

RURAL INDEPENDENT GROUP

SUBMISSION TO THE CONSULTATION ON LOCAL COMMUNITY BANKING

28th March 2017

Dear Minister Ring,

As outlined in the Programme for a Partnership Government, this government committed to advancing a new model of 'community banking'.

We are all aware of the vital social and economic value of the post office, particularly for Rural Ireland. Community banking would secure the viability of the post office network throughout the state by enabling banking services, including bank accounts through the post office network and enabling credit services, including bank loans, micro-loans and credit cards through the post office network.

The Rural Independents Group fully support the concept of Community Banking based particularly on either the Kiwibank model in New Zealand or the German Sparkassen model.

You will recall that In November of last year the Rural Independent Group introduced a Dáil Motion that received unanimous support which called on the Government to:

- implement an action plan for the Post Office Network within 3 months;
- implement a new Community Banking service operated by an Post to be made available in all Post Offices throughout the country.

We also called for the government to agree a once off Capital Investment Fund for the further modernisation of the Post Office Network to enable the widespread provision of banking services in rural and disadvantaged urban areas, most of which have been completely abandoned by the current banking model.

The Rural Independent Group fully support the work of the Public Banking Forum of Ireland who's recent analysis demonstrated that Irish commercial banks which are the so called "pillar banks" hold a market share of roughly 95% of the Irish market, whilst German commercial banks which include Deutsche Bank, and others hold a mere 12.5% share of the German banking market.

The banking model in this state needs a root and branch reform. We simply cannot allow the punitive monopoly of the pillar banks to continue as they maintain their stranglehold on the creation

of credit and insist on operating from principles directly opposed to the public good. We believe that Community Banking can offer a viable alternative to our current model.

We welcome this consultation period, however, It is vitally important that this issue is progressed as a matter of priority and we look forward to a positive outcome from your Department and some progress on the establishment of Community Banking to help secure the future of Rural Ireland.

Yours sincerely,

Mattie McGrath

Mattie McGrath TD

Michael Healy Rae

Michael Healy Rae TD

On behalf of the Rural Independent Group

Relevant Articles in relation to Community Banking

Providing Low-Cost Banking by Saving the Post Office – Ellen Brown

<http://www.counterpunch.org/2015/03/27/providing-low-cost-banking-by-saving-the-post-office/>

By @NatCounterPunch

Postal banking already a success

Countries as varied as Germany, Japan and New Zealand have successful postal banking services. The Japan Post Bank is the country's largest holder of personal savings.

For more than a century, what is now known as the Japan Post Bank accepted deposits but did not lend, instead handing [deposits to the Ministry of Finance](#), which used the funds to finance public-works projects. In 2001, the bank began direct lending instead of sending its deposits to the ministry. But this was accompanied by a privatization scheme. That scheme was halted in 2009, and has not been re-instituted despite the return of the conservative Liberal Democratic Party that originally pushed for the privatization. The bank would be a huge prize for private bankers, as it reported net income of ¥355 billion (US\$3.0 billion) for its fiscal year 2014.

New Zealand's Kiwibank was founded in 2002. Big Australian banks had controlled 80 percent of New Zealand's retail banking, and those multi-nationals were quick to close less profitable branches. To provide financial services to underserved communities, and keep capital at home for local investment, the New Zealand government established Kiwibank as a subsidiary of New Zealand Post, putting its branches in post offices. [The results were swift](#), reports public-banking advocate Ellen Brown:

“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.”

Kiwibank reported [net income of NZ\\$100 million](#) (US\$76 million) for its fiscal year 2014. The bank reports it now has 860,000 customers.

Germany's Postbank is also highly profitable, reporting fiscal-year 2014 [earnings of €431 million](#) (US\$473 million). The bank specializes in providing “simple, low-cost products for day-to-day needs,” and says it has 14 million clients, including more than 300,000 small and mid-sized companies.

Germany's Postbank

One of Germany's largest banks for private customers

Deutsche Bank gained a majority stake in the firm through a tender offer completed in December 2010

With around 14 million customers, 19,000 employees and total assets amounting to €149 billion, the Postbank Group is one of Germany's largest financial service providers. It focuses on business with private customers and with small and medium-sized companies.

Private customers

Postbank offers its private customers simple, low-cost products for their day-to-day needs. The products offered range from payment transactions and deposit and lending business to bonds, investment funds, insurance policies and home savings contracts.

Postbank is easily accessible for its customers at its branches, online or by telephone. It has the most dense branch network of any bank in Germany. At its own over 1,000 branches, it offers extensive financial services as well as postal services. In addition, there are over 4,500 Deutsche Post partner branches where selected Postbank financial services are available, as well as 700 Postbank Financial advisory centers. 3,000 mobile advisors support Postbank's customers, particularly with mortgages and retirement provisions.

In online and telephone banking, Postbank boasts a leading position in Germany. A total of 9 million customer accounts are activated for online banking. And 9 million customer accounts can be accessed via telephone banking. This direct trend is still on the rise.

Business and corporate clients

About 300,000 companies in Germany are Postbank customers. In the area of business clients, it supports self-employed professionals, freelancers, business proprietors, associations and condominium owners' associations. It offers them simple and attractive solutions covering the major requirements with regard to payment transactions, financing, investment and provisions.

In business with its corporate clients, Postbank draws on its core competencies, offering solutions for payment transactions, commercial real estate financing, traditional corporate financing for SMEs, factoring and leasing, and investment management. PB Firmenkunden AG, a Postbank Group company, supports Postbank's corporate clients in person and by telephone.

Why Bernie Sanders Wants Post Offices To Offer Banking - Newsy

<https://youtu.be/-dBGnrI9ml0>

Video: Post Office Should Provide Banking Services <https://youtu.be/mgL9kwGHTpY> Published on Mar 19, 2014

Ends