that people face in this country when it comes to access to financial services.”

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