

TD Bank launches a new lending program through Canadian Post Office

Article

The news: TD Bank launched a new program that will allow [Canadian Post Office](#) users to secure a small loan up to \$30,000.

Canada Post gets an upgrade: The MyMoney program is launching after a successful [pilot](#) that started last year. It currently operates in 6,000 post offices nationwide.

- Borrowers can access loans in amounts ranging between \$1,000 and \$30,000.
- TD Bank is responsible for setting the interest rates. Citizens do not need to have a bank account or prior credit to apply for a loan.
- Applications are submitted online or by phone, and a TD Bank representative is available to help with the application process.
- Throughout the pilot, citizens took loans for reasons ranging from covering emergencies to consolidating loans.

The program aims to bring credit services to rural, remote, and indigenous communities, and TD Bank and the Post Office hopes to expand the program to offer other financial products in the near future.

The Canadian Post already offers products and services such as international remittances, money orders, and prepaid gift cards that together amount to five million transactions worth \$2 billion a year.

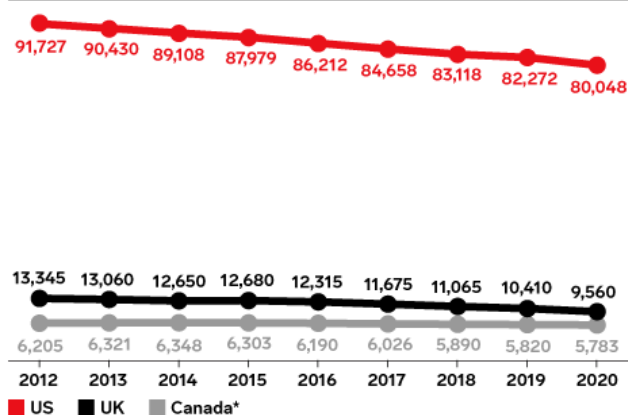
Financial exclusion in Canada: Postal banking existed in Canada until 1968, when the [program folded](#) due to intense lobbying from the banking sector. But talk of [bringing back postal banking](#) has been stirring.

- According to Prosper Canada, 3% of the Canadian population is [unbanked](#), meaning they don't have a checking or savings account. 15%, or five million Canadians, are considered underbanked.
- One major barrier to getting the needed financial products is low or bad credit. Only 16% of lenders have a system in place to provide loans to customers with poor credit. And one-third of those lenders admit that customers with poor credit will receive no service.
- As a result of these exclusionary behaviors, nine million Canadians are considered [credit unserved or underserved](#), per TransUnion.
- Additionally, Canada is home to more than 700 indigenous communities. But [only 66 bank branches](#) serve these communities, meaning 90% of them don't have access to a local bank.

Postal banking around the world: Postal banking existed in the US from 1911 to 1967, but the program was ended due to a lack of use. US consumers preferred to bank in the [private sector](#). But successful postal banking systems exist in much of Europe, with the system in the UK expanding rapidly.

- The cost of living crisis in the UK has caused citizens to turn to cash to [aid in budgeting](#) and handling day-to-day expenses. But the sweeping number of bank branch closures in recent years has made it more difficult for citizens to access cash. As a result, many are turning to the Post Office for cash withdrawals.
- The UK Post Office also partnered with **Western Union** in May to expand in-person [remittances](#).

Total Bank Branches in the US, the UK, and Canada*, 2012-2020



Note: *Canada branch data is based on figures as of Oct 2020 from BMO Financial Group, CBIC, Canadian Western Bank, HSBC Bank Canada, Laurentian Bank of Canada, National Bank of Canada, Royal Bank of Canada, Scotiabank, and TD Financial Group
 Source: Federal Deposit Insurance Corporation, Dec 2020; Canadian Bankers Association, Dec 2021; UK Parliament House of Commons Library, Oct 2021; National Credit Union Administration, March 2022

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The big takeaway: The digitization of the banking industry has shifted the ways in which people interact with their bank and has brought about many positive changes. But the technological advancements have left some underserved communities even further behind. Branch closures have made access to the internet mandatory to engage with digital banks. And even then, not all digital banks offer a full array of financial products like lending. Offering financial services in community settings like a post office may be the only financial lifeline that these communities have.

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