

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Before Commissioners:

Michael Kubayanda, Chairman;
Ann C. Fisher, Vice Chairman;
Mark Acton;
Ashley E. Poling; and
Robert G. Taub

Annual Compliance Report, 2021

Docket No. ACR2021

COMMISSION INFORMATION REQUEST NO. 1

(Issued January 7, 2022)

To clarify the basis of the Postal Service's Annual Compliance Report (ACR), filed December 29, 2021,¹ the Postal Service is requested to provide written responses to the following questions. Answers should be provided to the individual questions as soon as they are developed, but no later than January 14, 2022.

1. The Postal Service recently initiated a pilot program to expand consumer financial services by allowing postal retail customers to cash payroll and business checks in exchange for stored value gift cards (Pilot Program).²
 - a. Please identify the date(s) on which the Pilot Program was initiated, and in which locations it was implemented.

¹ United States Postal Service FY 2021 Annual Compliance Report, December 29, 2021.

² See Jory Heckman, *USPS pilot expands postal banking services after years of skepticism*, Federal News Network (October 4, 2021), available at <https://federalnewsnetwork.com/agency-oversight/2021/10/usps-pilot-expands-postal-banking-services-after-years-of-skepticism/>.

- b. Please identify and provide any market research or outreach the Postal Service conducted prior to implementing the Pilot Program that demonstrates a customer need or existing customer demand for the exchange of payroll or business checks for single-use gift cards.
- c. Please discuss the Postal Service's rationale to commence the Pilot Program without Commission review, especially in light of the statement attributed to a Postal Service spokesperson that ties the Pilot Program to "[o]ffering new products and services that are affordable, convenient and secure aligns with the Postal Service's Delivering for America 10-year plan...." See Heckman n.2, *supra* (emphasis added).
- d. Please confirm the fee charged for purchasing a single-use gift card is \$5.90, independent of the value of the gift card purchased.
- e. Please confirm the maximum accepted payment for a gift card by business or payroll check, including any fees for said gift card, is \$500. If not confirmed, please explain.
- f. Please confirm that the only payment methods accepted by the Postal Service for the gift cards in the Pilot Program are payroll and business checks and not personal checks. Additionally, please identify the criteria the Postal Service uses to classify a check as a "business check."
- g. Please explain whether the payroll or business check must be used in its entirety in payment for one or more gift cards totaling \$500 less the number of \$5.90 fees.
- h. Please identify any limit the Postal Service places on the frequency of transactions for single-use gift cards purchased as part of the Pilot Program, and how the Postal Service enforces those limits. For example, is a single customer able to purchase multiple gift cards with separate checks as part of separate transactions?

- i. Please explain whether the Postal Service is able to track gift card purchases made by payroll or business check across locations or shifts. If so, how?
- j. Please confirm that the Postal Service will not exchange any portion of a business or payroll check for cash, e.g., in instances where the value of the check is greater than the value of the gift card(s) and applicable fee(s).
- k. Please explain whether the single-use gift cards are returnable, and if so, how the Postal Service refunds a transaction paid by a payroll or business check.
- l. Please explain how the Postal Service intends to evaluate the success or failure of the Pilot Program, providing specific metrics or criteria if applicable.
- m. Please identify any plans for expanding the Pilot Program (either to new locations or other payment methods) in the next fiscal year, if applicable. Alternatively, please describe in detail any plans for termination of the Pilot Program, if applicable.
- n. Please provide the total cost, revenue, and volume data for the Greeting Cards, Gift Cards, and Stationary products sold as part of the Pilot Program disaggregated by gift card amount and payment method as of the date of this request.
- o. Please explain the types of training, if any, the Postal Service expects that mail clerks will need in order to provide financial services, including how to identify potentially fraudulent payroll or business checks. Please include a description of any existing training for mail clerks that may be applicable to the provision of financial services.
- p. Please describe any training or guidance materials provided to Postal Service employees at the Pilot Program locations.

- q. Please explain the types of safeguards, if any, the Postal Service has in place in order to confirm the validity of payroll and business checks, *e.g.* the use of external companies that provide immediate, electronic guidance on check validity.
2. In Docket No. MC2014-26, the Postal Service sought to add Gift Cards as a price category within the Greeting Cards and Stationary competitive product.³ In its request, the Postal Service states that “[g]ift cards purchased at Post Offices are likely to be mailed, similar to greeting cards and stationary,” and “that selling gift cards at Post Offices will foster the use of the mails.” Docket No. MC2014-26 Request at 7. It further states that “selling gift cards at Post Offices qualifies as a postal service, since sales would be ancillary to the delivery of letters and mailable packages.” *Id.* at 10.
 - a. Please explain the Postal Service’s rationale as to whether customers purchasing gift cards with payroll or business checks are likely to mail those gift cards.
 - b. Please estimate the number of gift cards purchased with payroll or business checks that were mailed during the Pilot Program.

By the Commission.

Erica A. Barker
Secretary

³ See Docket No. MC2014-26, Request of the United States Postal Service to Add Gift Cards as a New Price Category in the Greeting Cards and Stationary Product, June 9, 2014 (Docket No. MC2014-26 Request).