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Tlaib, Ocasio-Cortez Offer Bill to Create National Public Banking System.

Democratic Reps. Alexandria Ocasio-Cortez (N.Y.) and Rashida Tlaib (Mich.) on Friday introduced a bill to create a federally chartered and supported public banking system.

Called the Public Banking Act, the bill would develop a system through which the Federal Reserve System and Treasury Department would recognize, offer grants and open credit facilities for nonprofit banks. These banks would be intended to compete with the commercial banking industry and would be barred from charging fees on checking or savings accounts, requiring minimum balances and levying interest rates of more than 15 percent.

Tlaib and Ocasio-Cortez said the bill is intended to expand access to financial services in areas where a large portion of the population is unable to afford conventional banking services. Nearly 30 percent of those without bank accounts cited an inability to meet minimum balance requirements as the main reason they did not use a bank, according to a June 2019 survey conducted by the Federal Deposit Insurance Corp., and nearly 49 percent said it was at least a contributing factor.

“From overdraft fees to charging for having a checking account period, Wall Street-run banks put key financial services out of reach for many of my residents who are struggling to make ends meet,” Tlaib said in a statement

“It’s long past time to open doors for people who have been systematically shut out and provide a better option for those grappling with the costs of simply trying to participate in an economy they have every right to—but has been rigged against them.”

Tlaib and Ocasio-Cortez said the bill is also intended to give local governments, community development projects and small businesses easier access to loans and federal financial relief programs as they grapple with the damage wrought by the coronavirus pandemic.

“The creation of public banks will also facilitate the use of public resources to construct a myriad of public goods including affordable housing and local renewable energy projects,” Ocasio-Cortez said in a statement. “Public banks empower states and municipalities to establish new channels of public investment to help solve systemic crises.”

The bill from Tlaib and Ocasio-Cortez, both members of the House Financial Services Committee, is the latest push from progressive Democrats to create federally funded and supported alternatives to the financial sector.

House Financial Services Committee Chairwoman Maxine Waters (D-Calif.) in June introduced a bill that would order banks within the Federal Reserve System to offer “FedAccounts” with similar terms as specified in the Public Banking Act.

A task force set up by Democratic presidential nominee Joe Biden and Sen. Bernie Sanders (I-Vt.) in July also called for the creation of a government-run banking system set up through the Federal

Reserve and U.S. Postal Service.

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