

PBFI Statement/Proposal on the Future of Post Offices and An Post:

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Up to 600 Post Offices face closure from June 2021 due to them operating a defective model. 25% to 30% of their transactions have been lost to the banks since the lockdowns began. The promised 'new business' under the 2018 An Post/IPU Deal was not delivered. These closures will create a crisis in hundreds of communities throughout the country. An Post's long-term future remains precarious.

A proven long-term solution is available – Will Government, An Post and the IPU Postmasters embrace it before it's too late to save the network?

The An Post's Smart Current Account is a significant development and could be the important first step in securing the future of the Post Offices & An Post. An Post is offering their own Current Accounts, this could however have been made much more appealing to the public to guarantee uptake; why wasn't it? The introduction of the current account has the potential for so much more if progressed along the lines of the Kiwi (Post) Bank in New Zealand. Established in 2002 Kiwi (Post) Bank now has 4.1% of the overall banking market on the island of 4.6 million people, a model which could be replicated in the Republic of Ireland.

This concept has already been presented to the Dáil and was passed. The motion, outlined hereunder, was placed on behalf of the Rural Independent Group by Mattie McGrath TD & Michael J. Healy-Rae TD. The Rural Independent Group includes Mattie McGrath, Michael J. Healy-Rae, Michael Collins, Noel Grealish, Michael Harty, Danny Healy-Rae & Michael Lowry.

Post Office Network: Motion [Private Members] Wednesday, 16 November 2016

— implement a new community banking service operated by An Post to be made available in all post offices throughout the country - this post community bank should be based on either the New Zealand Kiwibank model or the German Sparkassen model, both of which have been found to be valid models;

Ellen Brown, President, Founder and Senior Advisor of the U.S. Public Banking Institute had the following to say in her article

'The Kiwibank Model: Postal Banks to Serve Local Communities' - "... Postal banks are now thriving in New Zealand, not as a historical artefact but as a popular new innovation. When they were instituted in 2002, it was not to save the Post Office but to save New Zealand families and small businesses from big-bank predators. By 2001, Australian mega-banks controlled some 80% of New Zealand's retail banking. Profits went abroad and were maximized by closing less profitable branches, especially in rural areas. The result was to place hardships on many New Zealand families and small businesses.

Suddenly, New Zealanders had a choice in banking. In an early "move your money" campaign, they voted with their feet. In an island nation of only 4 million people, in its first five years Kiwibank attracted 500,000 customers away from the big banks. It consistently earns the nation's highest customer satisfaction ratings, forcing the Australia-owned banks to improve their service in order to compete."

The Kiwi (Post) Bank option is possibly the last chance to save Ireland's Post Offices & An Post. The recent rise in postal prices and other proposed changes will not suffice; substantive solutions are required to save the network and develop a system that is an alternative to predatory pillar banks.

We must consider that in Ireland the Commercial Banks have over 95% of the market, whereas in Germany the Commercial Banks including Deutsche Bank & Commerzbank AG have only 12% of

the market. 70% of German Banking is provided by Community Banks, lending locally to the productive economy, without engaging in speculation or securitisation.

Community Banks in Germany have a 200 year history; they have built & continue to fund the 4th biggest economy in the world and have never needed any taxpayer's money.

There is no reason why An Post & the Post Office network could not take its rightful share of the banking market in Ireland and secure their future. Your local Post Office could become your local bank and become part of the proposed comprehensive publicly owned banking network which would include SME focused Community Banks and also the Credit Unions, together providing an alternative and competition to the current commercial banking monopoly.

Please lobby your local political representative to support, promote and implement this initiative before it is too late.

An Post Bank could become a State Bank similar to the Bank of North Dakota (BND). All State funds are processed through the BND and the States reserves are managed by this State Public Bank to provide funds to the banking system granting its support to their productive lending activities. 83% of North Dakota's banking is locally owned community banking and Credit Unions. The BND has returned a profit to the State of North Dakota (750k people) of \$1bn over the last 20 years.

The PBFi also propose that An Post Bank become the primary administrator of Mortgage Credit for first time buyers of the average priced house, for those on the average wage. This service can be provided for a nominal percentage administration fee as opposed to charging interest for the life of the mortgage.

The current mortgage process works as follows; the customer signs a 'loan contract', legally this is considered to be a 'promissory note' (a promise-to-pay or a security), the bank is purchasing this security. It then owes the customer the said amount in the contract; but the bank does not pay-out. They just record it as a 'credit' in the record of their debts. No money is transferred from elsewhere.¹ The bank simply types this 'credit' into an account for the customer. We use this credit as money and the bank charges interest on it. The bank puts nothing of actual value into the transaction. The only value in the transaction is provided by the customers 'promise to pay'.

The banks are essentially gouging huge sums of interest payments from the public for merely administering the nation's credit, on which they have a total monopoly.

Lessons must be learned from the crash of 2008 and the subsequent private commercial bank bailout; a recurrence, or the export of another generation is not an option. The current private commercial banking system fully controls our credit system and thereby controls and shapes our economy. We desperately need a banking system that works in the public interest and supports the local economy, as opposed to the current risk-prone, profit-maximising and shareholder return focused commercial banking duopoly. Bank Number Statistics: North Dakota has 89 community banks, Germany has 1,400; Ireland has zero.

By the **PBFi Executive:**

Contact PBFi - E-mail: admin@republicirelandbank.com

Website: www.RepublicIrelandBank.com PBFi on Twitter: [@IrlPublicBanks](https://twitter.com/IrlPublicBanks)

1. Reference Professor Richard Werner 2014/2016: https://youtu.be/MechH0ebs_c?t=8m50s