



Consumer Federation of America

Cashed Out: Consumers Pay Steep Premium to “Bank” at Check Cashing Outlets

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Executive Summary

Many consumers without traditional bank accounts pay high fees to perform basic financial transactions such as cashing checks and paying bills at fringe financial outlets. This report documents the significant fees that check cashing outlets charge to cash checks, sell pre-paid debit cards, make wire transfers and extend short-term payday loans. Consumer Federation of America (CFA) has surveyed the fee schedules and posted disclosures of check cashing outlets for the past twenty years. The surveys have consistently found that consumers without bank accounts (the unbanked) and those who use check cashers for speed and convenience pay a steep price for these services and many of these costs have been rising even as technology has reduced the costs of these transactions for banks over the past two decades. Check cashers also make two-week term payday loans based on personal checks held for future deposit at effective annual interest rates between 390 and 780 percent. Additionally, CFA examined the effectiveness of state consumer protection laws regulating check cashing outlets and found that the state laws provide minimal protection to the most financially vulnerable consumers.

- **Cost to Cash Benefit Checks Increased:** In 2006, the 2.44 percent charged by average check cashing outlets to cash Social Security checks was 15.6 percent more expensive than the 2.11 percent charged a decade earlier. The 2006 rate was significantly (53 percent) higher than the 1.59 percent charged in 1987.² On average, it costs \$24.45 on average to cash a \$1,002 Social Security check in 2006.

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² CFA's surveys in 1987 and 1997 primarily focused on Social Security benefit checks.

- **Cost to Cash Paychecks Grows:** The cost to cash hand-written paper checks has grown steadily over the past two decades. In 2006, the 4.11 percent charge to cash a paper payroll check was 75.6 percent higher than the 2.34 percent charged in 1997 and 152.7 percent higher than the 1.62 percent charged to cash a paycheck in 1987. A blue-collar worker using check cashing outlets to cash their paycheck pays an average \$19.66 every week to cash a \$478.41 check.
- **Payday Loans at Check Cashing Outlets are Expensive:** Two-thirds of check cashers in states that authorize them also make payday loans, cash loans based on the borrower's personal check held for future deposit by the lender. Typical loans are for over \$300, due on the borrower's next payday, and cost \$15 to \$30 per \$100 loaned or 390 to 780 percent annual percentage rate. Average payday loans at check cashing outlets were offered with more than 400 percent annual percentage rate. To qualify for a payday loan, a consumer only needs a bank account and a source of income.

I. Introduction

Consumers without bank accounts conduct basic financial transactions largely outside the mainstream banking system. These unbanked consumers still need to cash their payroll or government benefit checks and pay their bills. Most unbanked consumers purchase these transaction services at fringe financial outlets which provide many of the services that traditional transaction or checking accounts provide but typically for higher fees.³ Check cashing outlets are the most commonly used fringe financial establishments. These outlets are more common in lower- and moderate-income commercial urban neighborhoods than traditional bank branches, but increasingly check cashing outlets are expanding into suburban areas to follow their customers who hold lower-wage jobs at basic-skills service-oriented jobs.⁴

Financial services have diverged into a two-tiered system with consumers segregated by income and financial sophistication. More affluent consumers receive a wide range of services from federally regulated depository institutions including banks, thrifts and credit unions. Many lower-income consumers without bank accounts or adequate balances in bank accounts receive lower-level and higher-cost services from a patchwork of storefront operations that fall between the regulatory cracks and lack adequate consumer protections. These unbanked and underbanked consumers represent a considerable market opportunity for financial services companies. In 2005, the unbanked and underbanked bought \$3 trillion of goods and services with cash and money orders.⁵ Too often, these consumers pay a premium to get access to their funds at fringe financial outlets.

³ Samolyk, Katherine A., FDIC Division of Insurance and Research "The Unbanked: What do we know about them?" Undated, on file with author.

⁴ Kelsky, Richard B., "Securing Customer Dignity," *Cheklis*, Fall 2003, pages 36, 38.

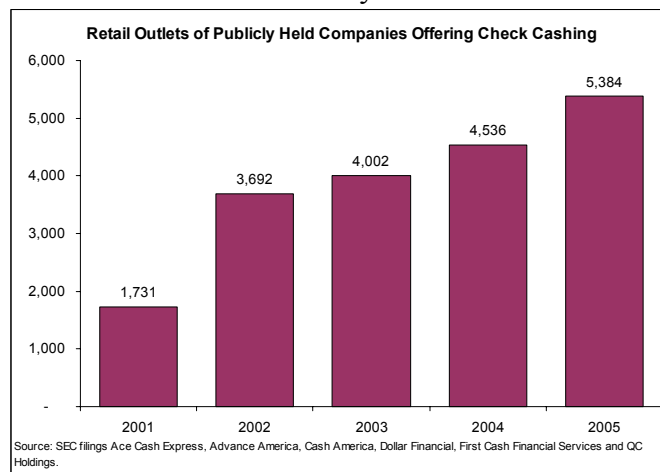
⁵ "Unbanked: Why Some Say the Time is Now," *American Banker*, June 7, 2006.

Even consumers with bank accounts may utilize check cashers out of convenience. Some consumers may utilize check cashers which are more conveniently located and open for business where they work or live than bank branches. Additionally, consumers with low balances in checking accounts may be unable to cash checks at their banks without sufficient off-setting balances and instead must deposit checks and wait for them to clear. These consumers may then have to wait for the check hold period to expire before they can convert the deposited check into cash.⁶ Check cashers provide immediate cash without waiting for the check to clear but at a high cost. One national check cashing firm noted that “customers might save money by depositing their checks in a bank and waiting for them to clear.”⁷

II. Check Cashing Industry

The number of check cashing outlets grew steadily during the 1990s and the industry continued to rapidly expand over the past five years. Between 1994 and 2000, the check cashing industry more than doubled in size. In 2000, there were more than 6,000 check cashing outlets that generated \$1.5 billion in fees.⁸ By 2005, there were an estimated 13,000 check cashing stores – more than double the number five years earlier.⁹

Check cashing outlets continue to generate significant revenues. Although the rise in electronic transactions and direct deposit of payroll and Social Security checks have impacted the check cashing industry, a significant number and dollar value of paper checks are redeemed at check cashing outlets every year. More than 180 million checks worth more than \$55 billion are processed by the check cashing industry every year.¹⁰ The other



ancillary business lines also generate significant revenue for check cashers. Check cashers sell about a fifth (22 percent) of the money orders in the U.S. worth about \$20 billion and wire a tenth of the country’s money transfers worth \$4 billion per year.¹¹

⁶ Under rules set by the Federal Reserve, a bank can hold a local check deposit made on Friday until the next Tuesday before the customer can access the funds. Some checks can be held as long as five days, even if the check is drawn on the bank where it is deposited.

⁷ ACE Cash Express, SEC 10K filing, June 30, 2006 at 5.

⁸ National Community Investment Fund, Retail Financial Services Initiative, *From the Margins to the Mainstream: A Guide to Building Products and Strategies for Underbanked Markets* “Using Fringe Products as a Doorway to the Mainstream: Building Check-Cashing Partnerships” November 11, 2005.

⁹ ACE Cash Express, SEC 10K filing, June 30, 2006 at 5.

¹⁰ Rhine, Sherrie L.W, William H. Greene and Maude Toussaint-Comeau, “The Importance of Check-Cashing Businesses to the Unbanked: Racial/Ethnic Differences” *The Review of Economics and Statistics*, Vol. 88, No. 1, March 28, 2006 at 146-157.

¹¹ Goldman, Gerald and James R. Wells, Financial Service Centers of America, Inc., “Check Cashers are Good Bank Customers,” 2002 at 8.

The majority of check cashing outlets are independent storefront operations or small, local chains, but national chain operations are growing. The nine national check cashing companies control less than 35 percent of the national market.¹² A CFA analysis of publicly-traded personal financial service companies found that the number of retail outlets offering check cashing services more than tripled between 2001 and 2005 – from 1,731 in 2001 to 5,384 in 2005 – a 211 percent increase.¹³ The check cashing chains expect their market share to increase through consolidation and expansion because the national companies benefit from economies of scale, integrated technology and the ability to more easily offer new products.¹⁴

Consumers that utilize check cashing outlets are relying on check cashers more frequently. About half (49 percent) of check cashing customers use check cashing outlets once or twice a month and about a third (29 percent) use check cashing outlets at least once a week.¹⁵ More than a quarter (26 percent) of check cashing outlet consumers reported that they were using check cashing services more than in the past.¹⁶ Moreover, check cashing companies expect the market for check cashing and other non-bank financial services to increase because the real income of moderate- and lower-income households is expected to stagnate or decline.¹⁷

A. Check Cashing Business Model and Products

Check cashers typically offer a fairly wide range of services to their customers. For most retail outlets, cashing checks is the core business. Check cashers process checks for a fee, typically a percentage of the check's face value that varies by the type of check being cashed. Beyond cashing government and payroll checks, selling money orders, making wire transfers and offering short-term payday loans, many check cashing outlets offer other services. These may include paying utility bills, direct deposit accounts, pawn shop services, selling mass transit fare cards or tokens, selling pre-paid telephone cards, offering currency exchange services, as well as selling postage, lottery tickets and business services like photocopying and fax services.¹⁸ Check cashing is also provided through electronic terminals, such as at retail stores and through 7-Eleven Stores' Vcom machines in over a thousand locations.¹⁹

¹² ACE Cash Express, SEC 10K filing, June 30, 2006 at 5.

¹³ CFA analysis of Securities and Exchange Commission 10K filings for Ace Cash Express, Advance America, Cash America, Dollar Financial, First Cash Financial Services and QC Holdings.

¹⁴ Dollar Financial Corp., SEC 10K filing, June 30, 2006 at 5.

¹⁵ Mower, Eric, Associates Market and Research Services, report commissioned by the Financial Service Centers of America, "FiSCA Customer Satisfaction Research Final Report," October 13, 2000.

¹⁶ *Ibid.*

¹⁷ ACE Cash Express, SEC 10K filing, June 30, 2006 at 4.

¹⁸ Goldman, Gerald and James R. Wells, Financial Service Centers of America, Inc., "Check Cashers are Good Bank Customers," 2002 at 8; CFA found that about an eighth (13.4 percent) of the outlets offer the ability to make direct deposits into a limited bank account and a minority of outlets (7 stores accounting for 4.1 percent) offered pawnshop services.

¹⁹ www.7-eleven.com/products/vcom.asp, visited November 2, 2006. Vcom is a 24-hour check cashing machine that also provides ATM services, Western Union money orders and transfers, bill payment, and

CFA 2006 Survey of Check Cashing Outlets Finds High Costs

In the summer of 2006, CFA and participating organizations surveyed 172 check cashing outlets in 22 states.²⁰ The survey determined the services available, the costs for these services and the availability of disclosures. CFA compared the 2006 survey to the results of similar surveys conducted in 1997 and 1987 to determine the longitudinal cost of services at check cashing outlets.

Check Cashing Services and Fees

Check cashing outlets are most likely to cash government checks and are more likely to cash computer generated payroll checks than hand-written payroll checks. Only half were willing to cash personal checks. Nearly one in five (18.0 percent) of the outlets required consumers to become “members” or to purchase check cashing identification cards in order to cash their checks. There was an average membership fee of \$3.61 at the outlets that disclosed their membership fees. Half of the outlets that had membership fees (14 of the 31 outlets that charged membership fees) charged an additional first time use fee averaging \$2.65.

The high cost of cashing checks at check cashing outlets exceeds the cost of processing the checks. The cost of processing checks is fairly low and the risk is fairly minimal. For example, the per item cost to process government checks under the Federal Reserve automated clearinghouse is about four cents.²¹ Moreover, losses from uncollected checks also are low. The Financial Service Centers of America, the check cashers’ trade association, found that less than 1 percent of checks presented to check cashers are returned and between 80 and 90 percent of these checks are ultimately collected.²² For the national chains, the figure is much lower. ACE Cash Express calculates that returned uncollected checks account for 0.11 percent of the company’s fee revenue.²³ Dollar Financial calculated that net write-offs after collection accounted for 0.31 percent of the checks that were cashed.²⁴

Verizon Long Distance Services. Ad states “...there are NO CREDIT CHECKS. So your approval is virtually guaranteed.”

²⁰ More than half (57.6 percent) of the surveyed outlets were in high traffic commercial areas. About a third (32.0 percent) were in inner-city neighborhoods and more than half (56.4 percent) were in predominantly minority areas. One sixth (16.3 percent) of the outlets were in suburban areas outside the city limits. Local consumer groups across the country were provided a survey instrument and instructions on collecting information from check cashing outlets. Information was collected from advertisements in phone directories, phone calls to outlets, information posted or available to consumers at the check cashing outlets and from store personnel. Outlets were selected from phone book listings and surveyors often made multiple phone calls and visits to solicit the necessary information from the outlets.

²¹ Federal Reserve Bank of Richmond, 2006 Check Forward Collection Service – Richmond Office Processed at the Baltimore Office, see footnote 5, effective August 1, 2006.

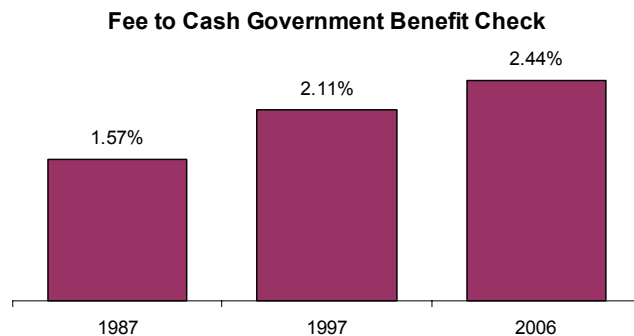
²² Goldman, Gerald and James R. Wells, Financial Service Centers of America, Inc., “Check Cashers are Good Bank Customers,” 2002 at 2.

²³ ACE Cash Express, SEC 10K filing, June 30, 2006 at 10.

²⁴ Dollar Financial Corp., SEC 10K filing, June 30, 2006 at 10.

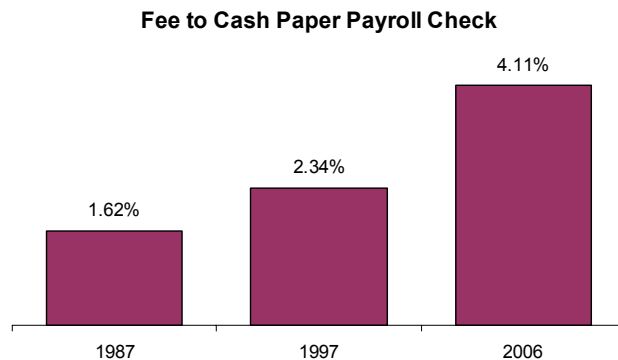
- Cashing Government Benefit Checks:** Nearly all (162 or 94.2 percent) of the outlets would cash government benefit checks. The fees ranged from 1 percent of the check's value to 5 percent, with an average charge of 2.44 percent. One in ten (16 outlets or 9.9 percent) of the outlets that cash benefit checks refused to inform the surveyors on the phone what they charged to cash Social Security checks. Some of the companies had flat fees of a dollar or two, several charged a small percentage fee and an additional flat fee of about a dollar and some had fee schedules that charged slightly higher percentage fees for smaller checks.

- Cost to Cash Benefit Checks Increased:** In 2006, the 2.44 percent charged by average check cashing outlets to cash Social Security checks was 15.6 percent more expensive than the 2.11 percent charged a decade earlier. The 2006 rate was significantly (53 percent) higher than the 1.59 percent charged in 1987.²⁵



- Other Government Checks:** Although nearly all the outlets cashed government benefits checks, slightly fewer outlets (162 or 94.2 percent) cash other government checks such as tax refunds, charging an average of 2.78 percent of the value of the check and ranging between 1.00 percent and 5.90 percent.

- Paychecks:** Nearly all (93.0 percent) of the outlets cashed computer-generated payroll checks generally from large or institutional employers and charged an average of 2.52 percent of the check's value, ranging between 1.00 percent and 5.00 percent. About three out of five (62.8 percent) of outlets cashed hand-written paychecks and charged an average of 4.11 percent, ranging from 1.00 percent to 10.00 percent of the value of the check. Fees for hand-written paper payroll checks were 63.1 percent higher than for computer-generated checks.



- Cost to Cash Paychecks Grows:** The cost to cash hand-written paper checks has grown steadily over the past two decades. In 2006, the 4.11 percent charge to cash a

²⁵ CFA's surveys in 1987 and 1997 primarily focused on Social Security benefit checks.

paper payroll check was 75.6 percent higher than the 2.34 percent charged in 1997 and 152.7 percent higher than the 1.62 percent charged to cash a paycheck in 1987.

- **Most Expensive to Cash Personal Checks:** Only half (50.0 percent) of the outlets would cash personal checks and they charged an average of 8.77 percent of the check's value with prices ranging from 2.00 percent to 15.00 percent of the face value of the check. In 2006, the 8.77 percent charged to cash personal checks is slightly (16.4 percent) lower than the 9.36 percent charged in 1997 but nearly twice as high as the 4.51 percent charged in 1987. More outlets cashed personal checks in 2006. In 1987, 19 percent of outlets cashed personal checks compared to 40 percent in 1997 and 50 percent in 2006.

Payment Services:

Many of the check cashing outlets offer payment services for consumers to pay bills or transfer money. Bill payment services are either formal arrangements with utilities or independent operations. An Office of the Comptroller of the Currency (OCC) survey found that about two out of five (42 percent) unbanked consumers used money orders to pay bills and the majority of them (67 percent) purchased their money orders at check cashing outlets.²⁶ The OCC survey found that more than one in seven (15 percent) of unbanked consumers used bill payment services at check cashing outlets.²⁷

- **Money Orders:** More than four out of five (84.9 percent) of the outlets sell money orders for consumers to pay bills. Four (2.3 percent) provide free money orders and an additional 8 (4.6 percent) provide free money orders in conjunction with other transactions like check cashing. The average fee for a \$100 money order at the outlets that charged fees was \$1.08, ranging from 50¢ to \$16. The average fee is slightly higher than the 50¢ average to buy a \$50 money order in the 1997 study and slightly higher than the ninety-five cents charged by the United States Postal Service for a money order.
- **Wire Service or Remittances:** More than four out of five check cashing outlets offered wire transfer services (83.1 percent). Although 143 of the outlets offered money orders, only 112 or 78.3 percent, disclosed their fees to make a wire transfer to surveyors. The average fee for a \$200 money order remittance to be delivered the next business day in Mexico was \$11.71 and ranged from \$3.00 to \$30.00.
- **Utility Payment Services:** More than half (55.2 percent) of the outlets offer bill paying services for consumers to pay their utility and other bills. The average fee to electronically pay an electric utility bill was \$1.29 and ranged from 78¢ to \$12.95.

²⁶ Dunham, Constance R., Senior Financial Economist, Economic and Policy Analysis Department, Office of the Comptroller of the Currency, "The Role of Banks and Nonbanks in Servicing Low- and Moderate-Income Communities," Federal Reserve of Chicago, *Proceedings*, April 2001 at 54, Figures 7 & 8.

²⁷ *Ibid.* at 38.

Payday Loan Services:

Payday loans are cash loans based on the borrower's personal check held for future deposit by the lender. Typical loans are for over \$300, due on the borrower's next payday, at a cost of \$15 to \$30 per \$100 loaned or 390 to 780 percent annual percentage rate. To qualify for a payday loan, a consumer needs a bank account and a source of income. Check cashers have expanded into payday lending to diversify their products and to bolster revenue. Publicly traded check cashers ACE Cash Express and Dollar Financial Group are among the largest payday lenders.

More than half (53.5 percent) of all surveyed check cashing outlets offer payday loans as well. Payday lending is prohibited by state usury laws or rate caps in five of the surveyed states (Georgia, Massachusetts, Maryland, North Carolina and New York). The survey found that 66 percent (92 of 139) of check cashers located in states where payday lending is legal offer these loans.

Surveyors often found that companies that advertised as check cashers do not actually cash checks for a fee. While some check cashers are also payday lenders, many payday lenders do not "cash checks." In some locales, payday loan companies that do not cash checks for a fee advertise as "check cashers" in Yellow Pages directories. To test the extent of the problem in one state, CFA compared the Verizon Yellow Pages listing for "check cashers" in Roanoke, Richmond, and Newport News, Virginia with lists of Registered Check Cashers and Licensed Payday Lenders posted by the Bureau of Financial Institutions. We found that over half a dozen licensed payday lenders advertised as check cashers (without being registered to cash checks for a fee) in each directory. In Roanoke, only two of the ten "check cashers" listed in the Yellow Pages were registered as check cashers. The other listings were for payday loan stores that do not cash checks and are not registered as check cashers.

- **Payday Loan Size and Cost:** The average maximum loan size at surveyed check cashers was about \$696 and the median maximum loan size was \$500. The maximum loan size ranged from \$250 to \$5,000. The clerks were asked the cost to borrow \$300 for two weeks and they reported an average cost of \$46.85 which translates to 406 percent annual percentage rate (APR).
- **Most Clerks Fail to Quote APRs:** Although payday lenders are required by the federal Truth in Lending Act to quote the cost as an interest rate if any cost is quoted, about three quarters of the clerks reported the loan cost in dollars for the entire loan amount (39.3 percent of the clerks) or the loan cost per \$100 borrowed (35.7 percent of the clerks). Less than a fifth (17.0 percent) of the clerks surveyed disclosed the cost as an interest rate and 8.0 percent of the clerks refused to disclose the cost entirely.
- **Almost Three-Fourths of Stores Fail to Post APRs:** In thirty states, payday lenders are required to post the fees for a payday loan. The posted cost to borrow

\$300 was slightly lower than the cost the clerks reported. The posted cost to borrow \$300 averaged \$49.50 or an APR of 429.00 percent. Under Truth in Lending, advertising the finance charge for a loan triggers the requirement to also advertise the annual percentage rate for the loan. Although a quarter (25.8 percent) of the postings correctly disclosed the cost as an annual interest rate, more than half the postings described the loan cost in dollars for the entire loan amount (27.5 percent of the postings) or in the loan cost per \$100 borrowed (26.7 percent of the postings). Fully one fifth (20.0 percent) did not post the cost of the loan at all.

- One check casher in a state that prohibits these loans offered to hold checks for future deposit for a fee. The surveyor was not quoted a price for the loan.
- Payday lenders generally complied with state limits on the maximum size of loans offered and fees charged. Arkansas check cashers, surveyed prior to the FDIC's halt to "rent-a-bank" lending by state-chartered banks, all offered loans that exceed state limits on size of loan. The highest fees for loans were charged in states with no rate caps. A \$300 payday loan at one outlet in Utah cost \$60 (520 percent APR for a two-week loan) while the same loan at one Wisconsin lender cost \$66 (572 percent APR). Check cashers in Nevada and Oregon charged as much as \$51 for a \$300 loan or 442 percent APR. The lowest payday loan rates were charged in Florida, ranging from \$32 to \$35 for a \$300 loan or 277% to 303% APR for a two-week loan.

Pre-Paid Debit Cards:

Pre-paid debit or stored value cards are growing product lines that are sold and serviced by check cashing outlets. Cash is "deposited" or loaded onto the cards which have the same functionality as a debit card connected to bank accounts – the ability to withdraw cash from ATMs and make point of sale purchases. The proceeds of cashing a check can be loaded onto the consumer's prepaid debit card rather than being delivered as cash. Cards carrying the MasterCard or Visa logo are viewed as prestigious by consumers and can be used as payment instruments where these cards are accepted. This provides unbanked consumers with convenience and some added security compared to carrying or storing all of their income in cash. Stored value cards, however, are not subject to the federal consumer protection laws that govern credit and debit cards, including limits on liability or recourse when cards malfunction, are lost or stolen.

Stored value cards come with a multitude of fees for opening the account, loading money on the card, and for transactions. A consumer using a stored value card will be charged foreign ATM fees when using bank terminals to withdraw cash from the card.

Consumers "save" by leaving unspent funds on cards. The industry has launched a stored value card with a savings component. The All-Access National Savings Program, a partnership between the Financial Service Centers of America and NetSpend Corporation, provides a free savings function for FiSCA member customers who pay to

use the All-Access stored value card. The card pays three percent annual percentage yield and savings are held by Inter National Bank in McAllen, TX and insured by the FDIC.²⁸

Check cashing outlets are offering pre-paid debit cards to diversify their offerings and receive a commission on sales. Prepaid wireless phone card sales at ACE Cash Express grew ten percent a month in 2003 while the company said prepaid debit cards would be the next big opportunity for check cashers.²⁹ In 2006, ACE Cash Express sold 268,000 and loaded \$917 million onto pre-paid debit cards.³⁰

Public benefits once delivered by paper check are increasingly delivered electronically, instead of by paper checks that must be cashed. More than 30 states now use prepaid debit cards to distribute child-support and welfare benefits instead of mailing paper checks.³¹

- **Pre-paid Debit Card Fees:** Just over three fifths (40.1 percent) of the check cashing outlets offered pre-paid debit cards. The average card costs \$10.86 and ranges in price from free to \$1.00 to \$30.00. Many of the cards have additional monthly or weekly fees ranging to about \$5.00 a month. Additionally, four out of five (84.0 percent) of the outlets that offer pre-paid debit cards charge a fee to load money on the card that averages \$3.09 and ranges from free to \$10.00. About half (50.7 percent) of the outlets that offer cards also charge a fee every time the card is used averaging \$1.22.

B. Cost to Consumers to Use Check Cashers

Customers that use check cashing outlets in lieu of banks face high costs to cash checks and pay bills. For example, a Hurricane Katrina evacuee reportedly paid a Wisconsin check casher \$70 to cash a \$2,200 federal check and \$13 to cash a \$451 payroll check.³² For average Social Security benefit recipients, the cost of cashing benefits checks can be fairly high over the course of a year. Social Security benefits checks for single retired workers averaged \$1,002 in 2006 so the 2.44 percent fee amounts to \$24.45 each month or \$293 annually – which amounts to nearly a third of a monthly benefit check.³³ At the most expensive check cashing outlet, the annual cost would be \$601 – more than half a month’s benefit; at the least expensive outlet, the annual cost would be \$120.

The cost of cashing payroll checks at check cashing outlets lowers the earnings of ordinary workers. The average earnings of production and non-supervisory workers,

²⁸ Press Release, “NetSpend® and FiSCA Break New Ground with 3 Percent Annual Percentage Yield on National Savings Program,” PRNewswire, October 9, 2006.

²⁹ Lee, Phillip, “Prepaid Cards Can Pump Profits,” *Cheklis*t, Fall, 2003, page 48, 50.

³⁰ ACE Cash Express, SEC 10K filing, June 30, 2006 at 11.

³¹ Jalili, H. Michael, “Unbanked: Why Some Say the Time is Now,” *American Banker*, June 7, 2006.

³² Schneider, Pat, “Charged Up Over Check Fees/Cashing Costs Excessive, Some Claim,” *The Capitol Times*, Madison, WI, March 3, 2006.

³³ Social Security Administration, press release, “Social Security Announces 4.1 Percent Benefit Increase for 2006,” October 14, 2005.

more than 80 percent of the workforce, was \$543.65 in 2005 and the weekly take home earnings after federal taxes amounted to \$478.41.³⁴ It would cost an average worker \$19.66 to cash an average weekly handwritten paper paycheck at an average check cashing outlet – an annual cost of \$983.16 for fifty paychecks. The cost of cashing paychecks for typical workers would amount to the loss of more than two weeks of pay each year. At the most expensive outlets, the annual cost to cash hand-written checks would be \$1,392.05 and at the least expensive it would cost \$239.21.

The cost to cash computer generated payroll checks is slightly more affordable than cashing handwritten checks, but it still represents a significant cost to workers. Cashing a typical production wage computer generated paycheck of \$478.41 at an average check cashing outlet would cost \$12.05 or \$603.79 annually for fifty paychecks – or more than one week’s pay to cash a year’s worth of paychecks. At the most expensive outlets, the annual cost to cash computer generated checks would be \$1,196.03 and at the least expensive it would cost \$239.21.

These annual costs are significantly higher than consumers would face at banks. The most recent *Bankrate.com* checking account survey found that the average monthly checking account service fee for non-interest accounts was \$2.52 in the fall of 2006 – or \$30.24 annually.³⁵ The cost to maintain an average basic checking account is about one-tenth the cost of cashing a year’s worth of Social Security Checks and one-twentieth the cost of cashing a year’s worth of computer-generated payroll checks. Consumers would quickly save enough in foregone fees to generate sufficient balances to allow them to cash their checks without undue check holding periods by opening basic checking accounts.

C. Depository Institutions form Partnerships to Reach Unbanked

An increasing number of new entrants are entering the check cashing business, partnering with check cashers or offering new model check cashing alternatives. Some depository institutions have formed partnerships with retailers and check cashing networks.

Some depository institutions in New York, New Jersey and Connecticut have partnered with check cashing outlets to provide payroll processing services for the employees of businesses with commercial relationships with the banks.³⁶ In April of 2006, Citibank launched a partnership with 7-Eleven to install Citibank-branded cash machines in over 5,500 stores that will provide wire-transfers, check cashing, and bill payment as well as

³⁴ Mishel, Lawrence, Jared Bernstein and Sylvia Allegretto, *State of Working America 2006-2007*, Cornell University Press, Ithica, NY, January 2007 at Table 3.3; Congressional Budget Office, “Effective Federal Tax Rates Under Current Law, 2001-2014,” August 2004, Table 2 at 10.

³⁵ McBride, Greg, “Bankrate’s Fall ’06 Checking Study: Fees Rise Again,” *Bankrate.com*, October 30, 2006. More than half of these accounts had no minimum balance to open but the average balance to open accounts was about \$90, even including accounts without opening balance requirements.

³⁶ Goldman, Gerald and James R. Wells, Financial Service Centers of America, Inc., “Check Cashers are Good Bank Customers,” 2002 at 3.

ATM cash distribution.³⁷ Customers establish electronic accounts to access federal benefits and then access these funds through a debit card.³⁸

Some New York metropolitan area credit unions formed a program called PayNet deposit that allows credit union members to access their accounts at check cashing outlets. It capitalizes on the commonalities of credit union members and the services offered at check cashing outlets to provide extended service hours and convenience.³⁹ For example, a partnership between Bethex Federal Credit Union and Rite Check Cashing allows credit union members to deposit cash or checks for free (if the check is deposited in full) which essentially expands the number of credit union branches. Credit union members can also cash checks at Rite Check for a fee of 0.5 percent for checks up to \$1,000 – about 80 percent lower than the national average of about 2.5 percent in CFA’s survey and lower than the New York fee cap for check cashing.

D. Check Cashers Partner with Banks to Deliver Direct Deposits

Because government benefits are increasingly being transmitted to beneficiaries electronically as the result of EFT99, the federal program that encourages federal check recipients to receive Social Security and other federal payments by direct deposit, check cashers found other ways to retain those customers.⁴⁰ Check cashers are not eligible to receive their customers’ electronically delivered Social Security or SSI payments, since the Treasury requires that electronic transfer of federal benefits be deposited into an account in the recipient’s name at a federally insured financial institution.⁴¹ Check cashing outlets have developed programs with banks to offer direct deposit/check hybrids to maintain their business line of cashing benefits checks.⁴² About a fifth of the unbanked (19 percent) received electronic benefits transfers of their government benefit payments that were electronically wired to check cashers or other nonbanks where the beneficiaries could receive the benefits in cash or on stored value cards.⁴³ Some direct-deposit accounts offered by check cashers simply convert the electronic payment of benefits back into a paper check which must then be cashed, for a fee. These direct deposit programs are marketed by check cashers as a way to receive government benefits checks a few days earlier than paper checks arrive in the mail and to avoid theft or loss of mailed checks. These hybrid accounts do not bring consumers into mainstream banking relationships and do not provide account privileges, such as the right to use the bank’s ATMs or branches.⁴⁴

³⁷ “Finance and Economics: Into the fold; Americans without Bank Accounts” *Economist*, May 6, 2006.

³⁸ Goldman, Gerald and James R. Wells, Financial Service Centers of America, Inc., “Check Cashers are Good Bank Customers,” 2002 at 3.

³⁹ Jacob, Katy, Center for Financial Services Innovation, “The PayNet Deposit Program: Check Cashier-Credit Union Partnerships and the Point of Banking Machine,” October 2004.

⁴⁰ Komar Storey, Charlene, “EBT Programs May Boost Business,” *Cheklis*, Fall 1998, page 6.

⁴¹ National Consumer Law Center, *Consumer Banking and Payments Law* (3d ed. 2005), page 244.

⁴² Komar Storey, Charlene, “EBT Programs May Boost Business,” *Cheklis*, Fall 1998, p. 6.

⁴³ Dunham, Constance R., Senior Financial Economist, Economic and Policy Analysis Department, Office of the Comptroller of the Currency, “The Role of Banks and Nonbanks in Servicing Low- and Moderate-Income Communities,” Federal Reserve of Chicago, *Proceedings*, April 2001 at 35.

⁴⁴ NCLC, *ibid*, page 244.

For example, River City Bank in Kentucky offers its Dollars\$\$\$ Direct program to check cashers with marketing claims “Now YOU can offer direct deposit to your customers! [...] You can establish a check printing fee from \$0 - \$9.99 for each check that you print. Also, providing direct deposit will keep your customers coming back to you each and every month!”⁴⁵ Republic Bank and Trust Company offers a similar product which is marketed by some check-cashers as the Currency Connection program, and by ACE Cash Express under the name Ace Check Direct.⁴⁶

Through these bank and check casher partnerships, the federal benefits payments of enrollees are deposited and temporarily parked at an account at a bank. The bank then allows the check cashing store to print out a cashier’s check for the full amount of the payment, less service charges, and to release it to the recipient, who then must cash the check. The recipient can only access the federal payment through the check cashing outlet, not at the bank’s branches or ATMs. Often, these accounts are much more expensive than a regular bank account.

Under the Dollars\$\$\$ Direct program, a consumer pays River City Bank a \$2.95 Cashier’s Check Fee for the first payment electronically deposited into the account and an additional \$1.95 for each subsequent payment electronically deposited into the account. The check-casher can then charge an additional Check Printing Fee as high as \$9.99 for converting each payment into a check.⁴⁷ These combined fees do not include any fees charged by the check cashing store for cashing the River City Bank check.

Bank fees for the Currency Connection and ACE Check Direct programs offered by Republic Bank and Trust Company are the same, although Republic Bank and Trust limits the check cashers’ Check Printing Fee to a maximum of \$5.⁴⁸ The check casher, however, can then charge any fee allowed by state law to cash the check. The Republic Bank and Trust product includes a loan product, “Honor’s Checks,” for up to \$200 at a cost of \$10. A \$200 loan costs 135.18% APR, assuming a full 30-day loan term.⁴⁹ The check casher can charge an additional fee for processing the Honors check, making this “payday” type loan even more expensive for benefit recipients. Other vendors marketing electronic benefits and payroll delivery include QuickAcce\$\$ by Petz Enterprises, Inc. which allows check cashers to print and cash payroll and benefits check delivered by direct deposit, including tax refunds, state benefit payments, Social Security, and payroll from any employer providing direct deposit to employees. Check cashers receive a percentage of every transaction.⁵⁰

⁴⁵ Dollars\$\$\$ Direct website, www.dollars-direct.com/, visited May 2, 2006.

⁴⁶ Currency Connection: Check Cashers: Check Products, www.ccrbt.com/check_products.aspx, visited December 19, 2005.

⁴⁷ Dollars\$\$\$ Direct Account Fee Schedule, River City Bank, includes \$14.50 account setup fee, \$2.95 Cashier’s Check Fee, \$1.95 Cashier’s Check Fee for subsequent payments, \$10-\$20 Stop Payment Request, \$15 outgoing wire transfers, \$50 fee for garnishment, and \$10 Cash Advance.

⁴⁸ Currency Connection, *ibid.* \$2.95 for first direct deposit per month, \$1.95 for each additional deposit, \$1 to \$5 check printing fee.

⁴⁹ Currency Connection, *ibid.*

⁵⁰ Quick Acce\$\$ ad, *Cheklis*t, Spring 2005, page 47.

These special accounts provide less protection than a regular bank account. Once funds are transferred to the check casher, the consumer's rights are more limited than while funds are in the bank account in their name. Under Social Security Administration policy, once the funds are under the control of the check casher, it is the check casher's responsibility to make funds available to the recipient. If the funds were deposited into the correct account at the bank, the SSA will require the recipient to deal directly with the check casher if there is an allegation of non-delivery.⁵¹

A legal services organization in Philadelphia has noted that several clients reported check cashers that have refused to turn over benefit payments. In one instance, the check cashing store unilaterally decided that the recipient owed the store money and then refused to turn over the monthly benefits check. The Social Security administration referred her back to the check cashing store to resolve the problem which took three months. Another client sought assistance when she thought the government had reduced her benefits. It turned out that the check casher simply had stopped turning over the state supplemental payment to the client's federal SSI benefits. The bank and the check casher claimed that the money had been erroneously placed in another individual's account.⁵²

E. Wal-Mart Cashes Checks at the Register

The nation's largest merchandise retailer, Wal-Mart, has increasingly offered financial services as well. Wal-Mart sells money orders and wire transfers as well as cashing payroll and benefit checks. More than 3,000 stores process about \$50 million in financial transactions a year.⁵³ Wal-Mart also offers stored value, pre-paid debit cards to purchase Wal-Mart products that can be loaded from credit or other debit cards.⁵⁴

Wal-Mart is uniquely positioned to offer financial services to the unbanked. Wal-Mart's low prices draw a clientele with lower incomes than the national average. About a fifth of Wal-Mart customers do not have bank accounts – double the national rate of 9 percent.⁵⁵ Many Wal-Mart customers and its employees take advantage of the services offered by Wal-Mart's financial services operations. Wal-Mart processes 1.2 to 1.4 million transactions a week, including money orders, wire transfers and cashing checks.⁵⁶

The company has check-cashing operations in forty-five states and received authorization in October to cash checks in all of its Massachusetts locations.⁵⁷ Wal-Mart charges one

⁵¹ Social Security Administration Programs Operations Manual System (POMS) § GN 02406.025(b)(1).

⁵² Memo, Kerry Smith, Community Legal Services of Philadelphia, September 2006, on file with author.

⁵³ Pulliam, Liz, MSN Money, "National Bank of WalMart?"

<http://moneycentral.msn.com/content/Banking/Betterbanking/P109171.asp?Printer>, visited May 25, 2006.

⁵⁴ "WalMart's Financial Vision: In Retail: Focus on Unbanked, Partnerships, Home Grown ATMs," *American Banker*, October 5, 2005.

⁵⁵ Pulliam, Liz, "National Bank of WalMart?" *Ibid.*

⁵⁶ "WalMart's Financial Vision: In Retail: Focus on Unbanked, Partnerships, Home Grown ATMs," *American Banker*, October 5, 2005.

⁵⁷ Wasserman, Aaron, "Wal-Mart gets OK to cash checks statewide," *Sentinel & Enterprise*, October 28, 2006.

percent of the face value to cash paychecks and benefit checks with the total fee capped at \$3 (employee paychecks are cashed free and no personal checks are accepted).⁵⁸ In 2005, Wal-Mart cashed \$9.2 billion worth of checks in its stores where check cashing is permitted and only 14 percent of the transactions involved the purchase of merchandise.⁵⁹ Wal-Mart requires a government or military identification or a Social Security card combined with other photo identification to cash a check.⁶⁰

The financial services Wal-Mart offers are generally cheaper than they are at the check cashing outlets CFA surveyed. Wal-Mart's capped 1 percent check-cashing fee is less than half as expensive as the average fee of 2.44 percent to cash government benefit checks. Wal-Mart charges about 50¢ for \$100 money orders compared to an average of \$1.08 charged at the outlets CFA surveyed.⁶¹ Wire transfers to Mexico cost \$10 at Wal-Mart compared to \$11.71 at average check cashing outlets.

F. Bank and Credit Union Check Cashing Fees More Affordable

Depository financial institutions generally offer lower fees to cash checks drawn on their accounts than check cashing outlets. Although the fees to maintain bank accounts can be high, as CFA has noted in past publications, maintaining basic checking accounts can be cheaper than “banking” at the local check cashing outlet. Moreover, cashing checks at the issuing bank is frequently cheaper than utilizing a check cashing outlet, depending on the size of the check. Banks can require non-customers to provide identification before cashing a check drawn on that bank but cannot refuse to cash the check without a valid reason. Under the Uniform Commercial Code, a bank dishonors a check if the bank does not pay the check on the day it is presented over the counter.⁶² Credit unions are permitted to cash checks for their members.

A study published by the Federal Reserve of Chicago noted that some unbanked consumers were saving money on check cashing fees by redeeming their checks at the bank where they were issued. Although nearly three quarters (71 percent) of the unbanked used check cashing outlets to process their checks, nearly a quarter (23 percent) of the unbanked cashed their checks at the issuing banks.⁶⁴

⁵⁸ “WalMart’s Financial Vision: In Retail: Focus on Unbanked, Partnerships, Home Grown ATMs,” *American Banker*, October 5, 2005.

⁵⁹ Bloomberg, Marcia, “Few Attend Wal-Mart Hearing” *The Springfield (MA) Republican*, June 14, 2006.

⁶⁰ ATM Marketplace press release, “WalMart Begins Offering Check Cashing Services” June 14, 2004.

⁶¹ Liz Pulliam, “National Bank of WalMart?” *Ibid.*

⁶² Mark Budnitz and Margot Saunders, National Consumer Law Center, *Consumer Banking and Payments Law*, (3d ed. 2005), page 237.

⁶⁴ Dunham, Constance R., Senior Financial Economist, Economic and Policy Analysis Department, Office of the Comptroller of the Currency, “The Role of Banks and Nonbanks in Servicing Low- and Moderate-Income Communities,” Federal Reserve of Chicago, *Proceedings*, April 2001 at 53, Table 5.

CFA performed an informal, non-representative survey of Washington, DC area banks in the summer of 2006 and found that half of them cashed checks for free and the other half cashed checks for an average of \$4.60 which represents 1.5 percent of the face value of a \$300 check. This confirms earlier surveys of bank check cashing fees. A 2001 Consumers Union survey of banks in Texas found that 82 percent of the banks cashed checks drawn on their own accounts for free and the 18 percent of banks that charged a fee charged an average of \$4.33 or 1.4 percent of the face value of a \$300 check.⁶⁶ These fees represent far smaller shares of the face value of checks than consumers face at check cashing outlets, but more than Wal-Mart charges for cashing government or payroll checks.

| Bank ⁶⁵ | Fee |
|--------------------|-----------------------------------------|
| Amalgamated Bank | No fee |
| Bank of America | \$5 fee (no fee for a personal check) |
| BB&T | \$5 fee |
| Chevy Chase Bank | No fee |
| Citibank | No fee |
| M&T Bank | \$5 fee |
| PNC | \$3 fee |
| SunTrust Bank | No fee |
| United Bank | No fee |
| Wachovia | \$5 (unless issuing company waives fee) |

III. Check Cashing Customers

The number of unbanked Americans remains significant and these consumers are disproportionately likely to utilize check cashing outlets to perform the ordinary financial transactions of daily life. In the U.S., at least 12 million households are unbanked.⁶⁷ Many of these consumers cannot maintain sufficient balances to avoid high monthly fees, write too few checks to need a checking account or have too little income to justify a savings account. Additionally, the decline of bank branches in many lower-income and inner-city neighborhoods has made a banking relationship inconvenient for many consumers. The unbanked rely on a range of patchwork financial relationships to facilitate the necessary financial transactions of day to day life including friends and relatives who cash and write checks, cashing payroll or benefit checks at supermarkets, cashing checks at issuing bank branches and other fringe financial retail outlets like check cashers.

A 2006 study of unbanked consumers by Scarborough Research found that 10.2 million adults lived in households that do not have any relationship with depository financial institutions for making financial transactions.⁶⁸ Unbanked consumers are more likely to be female, younger, lower-income, single and to hold blue collar occupations.⁶⁹ The Federal Reserve found that about one in twelve (8.7 percent) American families does not

⁶⁵ CFA survey of check cashing fees at Washington, DC depository institutions, June 2006.

⁶⁶ Le, Trang, Consumers Union Southwest Regional Office, “Noncustomer Check Fees Reinforce Financial Divide,” October 2001.

⁶⁷ “Finance and Economics: Into the fold; Americans without bank accounts,” *Economist*, May 4, 2006.

⁶⁸ Scarborough Research, “Unbanked Consumers: Unique Opportunities for Financial Marketers,” March 16, 2006.

⁶⁹ *Ibid* at 4-5.

have a bank account according to the latest FRB figures from 2004.⁷⁰ The figures are much higher for lower income households. Nearly a quarter (24.5 percent) of families earning in the lowest quintile (under \$18,900 annually) and about an eighth (12.7 percent) of families earning in the second lowest quintile (between \$18,900 and \$33,900 annually) do not have a transaction account.⁷¹ The unbanked are also more likely to be minorities – nearly a quarter of minorities (24 percent) were unbanked compared to one in twenty (5 percent) white consumers.⁷²

A 2005 survey of more than 2,000 representative consumers commissioned by Consumer Federation of America found that the unbanked are more likely to be lower-income and minority consumers and are more likely to use fringe financial services.⁷³ About one in seven (14.9 percent) of consumers earning under \$40,000 annually had no bank account compared to fewer than one in five (4.3 percent) of consumers earning more than \$40,000 who were unbanked. African American and Latino consumers were significantly more likely to be unbanked than white consumers. Nearly one in five (19.5 percent) of African American and one in seven (15.1 percent) of Latino consumers were unbanked compared to about one in twelve (7.5 percent) of white consumers that were unbanked. Consumers with lower levels of education and consumers with blue collar or service sector jobs are more likely to be unbanked than those with higher levels of education and those with white collar jobs. About one eighth (13.0 percent) of blue collar and service sector workers are unbanked compared to one fifth (4.8 percent) of white collar employees. Only one in thirty (3.3 percent) of consumers with college degrees or more education were unbanked compared to about one seventh (15.7 percent) of those with high school or less education.

In CFA's poll, the unbanked were more likely than those with bank accounts to have used short-term payday loans, tax refund and pawnshop loans than those with bank accounts – all financial services that are often available at check cashing outlets. More than a tenth (11.3 percent) of the unbanked had taken out payday loans in the last year compared to 2.7 percent of consumers currently with bank accounts. About one sixth (16.0 percent) of the unbanked took out tax refund anticipation loans compared to 7.0 percent of consumers with bank accounts. Consumers without bank accounts were six times more likely to take out pawnshop loans than consumers with bank accounts (6.0 percent and 1.1 percent respectively).

The majority of consumers without bank accounts rely on check cashing outlets to facilitate financial transactions. A comprehensive survey targeted at lower-income, inner-city consumers by the Office of the Comptroller of the Currency found that check

⁷⁰ Bucks, Brian K., Arthur B. Kennickell and Kevin B. Moore, "Recent Changes in U.S. Family Finances: Evidence from the 2001 and 2004 Survey of Consumer Finances," *Federal Reserve Bulletin*, 2006 at Table 5.

⁷¹ *Ibid.*

⁷² Rhine, Sherrie L.W, William H. Greene and Maude Toussaint-Comeau, "The Importance of Check-Cashing Businesses to the Unbanked: Racial/Ethnic Differences" *The Review of Economics and Statistics*, Vol. 88, No. 1, March 28, 2006 at 146-157.

⁷³ Consumer Federation of America, Consumer Financial Services Survey, Opinion Research Corporation, November 3-7, 2005.

cashing and money order purchases were significant transactions for the unbanked and that check cashers were market leaders in providing these services.⁷⁴ The survey found that about three fifths (59 percent) of all unbanked consumers used check cashers for some financial service transactions and nearly three quarters (71 percent) of the unbanked that received payroll or benefit checks used check cashers.⁷⁵ Minorities are overrepresented in the population that frequents check cashers; one national check cashing firm estimates that 25 percent of its customers are Latino and 20 percent are African American.⁷⁶

Beyond those who have no bank accounts, an additional 28 million Americans are estimated to be under-banked.⁷⁷ Although check cashers are frequented by the unbanked population, many lower-income consumers with bank accounts also use check cashers. Although more than two-thirds of inner-city, lower-income consumers had some form of bank account, many of those relied on non-bank financial outlets to perform some of their transactions. According to the Center for Financial Services Innovation, 70.4 percent of low- and moderate-income households in Los Angeles, Chicago, and Washington had bank accounts, but many of these consumers with accounts were under-banked, meaning they still relied on non-banks for transactional services. More than a quarter (26.1 percent) of those with bank accounts used check cashing outlets, about half used non-bank outlets to purchase money orders and about a fifth (17.1 percent) used non-banks to make foreign wire transfers.⁷⁸ This conforms with the OCC survey which found that about a third (32 percent) of those with only a savings account used check cashing outlets and a fifth (21 percent) of those with only a checking account used check cashing outlets.⁷⁹

Neighborhoods that are poorly served by the traditional financial sector have much higher concentrations of fringe financial outlets. As bank branches closed in inner-city, lower-income and minority-neighborhoods, check cashers, pawnshops, rent to own stores and payday lenders became the only financial services retail presence for consumers. Check cashing outlets are most frequently found in commercial areas, including the inner-city and suburban strip malls. CFA found that about a third (32.0 percent) of the surveyed outlets were in inner-city neighborhoods and more than half (56.4 percent) were in predominantly minority areas.

The unbanked are more likely to live in low- and moderate-income neighborhoods (neighborhoods where the median income is below 80 percent of the area median

⁷⁴ Dunham, Constance R., Senior Financial Economist, Economic and Policy Analysis Department, Office of the Comptroller of the Currency, "The Role of Banks and Nonbanks in Servicing Low- and Moderate-Income Communities," Federal Reserve of Chicago, *Proceedings*, April 2001 at 32.

⁷⁵ *Ibid* at 36.

⁷⁶ ACE Cash Express, SEC 10K filing, June 30, 2006 at 9.

⁷⁷ "Finance and Economics: Into the fold; Americans without bank accounts" *Economist*, May 4, 2006.

⁷⁸ Seidman, Ellen, Moez Hababou and Jennifer Kramer, The Center for Financial Services Innovation, "A Financial Services Survey of Low- and Moderate-Income Households," July 2005 at 10.

⁷⁹ Dunham, Constance R., Senior Financial Economist, Economic and Policy Analysis Department, Office of the Comptroller of the Currency, "The Role of Banks and Nonbanks in Servicing Low- and Moderate-Income Communities," Federal Reserve of Chicago, *Proceedings*, April 2001 at 37.

income).⁸⁰ A California Reinvestment Coalition study examined three pairs of nearby cities with large income gaps and found that the more affluent cities had 3 check cashing outlets and 55 bank branches and the lower-income cities had 7 bank branches and 24 check cashing outlets.⁸¹ A study of check cashing outlets in Connecticut found that the greatest concentration of check cashers is found in neighborhoods where the poverty rate exceeds 20 percent and that almost no check cashers are found where the child poverty rate is below 5 percent.⁸²

IV. State Regulation of Check Cashers

Check cashers are subject to federal financial privacy, money-laundering and security laws, but the primary regulations governing consumer transactions at check cashing outlets are state laws regulating check cashing and payday lending in the majority of states.⁸³ Check cashers are part of the money services business category, typically regulated at the state level by banking or financial services departments. Thirty-two states and the District of Columbia have laws that apply specifically to the business of check cashing. Two states (Arkansas and California) issue permits while Florida, Maine, Utah and Virginia only require check cashers to register with the state agency. Twenty-four states and the District of Columbia license check cashing outlets. Two states with check cashing statutes (Arizona and Hawaii) have no designated regulator for check cashers. The remaining eighteen states have no specific consumer protection or regulatory requirements for money services businesses that cash checks for a fee.

State check cashing laws typically exclude entities that cash checks for free; banks and credit unions; as well as retailers who cash checks for a modest fee, as long as this is incidental to their retail business such as supermarkets.⁸⁴ Most states that regulate check

⁸⁰ Rhine, Sherrie L.W, William H. Greene and Maude Toussaint-Comeau, “The Importance of Check-Cashing Businesses to the Unbanked: Racial/Ethnic Differences” *The Review of Economics and Statistics*, Vol. 88, No. 1, March 28, 2006 at 146-157.

⁸¹ Fisher, Alan, California Reinvestment Coalition, “The Financial Divide: An Uneven Playing Field: Bank Financing of Check Cashers and Payday Lenders in California Communities,” March 2005.

⁸² Hall, Douglas, “Check Cashing Services and Child Poverty in Connecticut,” Connecticut Voices for Children (using data from CT Dept of Banking, 2006 and US Census Bureau, Census 2000, SF3 data) on file with author.

⁸³ Check cashers are “financial institutions significantly engaged in financial activities” that are subject to the privacy rules of the Gramm-Leach-Bliley Act and regulations adopted for non-bank entities by the Federal Trade Commission. Federal law requires financial institutions, including check cashers, to ensure the security and confidentiality of personal information collected from their customers, including names, addresses, and phone numbers; income and credit histories, and Social Security numbers. The FTC’s Safeguards Rule applies to check cashers and payday lenders and to their affiliates and service providers with which they do business. As Money Services Businesses, check cashers are required under the Bank Secrecy Act to register with the Department of the Treasury and are subject to periodic IRS examination for compliance. Check cashers are subject to reporting requirements and mandated identity verification under the USA Patriot Act.

⁸⁴ New York does not exempt grocery stores and other retailers from state rate caps. An investigative report in *The Buffalo News* revealed that many corner stores illegally cashed checks without a license and at fees that exceeded the ninety-nine cent state cap for unlicensed check cashers. See Epstein, Jonathan D., “Spitzer Urges More Consumer Protections,” *The Buffalo News*, July 1, 2006 and Rod Watson, “Check-Cashing Charges Exceed Legal Rate,” *The Buffalo News*, June 18, 2006.

cashers require outlets to post their fees, and nearly as many require that licenses or permits be posted. Only Hawaii, Nevada, and Virginia required entities to post information on where to file complaints with regulators. A few state laws include requirements for itemized customer receipts. Laws also include varying licensing and reporting requirements and prohibited practices.

Half of all states cap fees that check cashers can charge for cashing some or all types of checks. Fee caps are usually based on the type of check being cashed. The lowest rate caps are set by Illinois (1.4 percent plus ninety cents for checks up to \$500 and 1.85 percent of checks over \$500), New York (1.64 percent set by regulation) and New Jersey (1 percent or ninety cents for Aid to Families With Dependent Children and 1.5 percent or ninety cents for Social Security or SSI checks, or 2 percent or ninety cents for all other checks.) Most state rate caps do not restrain rates below our survey findings. Nine states cap rates for at least one category of check at or below 2 percent of the face value of the check (less than the average fees found in this survey).⁸⁵ In other words, most state rate caps do not restrain check cashing fees, with Indiana's ten percent cap the least restrictive.

State check cashing laws also restrict whether these entities may extend credit by cashing post-dated checks or making loans. The Delaware, Georgia, Indiana, Maine, Maryland, New York, North Carolina, Pennsylvania, South Carolina, Tennessee, Vermont, Virginia and West Virginia check cashing laws prohibit these companies from making payday loans or extending credit. In some of these states (Delaware, Maine, South Carolina, Tennessee and Virginia) payday lending is legal for licensed lenders under separate credit codes or payday loan safe harbor laws.

Payday lending is authorized by state laws or regulations in 37 states and the District of Columbia. Payday lending is permitted for licensed lenders without substantive protections in two additional states (Wisconsin and New Mexico). Eleven states and two territories retain usury or small loan rate caps and have not enacted payday loan authorizing legislation. In Maine supervised lenders can opt for a fee structure that permits limited payday lending, although Maine has not enacted industry legislation.⁸⁶

VI. Policy Issues/Recommendations

1) States Should Adopt Effective Consumer Safeguards for Check Cashing Industry

States should enact the AARP Model Check Cashing Law to provide for effective regulation and to cap fees for cashing checks. In 1999, AARP issued a model state check cashing statute which combined the best features of state laws to target high check-cashing fees and deceptive practices. The AARP model grants consumers an explicit private right of action against a check cashing operation and allows recovery of damages, fees, and costs. AARP's model caps fees at one percent of the face amount of the check

⁸⁵ Connecticut, Delaware, Illinois, Louisiana, Maryland, New Jersey, New York, South Carolina and West Virginia. See Appendix E.

⁸⁶ See, Legal Status, www.paydayloaninfo.org

or \$5 whichever is less for payroll or government checks and two percent or \$5, whichever is less, for all other types of checks.⁸⁷ Check cashing regulation is starting to get more attention. The Governor of Oregon has announced support for 2007 legislation to license and supervise check cashers and to cap fees for check-cashing to three percent or \$5, whichever is greater.⁸⁸

Check cashers should be prohibited from lending money unless separately licensed and supervised as small loan companies. States should repeal payday loan laws that carve payday lending out of state usury and small loan rate caps and legalize loans based on unfunded personal checks or debits at triple-digit interest rates. The AARP model check cashing law prohibits check cashers from making loans unless separately licensed under state small loan laws.

2) Government Beneficiaries Should Receive Greater Protections at Check Cashing Outlets

The United States Treasury Department should adopt third-party EFT rules to regulate the pseudo bank accounts developed to deliver direct deposit of federal benefits to unbanked recipients through check cashers and other non-bank entities. The Direct Deposit accounts currently marketed by check cashers are not mainstream bank accounts that consumers can access at any ATM. Federal benefit recipients may not be protected by federal deposit insurance once their funds are in the check casher's pooled account. In 1999, CFA and the National Consumer Law Center joined with national and state advocates to call for regulation of access to federal benefits through payment service providers. Despite extensive justification submitted in response to publication of an Advance Notice of Proposed Rulemaking, Treasury has failed to complete its job to protect unbanked federal benefit recipients.⁸⁹

3) Check Holding Periods Should be Shortened

Lower-income consumers often cannot cash checks at their own banks even when they have an account because of low balances. The alternative is to deposit the check and wait for it to clear before the consumer can write checks against the account. Bank check hold periods are set by federal law and Federal Reserve Board regulation. For example, banks can hold cash deposited over the counter for twenty-four hours before making it available to accountholders. Congress should enact legislation sponsored by Representative Carolyn Maloney to shorten the check hold period for deposits to consumers' bank accounts. The Federal Reserve Board should also update check hold periods next year, following its report to Congress required by the Check 21 law.⁹⁰ With faster processing

⁸⁷ Eskin, Sandra B., "Check Cashing: A Model State Statute," AARP Public Policy Institute, March 1999. Available at <http://www.aarp.org/research/frauds-scams/fraud/aresearch-import-146-D16910.html>

⁸⁸ Graves, Bill, "Governor Wants Check-Cashing Cap," *The Oregonian*, April 12, 2006.

⁸⁹ National Consumer Law Center, CFA, et al., Comments to the Treasury on ANPRM, 31 C.F.R. Chapter II, RIN 15055-AA74, "Possible Regulation Regarding Access to Accounts at Financial Institutions Through Payment Service Providers," April 1999.

⁹⁰ See CFA letter to Chairman, Federal Reserve, Re: Check Hold Study, October 31, 2006, posted at www.consumersunion.org/pdf/checkholdFRB.pdf.

of deposits, banked check cashing customers could avoid paying to cash checks instead of depositing them into their accounts.

4) Stored Value Card Consumer Protections Should Parallel Credit and Debit Cards

Congress should enact a federal stored value card law to provide parallel protections that consumers have for credit and debit cards. The Federal Reserve has extended the protections of the Electronic Funds Transfer Act to payroll cards, but not to prepaid debit cards that function as a bank account on a card. Pre-paid debit cards are increasingly marketed by check cashers and other entities to unbanked consumers as a substitute for a bank account but come with no federal protections.

5) Banks Should Provide Bank Accounts that are Safe and Convenient

Congress should enact legislation to rein in bank overdraft loans and insufficient funds penalty fees to make bank account ownership lower risk for low-balance consumers. Banks and credit unions should design accounts that are affordable to low-balance customers, safe to use, and that cannot be overdrawn. One example is the Essential Bank Account designed by the California Reinvestment Coalition and adopted by Washington Mutual. The account costs \$5 per month, cannot be overdrawn, and includes five free money orders per month, a debit or ATM card, free online banking with a bill pay service.⁹¹ State and local officials are promoting low-fee bank accounts for unbanked citizens to discourage consumers from using check cashers. New York City's "Bank on New York" campaign encourages the unbanked to avoid check cashers.⁹² With the stated goal to rid the city of check cashers and payday lenders, San Francisco's Mayor and Treasurer launched "Bank on San Francisco" with mainstream banks and credit unions to promote no-fee and minimum balance "second chance" accounts with a goal to "bank" 10,000 unbanked city residents.⁹³

VII. Advice to Consumers

Consumers need to shepherd their resources and seek out the most affordable avenues to cash their checks. Some possible techniques include:

- **Take Advantage of Direct Deposit:** If your paycheck or benefit check can be direct deposited, arrange for direct deposit into your account at your bank or credit union. Your funds will be available on the next business day without payment of a check cashing fee to get fast access to your pay or benefit. Some banks offer free or low cost accounts if direct deposit is included.

⁹¹ Brevetti, Francine, "WaMu eyes 'unbanked' customers," Inside Bay Area, July 18, 2006. Washington Mutual flyer, "Easy Access to Your Money," on file with author.

⁹² Lindenmayer, Isabelle, "N.Y. Banking Dept. Targets the Unbanked," *American Banker*, January 7, 2005.

⁹³ Syzmanski, Zak, "Bank Account Program Launched," *Bay Area Reporter*, October 5, 2006.

- **Cash Checks at Issuing Banks:** Cash checks drawn on local banks at the bank that issued them. Check the bank's fee for cashing checks for non-customers and take your identification to the bank.
- **Shop Around and Consider Cashing Checks at Retailers Instead of Check Cashers:** Compare the check cashing fees at retailers as well as check cashing outlets to get the lowest cost deal. Compare check casher fees with Wal-Mart or your grocery store's fees.
- **Establish a Basic Banking Account:** Open a low-cost checking or savings account that includes a debit card and that cannot be overdrawn instead of buying a pre-paid debit card. You can avoid high fees and get federal consumer protections for a debit card, including liability limits and protection against lost or stolen cards. Ask the bank about check hold times for your deposits. Accumulating savings or a balance in your checking account over the long-term allows consumers to more easily cash checks. Ask banks or credit unions in your neighborhood about starter bank accounts designed for unbanked consumers or "second chance" accounts for consumers who have had past problems.
- **Avoid Payday Lenders:** Do not borrow money by writing unfunded checks as security for the loan at check cashers that provide payday loans. These loans cost ten times as much as credit card cash advances and trap many borrowers in repeat borrowing to keep the check used to get the loan from bouncing. Payday lenders charge bounced check fees if you are unable to cover the check written to get the loan. For more information on payday loans, visit CFA's mini-website for consumers www.paydayloaninfo.org.

Appendix A: Check Cashing Survey

The following groups conducted the CFA survey of check cashing outlets during June and July, 2006:

Consumer Federation of America
Arizona Consumers Council
Southwest Center for Economic Integrity, Arizona
Better Business Bureau of Arkansas
California Reinvestment Coalition
Florida PIRG
Georgia Watch
MACED, Kentucky
Kentucky Legal Aid
Northern Kentucky Legal Aid Society, Inc.
Woodstock Institute, Illinois
Iowa State University
Massachusetts Consumers' Council
Michigan Poverty Law Program
Clark County Legal Services, Nevada
Neighborhood Economic Development Advocacy Project, New York
Children's Alliance, New Hampshire
Center for Responsible Lending, North Carolina
Housing Research & Advocacy Center, Ohio
Towards Employment, Inc. Legal Services, Ohio
Our Oregon
Coalition of Religious Communities, Utah
Virginia Legal Aid Society, Inc.
Virginia Interfaith Center for Public Policy
Statewide Poverty Action Network, Washington
Consumer Law Litigation Clinic, Wisconsin

Survey Protocol: Participants were provided a survey instrument and instructions for collecting information from check cashing outlets. Information was collected from Yellow Pages ads, phone calls to outlets, information posted or available to customers at check cashing outlets, and from store personnel. Some store clerks cheerfully answered all their questions while other stores turned participants away. Surveyors did not cash checks.

How to Read the Charts: Appendix B describes the fees to cash various types of checks. The columns show which outlets were willing to cash government benefit checks and the fees, which cashed other government checks such as tax refunds and the fees, which cashed computer generated paychecks and the fees, which cashed hand-written

paychecks and the fees and which cashed personal checks and the fees. Appendix C describes other services and fees, the cost to purchase a \$100 money order, the cost to wire \$200 to Mexico, the cost for electronic bill payment, the availability of pre-paid debit cards and the cost to load money onto the card and per-transaction fee. Appendix D describes the availability and cost of payday loans, the maximum loan size, the cost when clerks were asked the cost in either a dollar value for the loan size, the dollar value per \$100 of the loan, an interest rate or whether they refused to offer a cost. The same was determined for the posted cost of the payday loan: whether it was posted in a total dollar cost, a dollar cost per \$100 loan, an interest rate or whether there was no posting at all. Appendix E describes the state laws and regulations governing check cashing outlets including the regulation and law citation, the exemptions to the law, the regulating institution, the required postings, whether there are caps to the fees check cashing outlets can charge, whether payday lending is prohibited at check cashing outlets and the penalties for violating the laws.

Appendix B: Fees to Cash Checks at Check Cashing Outlets

| State | Company | Check Cashing Services, Fees and Ancillary Fees | | | | | | | | | | | | | |
|-------|-----------------------------------|-------------------------------------------------|-------------|----------------------------|-----------------|-------------------|----------------------------|---------------|-------------------|----------------------------|--------------------|--------|---------------------------------------------------------------------------------------------------------------------|-------|--------|
| | | Gvt. Benefit | Benefit Fee | Gvt. Other | Govt. Other Fee | Paycheck Computer | Paycheck Computer Fee | Hand Paycheck | Hand Paycheck Fee | Personal Check | Personal Check Fee | | | | |
| | Median | 98.3% | 2.50% | | 94.2% | 3.00% | | 93.0% | 2.50% | | 62.8% | 3.00% | | 50.0% | 10.00% |
| | Count or Average | 169 | 2.44% | | 162 | 2.78% | | 160 | 2.52% | | 108 | 4.11% | | 86 | 8.77% |
| AR | American Check Cashers | Y | 5.00% | | Y | 5.00% | | Y | 1.00% | but 5% for the first time | Y | 1.00% | but 5% the first time | Y | 10.00% |
| AR | ACE Cash Express | Y | 2.00% | | Y | 2.00% | | Y | 2.00% | | Y | 3.00% | | Y | 10.00% |
| AR | Cash Advance of Little Rock | Y | 3.00% | 6% for first time | Y | 3.00% | but 6% for the first time | Y | 3.00% | but 6% for the first time | Y | 3.00% | but 6% for the first time | Y | 10.00% |
| AR | Cash Advance of North Little Rock | Y | 3.00% | but 6% for the first | Y | 3.00% | | Y | 3.00% | but 6% for the first time | Y | 3.00% | but 6% for the first time | Y | 10.00% |
| AR | Cash Advance of Little Rock 2 | Y | 3.00% | but 6% for the first | Y | 3.00% | but 6% for the first time | Y | 3.00% | but 6% for the first time | Y | 3.00% | but 6% for the first time; The clerk hesitated and stressed she would first have to look at the check and verify it | Y | 3.00% |
| AR | ACE Cash Express #2102 | Y | 2.00% | | Y | 2.00% | | Y | 2.00% | start at 3%, posted as 2% | Y | 3.00% | | Y | 10.00% |
| AR | American Check Cashers | Y | 3.00% | but 5% for the first visit | Y | 3.00% | but 5% for the first visit | Y | 3.00% | but 5% for the first visit | | | | | |
| AZ | Money Mart | Y | 2.25% | if ID, if no ID - 3% | Y | 2.25% | if ID, if no ID - 3% | Y | 3.00% | 6% | Y | 6.00% | | Y | 10.00% |
| AZ | Cash \$mart | Y | 2.00% | | Y | 2.00% | | Y | 3.00% | start | Y | 3.00% | | | |
| AZ | Southwest Check Cashers | Y | 3.00% | | Y | 3.00% | | Y | 2.90% | | Y | 10.00% | | Y | 10.00% |
| AZ | PLS Check Cashers | Y | 3.00% | | | | | | | | | | | Y | 10.00% |
| AZ | One Stop Check Cashing PayDay | Y | 2.90% | | Y | 4.90% | | Y | 2.90% | | Y | 5.90% | | Y | 9.90% |
| AZ | Mo Better Check Cashing | Y | 3.00% | first visit 6% | Y | 3.00% | first visit 6% | Y | 3.00% | first visit 6% | N | | | N | |
| AZ | In-N-Out Check Cashing | Y | 2.25% | | Y | 2.25% | | Y | 3.00% | | Y | 6.00% | | Y | 10.00% |
| AZ | 1 Stop Check Cashing | Y | 2.25% | | Y | 2.25% | | Y | 3.00% | | Y | 10.00% | | Y | 6.00% |
| AZ | Money Now Check Cashing | Y | 2.25% | | Y | 2.25% | | Y | 3.00% | | Y | 10.00% | | Y | 6.00% |
| AZ | La Casita Check Cashing | Y | | Surveyor did not note fee | Y | | Surveyor did not note fee | Y | | Surveyor did not note fee | Y | | Surveyor did not note fee | | |
| AZ | Money Mart | Y | 2.25% | with ID; without ID - 3% | Y | 2.25% | with ID; without ID - 3% | Y | 3.00% | with ID; without ID - 6% | Y | 6.00% | with or without ID | Y | 10.00% |
| AZ | Quick Cash | Y | 3.00% | | Y | 3.00% | | Y | 3.00% | | Y | 4.00% | | Y | 15.00% |
| AZ | ACE Cash Express | Y | 2.00% | no more than 3% | Y | 2.00% | no more than 3% | Y | 2.00% | | Y | 3.00% | | Y | 10.00% |
| AZ | Check Center | Y | 3.00% | up to \$2000, then 3.5% | Y | 3.00% | up to \$2000, then 3.5% | Y | 2.00% | | Y | 2.00% | | Y | 3.00% |
| CA | United Cash A Check | Y | 3.00% | but not less than \$3 | Y | 5.00% | but not less than \$5 | Y | 3.00% | but not less than \$3 | N | | | N | |

Appendix B: Fees to Cash Checks at Check Cashing Outlets

| Company | | Check Cashing Services, Fees and Ancillary Fees | | | | | | | | | | | | | |
|---------|----------------------------|-------------------------------------------------|-------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|------------|-----------------|--------------------------------------------------|-------------------|-----------------------|-------------------------------------------------------------------------------------------------------------------------------------|---------------|-------------------|------------------------------------------|----------------|--------------------|
| State | Outlet Surveyed | Gvt. Benefit | Benefit Fee | | Gvt. Other | Govt. Other Fee | | Paycheck Computer | Paycheck Computer Fee | | Hand Paycheck | Hand Paycheck Fee | | Personal Check | Personal Check Fee |
| CA | California Check Cashing | Y | 2.25% | | Y | 2.25% | | Y | 2.25% | | N | | | Y | 6.00% |
| CA | Money Mart | Y | 2.35% | without ID, 3.5% | Y | 3.00% | without ID, 3.5% | Y | 3.00% | without ID, 3.5% | Y | 3.00% | 3.5% w/o ID | Y | 10.00% |
| CA | Mission Check Cashers | Y | 2.00% | or \$2 minimum | Y | 3.00% | or \$5 minimum | Y | 2.00% | or \$2 minimum | | | | N | |
| CA | Money Mart | Y | 2.35% | without ID, 3.5% | Y | 3.00% | without ID, 3.5% | Y | 3.00% | without ID, 3.5% | Y | 3.00% | 3.5% w/o ID | Y | 10.00% |
| CA | Mission Jewelry & Loan | Y | 1.00% | (1% + \$1) | Y | 1.00% | (1% + \$1) | Y | 1.00% | (1% + \$1) | | | | N | |
| DC | Kash King | Y | | refused to quote fee unless saw the actual check | Y | | refused to quote fee unless saw the actual check | Y | 2.50% | | Y | | No fee quote without seeing actual check | N | |
| DC | Check Cash One | Y | 2.00% | sliding scale of fees: 0-\$100: \$2 + change, \$100 - \$200: \$3 + change, \$200 - \$300: \$4 + change, up by \$2 for each \$100 increment until... | Y | 4.00% | checks over \$2,000 | Y | 2.00% | sliding scale | Y | | | | |
| DC | ACE Cash Express | Y | 2.50% | | Y | 3.00% | | Y | 2.50% | | Y | 3.50% | | Y | 10.00% |
| DC | Check Cash Best | Y | 4.00% | | Y | 4.00% | | Y | | fees: minimum amount: \$2 + change, \$100 - \$200: \$3 + change, up by \$1 for each \$100 increment until... \$500 - \$1500: 1.5% + | Y | | | N | |
| DC | Power Check Cashing | Y | | sliding scale of fees: under \$100: \$2, \$100 - \$1000: 1.5%, \$1000 - \$1500: 2%, \$1500 - \$2500: 2.5%, \$2500 - \$4000: 3%, \$4000 - \$5000: 4% | Y | | | Y | | | | | | N | |
| DC | A One Cash Inc. | Y | 2.00% | | Y | 2.00% | | Y | 1.00% | | Y | 1.00% | | N | |
| DC | Checks Cashed | Y | 1.50% | | Y | 1.50% | | Y | 1.50% | | Y | 1.50% | | N | |
| DC | Check Cash Depot | Y | 1.50% | Sliding scale of fees: up to \$100: \$1.50, \$100 - \$1000: 1.5%, \$1000 - \$2000: 2%, \$2000 - \$3000: 2.5% for all checks cashed | Y | | | Y | | | Y | | | N | |
| DC | Barmy Wine and Liquor | Y | 5.00% | 5% maximum - clerk said between 3-5% | Y | 5.00% | maximum | Y | 5.00% | maximum | Y | 5.00% | | Y | 10.00% |
| DC | Ace America's Cash Express | Y | 2.50% | | Y | 4.00% | | Y | 2.50% | | Y | 3.50% | | Y | 10.00% |

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| Company | | Check Cashing Services, Fees and Ancillary Fees | | | | | | | | | | | | | |
|---------|------------------------------------|-------------------------------------------------|-------------|-----------------------------------------------------------------------------------------------------------------|------------|--------------------|---------------------------------------------------------------|-------------------|-----------------------|------------------------------------------------|---------------|----------------------|--|----------------|--------------------|
| State | Outlet Surveyed | Gvt. Benefit | Benefit Fee | | Gvt. Other | Govt. Other Fee | | Paycheck Computer | Paycheck Computer Fee | | Hand Paycheck | Hand Paycheck Fee | | Personal Check | Personal Check Fee |
| FL | Mike's Qwik Cash | Y | 3.00% | | Y | 3.00% | | Y | 3.00% | | Y | 3.00% | | Y | 3.00% |
| FL | Cash Stop | Y | 1.50% | | Y | 2.50% | | Y | 1.50% | | Y | 1.50% | | N | |
| FL | ACE American Cash Express | Y | 3.00% | | Y | 4.00% | | Y | 3.00% | | Y | 3.00% | | Y | 10.00% |
| FL | SRC of North Florida, Inc. | Y | 2.00% | | Y | .01-.015 | | Y | 3.00% | 3% to 10%, depending | Y | 3.00% | | Y | 10.00% |
| FL | D+F Check Cashing | Y | 3.00% | | Y | 3.00% | | Y | 3.00% | | Y | 3.00% | | Y | 10.00% |
| GA | Citgo Food Mart | Y | | \$2 flat fee | | | | Y | | \$1 flat fee | | | | | |
| GA | All Checks Cashed Store 01 | Y | 1.00% | | Y | 1.00% | | Y | 1.00% | | | | | | |
| GA | PJ Cash | Y | 3.00% | | | | | Y | 3.00% | | | | | | |
| GA | Mr. Cash Pawn Shop | Y | | | | | | Y | 2.00% | | | | | | |
| GA | Atlanta Check Cashers, Inc. | Y | 3.00% | | Y | 5.00% | | Y | 3.00% | | Y | 10.00% | | Y | 10.00% |
| GA | Lee Discount Loan Co. | Y | 2.00% | | Y | 2.00% | | Y | 2.00% | | Y | 2.00% | | | |
| GA | Ace Cash Express | Y | 3.00% | | Y | 3.00% | | Y | 3.00% | | Y | 10.00% | | Y | 10.00% |
| GA | Mr. Payroll | Y | 2.75% | | Y | 4.50% | | Y | 2.75% | | Y | 3.00% | | | |
| GA | Sportsman Package Store | Y | | \$1/\$100 | Y | | | Y | | | | | | | |
| IA | EZ Money | Y | 3.00% | up to 0.06, depending on check amount | Y | 3.00% | up to 0.06, depending on check amount | Y | 3.00% | up to 0.06, depending on check amount | | | | | |
| IA | Hometown Cash Advance | Y | 2.00% | | Y | 3.00% | up to 0.05 | Y | 1.75% | up to 0.05 | | | | | |
| IA | Mister Money USA | Y | 1.00% | | Y | 3.00% | | Y | 3.00% | | | | | | |
| IA | Phone Card Connection | Y | | Depends on the amount (a \$300 check would have a fee of \$4) | Y | 1.33% | Depends on the amount (a \$300 check would have a fee of \$4) | Y | | amount (a \$300 check would have a fee of \$4) | | | | | |
| IA | Hyyee Food Store | Y | 2.00% | Sliding scale of fees: up to \$99: \$2, \$100-\$109: \$4, \$200-\$299: \$6, \$300-\$309: \$8, \$400-\$500: \$10 | Y | | See chart | Y | | See chart | | | | | |
| IL | Har-Mil Currency Exchange Inc. | Y | | | Y | | Refused to quote cost | | | | Y | | | N | |
| IL | New Grand Ashland | Y | 1.40% | 1.4% plus \$.90 | Y | \$5.10/\$300 check | | Y | 1.40% | 1.4% plus \$.90 | Y | 0.014 plus \$.90 fee | | N | |
| IL | Lawn Manor Currency Exchange | Y | 1.70% | \$5.10/\$300 check | Y | \$5.10/\$300 check | | Y | 1.70% | \$5.10/\$300 check | N | | | N | |
| IL | PL\$ Check Cashers | Y | 1.40% | 1.4% plus \$.90 | Y | \$5.10/\$300 check | | N | | | N | | | N | |
| IL | Harlem/Roosevelt Currency Exchange | Y | 1.40% | 1.4% plus \$.90 | Y | \$5.10/\$300 check | | Y | 1.40% | 1.4% plus \$.90 | Y | 0.014 plus \$.90 fee | | N | |
| KY | Check Exchange | Y | 3.00% | | Y | 3.00% | | Y | 2.90% | | | | | Y | 9.00% |
| KY | Cash Express | Y | 3.00% | or \$2 | Y | 3.00% | or \$5 | Y | 5.00% | or \$5 | | | | Y | 10.00% |

Appendix B: Fees to Cash Checks at Check Cashing Outlets

| State | Company | Check Cashing Services, Fees and Ancillary Fees | | | | | | | | | | | | | |
|-------|--------------------------|-------------------------------------------------|-------------|------------------------------------------------------------------|-----------------|-------------------|--------------------------------------------|---------------|-------------------|-----------------------------------------------------------------------------------------------|--------------------|--------|------------|--------|--------|
| | | Gvt. Benefit | Benefit Fee | Govt. Other | Govt. Other Fee | Paycheck Computer | Paycheck Computer Fee | Hand Paycheck | Hand Paycheck Fee | Personal Check | Personal Check Fee | | | | |
| KY | Ky Cash Advance | Y | 3.00% | | Y | 3.00% | | Y | 3.00% | | | | | | |
| KY | Cash Express | Y | | Outlet claimed they could not quote fees | Y | | Outlet claimed they could not quote fees | Y | | Outlet claimed they could not quote fees | | | | | |
| KY | Ky Cash Advance | Y | 3.00% | | Y | 3.00% | | Y | 3.00% | | | | | | |
| KY | Cashland | Y | | There is a rate schedule (but it was not copied by the surveyor) | Y | | | Y | | | N | | N | | |
| KY | Check Smart | Y | 3.00% | | Y | 5.90% | | Y | 2.90% | | Y | 5.90% | Y | 10.00% | |
| KY | AAA Checks Cashed | Y | 3.00% | 6% w/o ID | Y | 3.00% | 6% w/o ID | Y | 5.00% | 6% w/o ID | Y | 10.00% | 15% w/o ID | Y | 10.00% |
| KY | Notes: | Y | 3.00% | | Y | 3.00% | | Y | 2.90% | | Y | | | Y | 5.90% |
| KY | Check-n-Go | Y | | There is a rate schedule (but it was not copied by the surveyor) | Y | | | Y | | | N | | | N | |
| MA | Boston Check Cashers #10 | Y | | Didn't quote | Y | | Didn't quote | | | | | | | | |
| MA | Ferro's Foodtown | | | | | | | Y | | how much the check is; They only cash payroll checks for businesses they have an account with | N | | | N | |
| MA | Shaws Supermarket #567 | Y | | flat \$3 fee | | | | | | | | | | | |
| MD | Cash & Go | Y | 2.00% | | Y | 2.00% | clerk when surveyor called back to double- | Y | 4.00% | | Y | 4.00% | | Y | 10.00% |
| MD | America's Cash Express | Y | 2.00% | | Y | 4.00% | | Y | 2.00% | maximum - between 2-4% | Y | 3.00% | | N | |
| MD | Rockville Checks Cashed | Y | 3.00% | | Y | 3.00% | | Y | 2.00% | | | | | Y | 10.00% |
| MD | E Z Check Cashing | Y | 2.00% | | Y | 2.00% | | Y | 3.00% | | | | | N | |
| MD | Germantown Check Cashing | Y | 2.00% | minimum of \$2 charged | Y | 2.00% | minimum of \$2 charged | Y | 2.00% | minimum of \$2 charged | | | | N | |
| MI | Cashland | Y | | If use \$5.80 quoted for \$200 SS ck, charges 2.9% | | | | | | | | | | | |
| MI | Cash Now | Y | 3.00% | \$3 per \$100 | Y | 3.00% | per \$100 | | | | N | | | N | |
| MI | M. Payroll | Y | 2.00% | | Y | | | | | | N | | | | |
| MI | Cash Rite Now | Y | 3.00% | | | | | Y | 3.00% | | Y | 3.00% | | Y | 3.00% |
| MI | Cash Connection | Y | 2.00% | to 0.06, have to see check | Y | | | Y | | | Y | | | Y | |
| NC | Raleigh Service, Inc. | Y | 3.00% | | Y | 3.00% | | Y | 5.00% | | Y | 10.00% | | Y | 10.00% |

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| Company | | Check Cashing Services, Fees and Ancillary Fees | | | | | | | | | | | | | |
|---------|-----------------------------------|-------------------------------------------------|-------------|-----------------------------------------------------------------------------|------------|-----------------|--------------------|-------------------|-----------------------|------------------------------------------------------------------------|---------------|-------------------|----------------------------------------------------------------------------|----------------|--------------------|
| State | Outlet Surveyed | Gvt. Benefit | Benefit Fee | | Gvt. Other | Govt. Other Fee | | Paycheck Computer | Paycheck Computer Fee | | Hand Paycheck | Hand Paycheck Fee | | Personal Check | Personal Check Fee |
| NC | Raleigh Durham Check Cashers | Y | 3.00% | | Y | 3.00% | | Y | 3.00% | | Y | 10.00% | | Y | 10.00% |
| NC | Raleigh Durham Check Cashers | Y | 3.00% | | Y | 3.00% | | Y | 3.00% | | Y | 10.00% | | Y | 10.00% |
| NC | Checks Cashed | Y | 3.00% | | Y | 3.00% | | Y | 3.00% | | Y | 10.00% | | Y | 10.00% |
| NC | National Jewelry & Pawn | Y | 1.00% | Sliding scale of fees: \$1-\$100: \$2, \$101-\$200: \$4, \$201 and up: 1.5% | Y | 1.00% | See chart | | | | Y | 2.00% | \$1 to \$100, \$2 fee | | |
| NH | Checks Cashed of Manchester | Y | 1.50% | | Y | 1.50% | | Y | 1.50% | | Y | 1.50% | | | |
| NH | Amherst Check Cashing Inc. | Y | 3.00% | | Y | 3.00% | | Y | 3.00% | | Y | 3.00% | | Y | |
| NV | Check City | Y | 1.99% | | Y | 2.99% | | Y | 1.99% | | | | | Y | 2.58% |
| NV | Money Tree | Y | 2.90% | plus a \$0.99 fee | Y | 2.90% | plus a \$.099 fee | Y | 2.90% | plus a \$0.99 fee | Y | 5.90% | plus a \$0.99 fee | Y | 5.90% |
| NV | Main Street Station Casino | | | | Y | | no fee up to \$500 | Y | | no fee | | | | | |
| NV | Smith's Food and Drug Center | Y | | \$2 if less than \$200 check | Y | | if less than \$200 | Y | | if less than \$500, and depending on how much money is in the register | Y | | \$2 if less than \$500, and depending on how much money is in the register | | |
| NV | ACE Cash Express | Y | 3.00% | | Y | 3.00% | | Y | 3.00% | | Y | 4.00% | In state: Out of state: 7% | Y | 10.00% |
| NY | East Broadway Check Cashing | Y | 1.64% | | Y | 1.64% | | Y | 1.64% | | | | | | |
| NY | Uneeda Check Cashing Corporation | Y | 1.64% | | Y | 1.64% | | Y | 1.64% | | | | | | |
| NY | Joco Check Cashing Corp. | Y | 1.64% | | Y | 1.64% | | Y | 1.64% | | | | | | |
| NY | Whitestone Check Cashing | Y | 1.64% | | Y | 1.64% | | Y | 1.64% | | | | | | |
| NY | Ikan Enterprises | Y | 1.64% | | Y | 1.64% | | Y | 1.64% | | | | | | |
| NY | Pay-O-Matic | Y | 1.64% | | Y | 1.64% | | Y | 1.64% | | | | | | |
| NY | Check Cashing Store | Y | 1.58% | | Y | 1.58% | | Y | 1.58% | | Y | 1.58% | | | |
| NY | Pay O Matic | Y | 1.64% | | Y | 1.64% | | Y | 1.64% | | Y | 1.64% | | | |
| NY | Regina Check Cashing Corporation | Y | 1.64% | | Y | 1.64% | | Y | 1.64% | | Y | 1.64% | | | |
| NY | Lazer Check Cashing | Y | 1.64% | | Y | 1.64% | | Y | 1.64% | | | | | | |
| NY | Continental Check Cashers | Y | 1.64% | | Y | 1.64% | | Y | 1.64% | | Y | 1.64% | | | |
| NY | Galaxia Check Cashing | Y | 1.64% | | Y | 1.64% | | Y | 1.64% | | | | | | |
| NY | Uneeda Check Cashing Incorporated | Y | 1.64% | | Y | 1.64% | | Y | 1.64% | | | | | | |
| NY | Rite Check Cashing Incorporated | Y | 1.64% | | Y | 1.64% | | Y | 1.64% | | | | It depends | | |
| NY | Uneeda Check Cashing Incorporated | Y | 1.64% | | Y | 1.64% | | Y | 1.64% | | | | | | |

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| Company | | Check Cashing Services, Fees and Ancillary Fees | | | | | | | | | | | |
|---------|-----------------------------------|-------------------------------------------------|-------------|-----------------------------------------------------------------------------|-----------------|-------------------|------------------------|-------------------------------------------------------------------------------------------------------------|---------------|-------------------|------------------------|------------------------|--|
| State | Outlet Surveyed | Gvt. Benefit | Benefit Fee | Gvt. Other | Govt. Other Fee | Paycheck Computer | Paycheck Computer Fee | Paycheck Computer Fee | Hand Paycheck | Hand Paycheck Fee | Personal Check | Personal Check Fee | |
| NY | Rite Check | Y | 1.64% | Y | 1.64% | Y | 1.64% | | Y | 1.64% | *must verify with bank | *must verify with bank | |
| NY | A and A Check Cashing Corporation | Y | 1.64% | Y | 1.64% | Y | 1.64% | | | | | | |
| NY | Ridge Check Cashing Corporation | Y | 1.64% | Y | 1.64% | Y | 1.64% | | Y | 1.64% | | | |
| NY | Alivad Associates | Y | 1.64% | Y | 1.64% | Y | 1.64% | | Y | | | | |
| NY | Vale Chekcing NY Inc. | Y | 1.64% | Y | 1.64% | Y | 1.64% | | | | | | |
| NY | ABRS Check Cashing Corporation | Y | 1.64% | Y | 1.64% | Y | 1.64% | | Y | | | | |
| OH | H&E Money Exchange | Y | 3.00% | Y | 3.00% | Y | 1.67% | fees: up to \$62.81: \$1, \$62.81-\$699.99: 1.67%, \$700 - \$999.99: 1.99%, \$1000 and up: 2.4%, government | N | | Y | | |
| OH | Money Mart | Y | 3.00% | Y | 3.00% | Y | 3.00% | | Y | 3.00% | Y | 10.00% | |
| OH | Money Mart | Y | 3.00% | Y | 3.00% | Y | 3.00% | | Y | 3.00% | Y | 10.00% | |
| OH | Cash Stop | Y | 2.25% | if over \$146; 3% if under | 2.25% | Y | 2.25% | | Y | 2.25% | Y | 8.00% | |
| OH | ACE Cash Express | Y | 3.00% | Y | 3.00% | Y | 2.50% | | Y | 3.00% | Y | 10.00% | |
| OH | ACE Cash Express | Y | 3.00% | Y | 3.00% | Y | 2.50% | | Y | 3.00% | Y | 10.00% | |
| OH | ACE Cash Express | Y | 3.00% | Y | 3.00% | Y | 2.50% | | Y | 3.00% | Y | 10.00% | |
| OH | Money Mart | Y | 3.00% | Y | 3.00% | Y | 3.00% | | Y | 3.00% | Y | 10.00% | |
| OH | ACE Cash Express | Y | 3.00% | Y | 3.00% | Y | 2.50% | | Y | 3.00% | Y | 10.00% | |
| OH | Money Mart | Y | 3.00% | Y | 3.00% | Y | 3.00% | | Y | 3.00% | Y | 10.00% | |
| OH | Check Smart | Y | 3.00% | Y | 3.00% | Y | 2.40% | | Y | 2.40% | Y | 10.00% | |
| OH | Check Cashing & Pay Day | Y | 2.50% | Y | 2.50% | Y | 2.00% | fees: \$0-\$100: \$2, \$101-\$200: 2%, \$201-\$300: 1.89%, \$301 and up: 1.59% | | | | | |
| OH | Tops Markets | Y | | Sliding scale of fees: \$0-\$20: no fee, \$20-\$401: \$4, \$400-\$1500, \$6 | Y | | See chart | See chart | Y | | | | |
| OH | American Payroll Advance | Y | 3.00% | Only social security checks | Y | 5.00% | Only tax refund checks | | | | | | |
| OH | Cashland | Y | 1.50% | to 0.03, depending on amount | Y | 2.75% | for tax refund | Y | 3.00% | (up to 3%) | Y | 9.50% | |
| OH | VRS Cash Advance | Y | 2.99% | Y | 2.99% | Y | 2.99% | | | | | | |
| OH | Money Mart | Y | 3.00% | Y | 3.00% | Y | 3.00% | | Y | 3.00% | Y | 10.00% | |
| OH | ACE Cash Express | Y | 3.00% | Y | 3.90% | Y | 2.50% | | Y | 3.00% | Y | 10.00% | |

Appendix B: Fees to Cash Checks at Check Cashing Outlets

| State | Company | Check Cashing Services, Fees and Ancillary Fees | | | | | | | | | | | | | |
|-------|---------------------------|-------------------------------------------------|-------------|----------------------------------------------------|------------|-----------------|--------------------------------|-------------------|-----------------------|--------------------------------|---------------|-------------------|-----------------------------------|----------------|--------------------|
| | | Gvt. Benefit | Benefit Fee | | Gvt. Other | Govt. Other Fee | | Paycheck Computer | Paycheck Computer Fee | | Hand Paycheck | Hand Paycheck Fee | | Personal Check | Personal Check Fee |
| OH | ACE Cash Express | Y | 3.00% | | Y | 3.90% | | Y | 2.50% | | Y | 3.00% | | Y | 10.00% |
| OH | ACE Cash Express | Y | 3.00% | | Y | 3.90% | | Y | 2.50% | | Y | 3.00% | | Y | 10.00% |
| OH | Money Mart | Y | | it depends | Y | | it depends | Y | | it depends | | | | | |
| OR | Check Mart | Y | 3.90% | | Y | 3.90% | | Y | 3.90% | Up to 10% | Y | 10.00% | | Y | 10.00% |
| OR | ACE American Cash Express | Y | | ? On fee | Y | | ? On fee | Y | 2.90% | up to 4% | Y | | ? On fee | Y | 8.00% |
| UT | Cash Advance | Y | 4.00% | | Y | 3.50% | with ID; without ID - 5.5% | Y | 3.50% | with ID; without ID - 5.5% | | | | | |
| UT | U.S.A Cash Services | | | | | | | | | | | | | | |
| UT | Check City | Y | 1.99% | | Y | 1.99% | | Y | 1.99% | | Y | 2.50% | | Y | |
| UT | Rent A Center | Y | 1.00% | | Y | 3.00% | | Y | 1.00% | | Y | 2.00% | | Y | 5.00% |
| UT | Money Mart | Y | 4.50% | | Y | 4.50% | | Y | 4.50% | | | | | Y | 9.00% |
| UT | Access 2 Cash | Y | 2.50% | | Y | 1.50% | | Y | 2.50% | | Y | 3.00% | | Y | 10.00% |
| UT | Easy Money | Y | 3.50% | every 10th ck free | Y | 3.50% | | Y | 3.50% | | Y | 3.50% | | Y | 10.00% |
| UT | Easy Money | Y | 2.50% | | Y | 2.50% | | Y | 2.50% | | Y | 2.50% | | Y | 5.00% |
| VA | Cash and Carry | Y | 3.00% | | Y | 3.00% | | Y | 3.00% | | Y | 3.00% | | Y | 3.00% |
| VA | Ace Check Cashing | Y | 2.50% | | Y | 4.00% | | Y | 2.50% | up to 4% | Y | 4.50% | | Y | 5.00% |
| VA | Check City | Y | 1.99% | | Y | 5.00% | Tax 3% if theirs | Y | 1.99% | | Y | 10.00% | | Y | 2.00% |
| VA | Cashstore Pawn Shop | Y | 2.50% | (5% for the first time) | Y | 2.50% | (5% for the first time) | Y | 3.00% | | Y | 3.00% | must be verified business account | | |
| VA | Checksmart | Y | 3.00% | | Y | 3.00% | | Y | 2.90% | up to 5.9% | | | | Y | 10.00% |
| VA | ACE American Cash Express | Y | 2.50% | | Y | 4.00% | | Y | 2.50% | | Y | 3.50% | | Y | 10.00% |
| VA | Metro Check Casher Plus | Y | 3.00% | 2-3% range | Y | 3.00% | | Y | 2.50% | | Y | 2.50% | | Y | 6.00% |
| VA | Cashstore PawnShop | Y | 2.50% | | Y | 2.50% | | Y | 2.50% | | Y | | | | |
| WA | MoneyTree | Y | 2.90% | plus \$0.99 fee cks over \$20 | Y | 2.90% | plus \$0.99 fee cks over \$20 | Y | 2.90% | plus \$0.99 fee cks over \$20 | Y | 2.90% | plus \$0.99 fee cks over \$20 | Y | 5.90% |
| WA | Check Masters | Y | 2.90% | | | | | | | | | | | | |
| WA | MoneyMart | Y | 2.50% | | Y | | | Y | | | Y | | | Y | |
| WA | Cash 1 | Y | 2.00% | | Y | 1.00% | | Y | 3.00% | | Y | 3.00% | | Y | 10.00% |
| WA | Checkmate | Y | | | Y | | | Y | | | Y | | | | |
| WA | Money Tree Incorporated | Y | 2.90% | plus a \$.99 transaction fee for each check cashed | Y | 2.90% | plus the \$.99 transaction fee | Y | 2.90% | plus the \$.99 transaction fee | Y | 2.90% | to plus the \$.99 transaction fee | Y | 5.90% |
| WA | Check Masters | Y | 2.90% | plus a \$.99 transaction fee for each check cashed | Y | 2.90% | plus the \$.99 transaction fee | Y | 2.90% | plus the \$.99 transaction fee | Y | 2.90% | plus the \$.99 transaction fee | Y | 10.00% |

Appendix B: Fees to Cash Checks at Check Cashing Outlets

| Company | | Check Cashing Services, Fees and Ancillary Fees | | | | | | | | | | | | | |
|---------|----------------------------|-------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|------------|-----------------|-------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|---------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------------------------------------|------------------------------------------------------------------------------------------------|---|--------|
| State | Outlet Surveyed | Gvt. Benefit | Benefit Fee | Gvt. Other | Govt. Other Fee | Paycheck Computer | Paycheck Computer Fee | Paycheck Computer Fee | Hand Paycheck | Hand Paycheck Fee | Personal Check | Personal Check Fee | | | |
| WI | Beloit Check Cashing Store | Y | | Y | | Y | | Y | | Y | | | | | |
| | | | Sliding scale of fees: \$0-\$4.99: \$.50, \$5-\$9.99: \$.75, \$10-\$19.99: \$1.05, \$50-\$59.99: \$1.60, \$100-\$109.99: \$2.20... | | | | ...\$200-\$209.99: \$3.50, \$300-\$309.99: \$4.85, \$400-\$409.99: \$6.05, over \$500: 1.7%, over \$750: 1.85% note: not all the \$10 increments were recorded by the surveyor, but it's astounding how complicated the fee schedule gets with a new price for each | | | The fees for cashing checks over \$100 are under 2% except for some income tax return checks which require an additional \$0.90 fee; The percentages for checks under \$100 are considerably higher, but are still well below | | | See chart after verification | | |
| WI | Cash Mart | Y | 2.00% | Y | 3.00% | Y | 2.00% | Y | 2.00% | Y | 2.00% | after verification | | | |
| WI | Check & Cash, LLC | Y | 1.75% | Y | 1.75% | Y | 3.00% | | | | | | | | |
| WI | State Street Cash Mart | Y | 1.75% | Y | 3.00% | Y | 3.00% | | | if check from Wisconsin; 5% for other states | | if check from Wisconsin; 8% for other states | | | |
| WI | PLS Check Cashers | Y | 1.75% | Y | 5.00% | Y | 3.00% | | | Y | 5.00% | Y | 10.00% | | |
| WI | Check Cashing Corp. | Y | | Y | | Y | | | | fees for tax/insurance checks: under \$1500: 2.5%, over \$1500: 2.8%, over \$1600: 2.9%, over \$1700: 3.1%, over \$1800: 3.2%, over \$2000: 3.6%, over \$3000: 4.8%, | | | ...Over \$300: 1.7%, over \$400: 1.85%, over \$500: 1.9%, over \$1000: 2.4%, over \$1500: 2.5% | Y | 10.00% |
| WI | Big Deal Check Cashers | Y | | Y | 3.00% | Y | | | | ...\$200-\$209.99: \$4.20, \$300-\$309.99: \$5.30, \$400-\$409.99: \$6.40, \$500-\$509.99: \$7.80, \$600-\$609.99: \$9.80, \$700-\$709.99: \$11.80, \$800-\$809.99: \$13.90, \$900-\$909.99: \$16, \$1000: \$18 | Y | 10.00% | \$5 minimum fee | Y | 10.00% |

Appendix B: Fees to Cash Checks at Check Cashing Outlets

| Company | | Check Cashing Services, Fees and Ancillary Fees | | | | | | | | | | | | |
|---------|------------------------------|-------------------------------------------------|-------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-------------------|-----------------------|---------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|--------------------|--------------------|---|--------|
| State | Outlet Surveyed | Gvt. Benefit | Benefit Fee | Gvt. Other | Govt. Other Fee | Paycheck Computer | Paycheck Computer Fee | Hand Paycheck | Hand Paycheck Fee | Personal Check | Personal Check Fee | | | |
| WI | Community Financial | Y | | Sliding scale of fees for govt. benefit and typed payroll checks: \$0-\$4.99: \$.95, \$5-\$9.99: \$1.10, \$100-\$109.99: \$3.30, \$200-\$209.99: \$4.65, \$300-\$309.99: \$6... | Y | 3.00% | Y | | \$409.99: \$7.35, \$500-\$509.99: \$8.70, \$600-\$609.99: \$10.25, \$700-\$709.99: \$12.07, \$800-\$809.99: \$14.09, \$900-\$1250: 2%, \$1250-\$2000: 3%, over \$2000: Y | Y | 3.00% | after verification | Y | 10.00% |
| WI | Milwaukee Checkcashers, Inc. | Y | | Sliding scale of fees for govt. checks: \$0-\$4.99: \$.95, \$5-\$9.99: \$1.10, \$100-\$109.99: \$3.30, \$200-\$209.99: \$4.65, \$300-\$309.99: \$6, \$400-\$409.99: \$7.35... | Y | | Y | 3.00% | | Y | 3.00% | | | |

Appendix C: Other Services and Fees

| State | Outlet Surveyed | Other Fees | | | | Pre-Paid Debit Cards | | | | | | |
|-------|-----------------------------------|---------------------------|---------------------------------------------|---------------------------------------|----------------------------------------------------------------------|------------------------------------|------------------------------------------------|-----------|-----------------------|------------------------------------------------------------------------------|----------------------------------------------|------|
| | | Fee for \$100 Money Order | | Fee for \$200 wire transfer to Mexico | | Fee for e-payment of electric bill | Cards Available (V=Visa, MC=MasterCard, other) | Card Cost | | Cost to Load money on card | Fee per use | |
| | Median | \$ 0.69 | | \$ 10.00 | | \$ 1.00 | | | | | | |
| | Sum or Average | \$ 0.94 | | \$ 11.69 | | \$ 1.30 | | | | | | |
| AR | American Check Cashers | \$ 0.50 | | | Refused to answer over the phone | | MC | | | Refused to say over the phone and requested the surveyor come into the store | | |
| AR | ACE Cash Express | | | \$ 9.99 | but depends on where it is going in Mexico | | ACE Cash Express Visa | | | | | 1-2 |
| AR | Cash Advance of Little Rock | \$ 0.50 | | | Not quoted | | MC | 14.95 | Minimum load of \$100 | 4.95 | \$4.95 at the end of the month or to re-load | |
| AR | Cash Advance of North Little Rock | \$ 0.50 | | | Depends on how sent and where sent to | | | | | | | |
| AR | Cash Advance of Little Rock 2 | \$ 0.50 | | | Clerk didn't know said would have to input into the computer | | | | | | | |
| AR | ACE Cash Express #2102 | \$ 0.79 | | \$ 9.99 | | | | | | | | |
| AR | American Check Cashers | \$ 0.50 | | \$ 7.99 | for next day, \$14.99 for minutes | | MC | 9.95 | | 4.95 | \$2600 limit on card | |
| AZ | Money Mart | \$ 1.29 | | \$ 14.99 | | | V | 6.99 | | 2 | | |
| AZ | Cash Smart | \$ - | | | it varies | | | | | | | |
| AZ | Southwest Check Cashers | \$ - | free up to \$100 | \$ 19.98 | 9.99 per \$100 | | V, MC | 9.95 | | 9.95 | | |
| AZ | PLS Check Cashers | \$ - | | \$ 9.00 | | .01-.02 | Surveyor did not give the name of the card | 10 | | 10 | | |
| AZ | One Stop Check Cashing PayDay | \$ 0.59 | | \$ 9.99 | Next day rate, for quick, \$14.99 | \$ 1.00 | V | 9.95 | | | | 1 |
| AZ | Mo Better Check Cashing | | | | | | | | | | | |
| AZ | In-N-Out Check Cashing | 9.99-14.99 | | 9.99-14.99 | | | | | | | | |
| AZ | 1 Stop Check Cashing | | | 17.99-23.99 | | | | | | | | |
| AZ | Money Now Check Cashing | | | 9.99-14.99 | | | | | | | | |
| AZ | La Casita Check Cashing | \$ 9.99 | | 9.99-14.99 | | | | | | | | |
| AZ | Money Mart | \$ 0.79 | but free if you have a VIP card | 10-15 | | | | | | | | |
| AZ | Quick Cash | \$ 0.49 | | | Clerk said to call Western Union | \$ 1.50 | | | | | | |
| AZ | ACE Cash Express | \$ 0.79 | | \$ 9.99 | For any transfer up to \$1,000 | 0-2 | V, MC | 9.95 | | 3 | | 1-2 |
| AZ | Check Center | | depends on Western Union rates for distance | \$ 9.99 | for next day | \$ 1.00 | V, MC | 9.95 | | 10 | | 1.50 |
| CA | United Cash A Check | \$ 1.00 | | \$ 10.00 | | | | | | | | |
| CA | California Check Cashing | \$ 0.85 | | \$ 9.99 | | \$ 1.00 | Surveyor did not acquire the name | 9.95 | | 2 | | |
| CA | Money Mart | \$ 1.29 | | \$ 6.99 | for up to \$200 | | | | | | | |
| CA | Mission Check Cashers | \$ 1.00 | | \$ 10.00 | | \$ 1.00 | | | | | | |
| CA | Money Mart | \$ 1.29 | | \$ 6.99 | for up to \$200 | | | | | | | |
| CA | Mission Jewelry & Loan | | | | | | | | | | | |
| DC | Kash King | \$ 0.25 | | | | \$ 1.00 | | | | | | |
| DC | Check Cash One | \$ 0.50 | | | *clerk didn't know: said call Western Union if need more information | \$ 1.25 | | | | | | |
| DC | ACE Cash Express | \$ 0.79 | | | | \$ 1.25 | MC | 9.95 | | 3 | | |

Appendix C: Other Services and Fees

| State | Outlet Surveyed | Other Fees | | | | | Pre-Paid Debit Cards | | | | | | |
|-------|----------------------------------|---------------------------|----------------------------------------------------------------|---------------------------------------|------------------------------------------|------------------------------------|------------------------------------------------|-----------|-------------------------------------------------------------|----------------------------|------------------|-------------|------|
| | | Fee for \$100 Money Order | | Fee for \$200 wire transfer to Mexico | | Fee for e-payment of electric bill | Cards Available (V=Visa, MC=MasterCard, other) | Card Cost | | Cost to Load money on card | | Fee per use | |
| KY | Check Smart | \$ 0.69 | | | | Computer tells | | | | | | | |
| KY | AAA Checks Cashed | \$ 1.00 | | \$ 18.00 | | N/A | | | | | | | |
| KY | Check Exchange | \$ 0.69 | | \$ 15.00 | | | | | | | | | |
| KY | Check-n-Go | | | | | | | | | | | | |
| MA | Boston Check Cashers #10 | \$ 0.79 | | \$ 8.15 | | \$ 1.00 | | | | | | | |
| MA | Ferro's Foodtown | | | | | | | | | | | | |
| MA | Shaws Supermarket #567 | \$ 0.99 | | | | Depends | | | | | | | |
| MD | Cash & Go | | | | | | | | | | | | |
| MD | America's Cash Express | \$ 0.79 | | \$ 9.99 | | | V | 9.95 | | 3 | | | 1 |
| MD | Rockville Checks Cashed | \$ - | Free | \$ 9.99 | | | | | | | | | |
| MD | E Z Check Cashing | \$ - | free with check cashing | \$ 9.99 | for next day; \$14.95 for minutes | \$ 1.25 | Western Union | 14.95 | plus a \$4.95 monthly fee | 3.95 | | | |
| MD | Germantown Check Cashing | \$ 0.25 | up to \$500 | \$ 10.00 | | \$ 1.00 | | | | | | | |
| MI | Cashland | \$ 0.49 | | | | | | | | | | | |
| MI | Cash Now | | | | | | | | | | | | |
| MI | M. Payroll | \$ 0.75 | but one free with check cashing | | | | | | | | | | |
| MI | Cash Rite Now | | | | | | | | | | | | |
| MI | Cash Connection | | | | | | | | | | | | |
| NC | Raleigh Service, Inc. | | depends on the state you're sending money to | \$ 11.00 | | | V | \$14.95 | Clerk refused to quote fees, brochure two cards for \$14.95 | \$5 | | | |
| NC | Raleigh Durham Check Cashers | | for immediate transfer or \$9.99 overnight | \$ 9.99 | for overnight, \$15.99 for immediate | \$ 2.00 | V | 9.95 | All Access card NetSpend | 2 | | | |
| NC | Raleigh Durham Check Cashers | | | \$ 9.99 | for overnight, \$15.99 for immediate | | V | 9.95 | All Access card NetSpend | 2 | | | |
| NC | Checks Cashed | | | \$ 9.00 | next day, \$15.99 for immediate transfer | \$ 2.00 | V | 9.95 | | 2 | | | |
| NC | National Jewelry & Pawn | \$ 0.05 | 5% of the amount | \$ 0.05 | 5% of the amount | | | | | | | | |
| NH | Checks Cashed of Manchester | | | | | | | | | | | | |
| NH | Amherst Check Cashing Inc. | | | | | | | | | | | | |
| NV | Check City | \$ - | no fee | \$ 14.00 | approximately | | | | | | | | |
| NV | Money Tree | \$ 0.50 | up to \$1000 but free with a check cashing or loan transaction | \$ 9.95 | for next day; otherwise \$14.99 | | MC | 9.95 | with a \$1.25 weekly service fee | 0 | | | 1.75 |
| NV | Main Street Station Casino | | | | | | | | | | | | |
| NV | Smith's Food and Drug Center | \$ - | free | \$ 24.00 | | \$ - | | | | | | | |
| NV | ACE Cash Express | \$ 0.79 | | \$ 24.00 | | 2-5 | V | 9.95 | with a \$9.95 per month maintenance fee | 2 | | | |
| NY | East Broadway Check Cashing | \$ 0.59 | | \$ 10.00 | | \$ 1.00 | V, MC | 9.95 | All Access card NetSpend | 2 | | | 1 |
| NY | Uneeda Check Cashing Corporation | \$ 0.49 | | \$ 10.00 | | \$ 1.25 | | | | | | | |
| NY | Joco Check Cashing Corp. | \$ 1.25 | | \$ 10.00 | to Jalisco | \$ 1.00 | V | 9.95 | Netspend | 2 | | | |
| NY | Whitstone Check Cashing | \$ 0.29 | | \$ 10.00 | to Jalisco | \$ 0.50 | Western Union Debit Card | 14.95 | | 3.95 | | | |
| NY | Ikan Enterprises | \$ 1.25 | | \$ 10.00 | to Jalisco | \$ 1.00 | MC | 25 | Priva MC, \$25 to get \$500 card | 4.95 | for \$25 on card | 4.95 - 8.95 | |
| NY | Pay-O-Matic | \$ 1.00 | | \$ 10.00 | to Jalisco | \$ 1.25 | V, MC | 30 | | 1.5 | | | 2 |

Appendix C: Other Services and Fees

| State | Outlet Surveyed | Other Fees | | | | Pre-Paid Debit Cards | | | | | | | |
|-------|------------------------------|---------------------------|---------------------------------------------------|---------------------------------------|------------------------------------|------------------------------------|------------------------------------------------|-----------|------------------------------|----------------------------|------|-------------|-----|
| | | Fee for \$100 Money Order | | Fee for \$200 wire transfer to Mexico | | Fee for e-payment of electric bill | Cards Available (V=Visa, MC=MasterCard, other) | Card Cost | | Cost to Load money on card | | Fee per use | |
| UT | Cash Advance | \$ 0.69 | | \$ 9.99 | | \$ 1.00 | | | | | | | |
| UT | U.S.A Cash Services | | | | | | | | | | | | |
| UT | Check City | | | | | | | | | | | | |
| UT | Rent A Center | \$ 0.29 | | \$ 9.99 | | \$ 1.00 | V | 9.95 | All-Access NetSpend | | 2 | | |
| UT | Money Mart | | | | | | | | | | | | |
| UT | Access 2 Cash | \$ 0.25 | | \$ 14.99 | | | | | | | | | |
| UT | Easy Money | | | | | | | | | | | | |
| UT | Easy Money | | | \$ 9.99 | | | | | | | | | |
| VA | Cash and Carry | | | | | | | | | | | | |
| VA | Ace Check Cashing | \$ 0.49 | | \$ 5.00 | Clerk not sure, but quoted \$5 | | V | 9.95 | All Access Visa prepaid card | | 5 | | 1-2 |
| VA | Check City | \$ 0.29 | | \$ 10.00 | | | | | | | | | |
| VA | Cashstore Pawn Shop | | | | | | | | | | | | |
| VA | Checksmart | \$ 0.29 | | \$ 9.99 | or 2%, whichever is greater | \$ 1.00 | | | | | | | |
| VA | ACE American Cash Express | | | \$9.99 | | | V | | ACE Visa prepaid cd | | | | |
| VA | Metro Check Casher Plus | \$16 | to CA | \$15 | | \$1.00 | | | Mobile phone USA card \$2 | | | | |
| VA | Cashstore PawnShop | | | | | | | | | | | | |
| WA | MoneyTree | \$ 0.50 | or free with a check cashing transaction | | | | MC | 9.95 | \$1.25 wkly | | 0 | | 0 |
| WA | Check Masters | \$ 0.45 | or free with check cashing or payday loan | | | | | | | | | | |
| WA | MoneyMart | | | | | | | | | | | | |
| WA | Cash 1 | \$ 0.50 | | | | | | | | | | | |
| WA | Checkmate | | | | | | Checkmate Express | | | | | | |
| WA | Money Tree Incorporated | \$ 0.50 | but free with check cashing or a loan transaction | \$ 9.99 | next day; \$14.99 in minutes | \$ 12.95 | MC | 9.95 | \$1.25 weekly service fee | | | | |
| WA | Check Masters | \$ 0.45 | | \$ 9.99 | \$9.45 with Savers Card | 6.95-8.95 | "Mio" pre-paid debit card | 9.95 | | | 4.95 | | |
| WI | Beloit Check Cashing Store | \$ 0.75 | | 9.99 | for next day or \$14.95 in minutes | \$ 0.70 | V | 9.95 | | | 2 | | 1 |
| WI | Cash Mart | \$ 0.75 | for up to \$5000 | \$ 15.00 | | | MC | 14.95 | with a \$5 montly fee | | 5 | | 2 |
| WI | Check & Cash, LLC | \$ 0.69 | | \$ 9.99 | for next day | | | | | | | | |
| WI | State Street Cash Mart | \$ - | free | \$ 9.99 | | | V | 9.95 | | | 2 | | 1 |
| WI | PLS Check Cashers | \$ - | free | \$ 14.99 | | | V | 9.95 | | | 2 | | 1 |
| WI | Check Cashing Corp. | \$ 0.39 | for \$501-\$1000 | | | \$ 1.00 | MC | 14.95 | with a \$5 montly fee | | 5 | | 2 |
| WI | Big Deal Check Cashers | \$ 0.79 | posted | \$ 9.99 | for next day | | | | | | | | |
| WI | Community Financial | \$ 0.99 | | \$ 14.99 | | \$ 1.00 | V | 9.95 | NetSpend | | 2 | | 1 |
| WI | Milwaukee Checkcashers, Inc. | \$ 1.00 | | \$ 15.00 | | \$ 1.00 | V | 9.95 | | | 2 | | 1 |

Appendix D: Payday Loan Products and Fees

| State | Outlet Surveyed | Maximum Loan Size | Asked Clerk Interest Rate for \$300 Loan for 2 Weeks | Payday Loans | | | | | | | | | |
|-------|---------------------------|---------------------------|------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|-------|-------|------|-----------------------------|---------------------------------------------------------------------------------------------------------------------------------------|-------|-------|-------|-------|
| | | | | Cost Given in: D=Cost for entire loan in dollars, L=Cost per a \$100 loan, I=Cost as an interest rate or APR, R=Refused to quote | | | | Posted Cost to Borrow \$300 | Cost Posted in: D=Cost for entire loan in dollars, L=Cost per a \$100 loan increment; I=Cost as an interest rate or APR, N=Not posted | | | | |
| | | | | D | L | I | R | | D | L | I | N | |
| | MEDIAN | \$ 500 | | 39.3% | 35.7% | 17.0% | 8.0% | | | 27.5% | 26.7% | 25.8% | 20.0% |
| | SUM OR AVERAGE | \$ 696 | \$51.98 | 44 | 40 | 19 | 9 | \$46.85 | | 33 | 32 | 31 | 24 |
| OH | ACE Cash Express | \$ 800 | 91.07% | | | Y | | \$ 45.00 | | Y | Y | | |
| OH | ACE Cash Express | \$ 800 | 91.07% | | | Y | | \$ 45.00 | | Y | Y | | |
| OH | ACE Cash Express | \$ 800 | \$ 45.00 | Y | Y | Y | | \$ 45.00 | Y | Y | Y | | |
| OH | Money Mart | \$ 800 | \$ 45.00 | Y | | Y | | \$ 45.00 | | Y | Y | | |
| OH | ACE Cash Express | \$ 800 | \$ 45.00 | | Y | | | \$ 45.00 | | | Y | | |
| OH | Money Mart | \$ 800 | 91.10% | Y | | Y | | \$ 45.00 | | Y | Y | | |
| OH | Check Smart | \$ 800 | \$ 45.00 | Y | | | | \$ 45.00 | Y | | | | |
| OH | Check Cashing & Pay Day | \$ 800 | \$ 45.00 | Y | | | | \$ 45.00 | Y | | | | |
| OH | Tops Markets | | | | | | | | | | | | |
| OH | American Payroll Advance | \$ 800 | \$ 45.00 | Y | | | | \$ 45.00 | Y | | | | |
| OH | Cashland | \$ 800 | \$ 45.00 | Y | | | | | | | | | Y |
| OH | VRS Cash Advance | \$ 800 | \$ 45.00 | Y | | | | | | | | | Y |
| OH | Money Mart | \$ 800 | \$ 91.10 | | | Y | | \$ 45.00 | | | Y | | |
| OH | ACE Cash Express | \$ 800 | | | Y | | | \$ 45.00 | Y | Y | Y | | |
| OH | ACE Cash Express | \$ 800 | \$ 45.00 | | Y | | | \$ 45.00 | Y | Y | Y | | |
| OH | ACE Cash Express | \$ 800 | \$ 45.00 | | Y | | | \$ 45.00 | Y | Y | Y | | |
| OH | Money Mart | | | | | | | | | | | | |
| OR | Check Mart | | | | | | | | | | | | |
| OR | ACE American Cash Express | \$ 500 | \$ 51.00 | Y | | | | | Y | | | | |
| UT | Cash Advance | \$ 750 | \$ 22.35 | | Y | Y | | | | Y | Y | | |
| UT | U.S.A Cash Services | | | | | | | | | | | | |
| UT | Check City | \$ 500 | \$ 48.00 | Y | Y | Y | | \$ 48.00 | Y | Y | Y | | |
| UT | Rent A Center | 25% of net monthly income | \$ 45.00 | Y | Y | Y | | \$ 45.00 | Y | Y | Y | | |
| UT | Money Mart | | \$ 60.00 | Y | | | | | | | Y | | |
| UT | Access 2 Cash | \$ 500 | \$ 60.00 | Y | Y | | | | | | Y | | |
| UT | Easy Money | | \$ 60.00 | Y | | Y | | | | | Y | | |
| UT | Easy Money | \$ 500 | \$ 60.00 | Y | Y | | | | Y | Y | Y | | |
| VA | Cash and Carry | | | | | | | | | | | | |
| VA | Ace Check Cashing | \$ 500 | \$ 45.00 | | Y | | | | | | | | Y |
| VA | Check City | \$ 500 | \$ 45.00 | | Y | | | | | | | | Y |
| VA | Cashstore Pawn Shop | \$ 500 | \$ 45.00 | Y | | | | | | | | | Y |
| VA | Checksmart | \$ 500 | \$ 45.00 | | Y | | | | | | | | Y |
| VA | ACE American Cash Express | \$ 500 | \$ 15.00 | | Y | | | \$ 45.00 | Y | | Y | | |
| VA | Metro Check Casher Plus | | | | | | | | | | | | |
| VA | Cashstore PawnShop | \$ 500 | 15% | Y | Y | | | | | | | | |
| WA | MoneyTree | \$ 700 | \$ 45.00 | | | | | \$ 45.00 | | Y | | | |
| WA | Check Masters | \$ 700 | \$ 45.00 | | Y | | | \$ 45.00 | Y | | | | |
| WA | MoneyMart | \$ 700 | | | | | | | | | | | |
| WA | Cash 1 | \$ 700 | 391.07% | | Y | Y | | | | | | | |
| WA | Checkmate | \$ 700 | 391.07% | Y | Y | Y | | | | | | | |
| WA | Money Tree Incorporated | \$ 700 | | Y | Y | | | | | Y | Y | | |
| WA | Check Masters | \$ 700 | | Y | | | | | | Y | | | |

Appendix E: State Check Cashing Laws Regulations

| State | Citation | Regulation | Exemptions | Regulator | Post Information | Cap Fees | Prohibit Lending | Penalties |
|-------------|-------------------------------------------------------------|-----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Arizona | Ariz. Rev. Stat. § 44-1361-2 | | Banks, credit unions, government agency, US Postal Service, reg. securities broker, wholesale SVC. | | Fees; Valid identification | Greater of 3% of face amount or \$5 government checks | No | Violation is unlawful act or practice under 44-1522. Attorney General enforces. |
| Arkansas | ARK. CODE ANN. § 23-52 (2005) | Permit required | Government agencies; wire transfers or money orders; banks and credit unions; Any retail seller with less than 3% of total revenue from check cashing fees. | State Board of Collection Agencies | Fees; Valid identification; Permit | 5% of the face amount of the check if state public assistance or federal social security; 10% of any personal check or money order; 6% for all other checks. \$5 max fee for ID card or account set-up. | No | Civil (not exceeding \$1,000) and Criminal, consent orders, refund of fees collected in violation of law. |
| California | CAL. CIV. CODE § 1789 (2005) | Permit required | Banks, credit unions, and industrial loan companies; Retailers whose fees for cashing checks do not exceed \$2 | Department of Justice | Fees; Valid identification | Greater of 3% or \$3 for government and payroll checks with ID, 3.5% without ID; 12% of the face amount for all personal checks. Max \$10 set-up or ID fee; \$5 replacement card fee. | No | Civil (not exceeding \$2000 for each violation) and misdemeanor for violating sec. 1789.35 and Civil (\$1000 for the first offense and \$5000 for the second offense) and misdemeanor (imprisonment not exceeding six months and/or a fine not exceeding \$5000) for violating sec. 1789.37 |
| Connecticut | CONN. GEN. STAT. § 36A-580 (2005) | License required | Checks cashed for free; Retailers that charge no more than \$.50; Institutions under the supervision of any U.S. agency or the Commissioner | CT Banking Commissioner | License; Fees | 1% of the face amount of a CT public assistance check; 2% cap all other checks. | No | Suspend, revoke, non-renew a license. Violations unfair or deceptive trade practices. |
| Delaware | DEL. CODE ANN. tit 5, § 2701 - § 2745 (2006) | License required | Checks cashed for free; Retailers that charge no more than 10 cents; banks or credit unions. | State Bank Commissioner | License; Fees | Greater of 2% of the check or \$4 for cashing checks, drafts, or money orders | Yes | Up to \$500 fine and/or 1 year imprisonment. Civil penalty if willful violation \$250 up to \$500 for the first violation and \$500 up to \$1000 for each subsequent violation) |
| Florida | FLA. STAT. ANN. § 560.301 - § 560.310 (2005) | Registration required | Retailers if fees for cashing checks or exchanging foreign currency does not exceed 5% of the annual total gross income; Authorized vendors or persons registered pursuant to the provisions of the Money Transmitters' Code | Financial Services Commission | Registration; Fees | Greater of 5% of the check or \$5 with ID, or 6% without ID; 3% of the check or \$5 with ID, or 4% without ID for state public assistance of federal social security benefits; 10% of the face amount of the check, or \$5, whichever is greater, for personal checks and money orders | No | Third degree felony |
| Georgia | GA. CODE ANN. § 7-1-700 - § 7-1-709 (2005) | License required | Banks or credit unions; Retailers that charge no more than the greater of 2% of the check, or \$2 and where the aggregate gross income for cashing of checks does not exceed \$25,000 per annum for each location; Persons where the aggregate gross income from cashing checks, drafts, or money orders does not exceed \$12,000 | Department of Banking and Finance | License; Fees | Greater of 5% of the check or \$5; greater of 3% of the check or draft or \$5 for state public assistance or federal social security benefit payments; greater of 10% of the face amount or \$5 for personal checks and money orders. | Yes | Civil penalty (not to exceed \$1000 per day the violation continues) |
| Hawaii | HAW. REV. STAT. § 480F (2005) | | Retailers that charge no more than \$2 or 2% of the amount of the check, whichever is greater; Financial institutions authorized under federal or state law | Complaints filed with Department of Commerce and Consumer Affairs | Fees; How to complain | Greater of 5% of the face amount of the check or \$5; 3% of the face amount of the check or \$5 for state public assistance or federal social security benefits; 10% of the face amount of personal checks or money orders, or \$5. \$10 max. fee for set-up and \$5 for replacement ID. | No | Fine of up to \$500 and up to 30 days imprisonment |
| Illinois | 815 ILL. COMP. STAT. ANN. § 315/2, 38 ILL. Adm. Code 130.30 | License required | Retailers where cashing checks is incident to business; banks. | Director of Financial Institutions | License; Fees | 1.4% of the face amount of checks up to \$500 plus ninety cent service charge; 1.85% of all checks \$500.01 and over. | No | Each violation is a petty offense. |

Appendix E: State Check Cashing Laws Regulations

| State | Citation | Regulation | Exemptions | Regulator | Post Information | Cap Fees | Prohibit Lending | Penalties |
|---------------|--------------------------------------------------------|-----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|-------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Indiana | IND. CODE § 28-8-5 (2005) | License required | Financial institutions organized under IC 28 or federal law; Where the transaction is incidental to the retail sale of goods and services; Where consideration for cashing checks does not exceed 1% of the face amount or \$1, whichever is greater | Department of Financial Institutions | Fees | 10% of the face amount of the check or \$5, whichever is greater | Yes | Civil penalty (not exceeding \$5000 per violation) and Class A misdemeanor |
| Kentucky | Ky. Rev. Stat. Ann. § 286.9-010-102 | License required | Financial institutions, entities that cash checks for free, or retailer. | Office of Financial Institutions | License; Fees | No cap | No | Misdemeanor, Fine \$100 to \$500, one-year imprisonment or both. |
| Louisiana | LA. REV. STAT. ANN. § 6:1001 - § 6:1013 (2005) | License required | Entities that cash checks for free or that charge no more than \$2 and is incidental to primary business. Banks and credit unions. | Commissioner of Financial Institutions | Fees | Greater of 2% of the face amount of the check or \$5, for welfare or public assistance; 10% of the face amount of the check or \$5, for all other checks and money orders | No | Civil penalties (up to \$500 for each violation) |
| Maine | ME. REV. STAT. ANN. tit. 32, § 6131 - § 6146 | Registration required | Financial institutions; Supervised lenders; Licensees under the Money Transmitters Act; Retailers getting no more than 5% of income from check cashing | Director of the Office of Consumer Credit Regulation | Certificate of registration; | Greater of 5% of the face amount of the check with ID, or 6% without ID, or \$5; greater of 3% of the face amount of the check with ID, or 4% without ID, or \$5 for state public assistance or federal social security benefit; greater of 10% of the face amount of personal checks or money orders, or \$5 | Yes | Criminal (Class E Crime) and Civil penalty (no more than \$5000 or the amount of the actual damages, whichever is greater) |
| Maryland | MD. CODE ANN., [FIN. INST.] § 12-101 - § 12-127 (2006) | License required | Retailers charging up to 1.5% of the check, incidental to business; banks. | Commissioner | License; Fees | Greater of 2% of the face amount of the check or \$3 for federal and state government checks; greater of 10% of the check or \$5 for a personal check; 4% of the check or \$5 for any other check. \$5 cap on one-time membership fee. | Yes (unless have complied with the Maryland Consumer Loan Act) | Civil penalty (up to \$1000 for the first offense and \$5000 for each additional offense) and Misdemeanor (punishable by a fine of no more than \$5000 and/or imprisonment for up to 3 years) |
| Massachusetts | MASS. GEN. LAWS ANN ch. 169A, § 1 - § 13 (2005) | License required | Banks and credit unions. Entities charging less than \$1 per check. | Commissioner of Banks | License; Fees | No limit (but fees must be filed annually with the commissioner) | No | Civil penalty up to \$500 and/or imprisonment for no more than 6 months) |
| Minnesota | MINN. STAT. ANN. § 53A.01 - § 53A.13 (2005) | License required | Financial Institutions; Retailers that charge up to 1% of the face amount of the check, or \$1, whichever is greater. | Commissioner of Commerce | Fees | No limit (but fees charged must be filed and approved as fair and reasonable by the Commissioner) | No | Civil and misdemeanor |
| Mississippi | MISS. CODE ANN. § 75-67-501 § 75-67-539 (2005) | License required | Financial Institutions; Retailers who cash checks for free or for a fee not exceeding greater of 3% of the face amount of the check, or \$10 | Commissioner of Banking and Consumer Finance | License; Fees | Greater of 3% of the face amount of check, or \$5 for government checks; greater of 10% of the face amount of the check, or \$5 for personal checks; greater of 5% of the face amount of the check, or \$5 for all other checks and money orders. | No | Civil penalty (not exceeding \$1000 per violation) and Criminal (misdemeanor) |
| Nevada | NEV. ADMIN. CODE § 604A.010 - § 604A.250 (2006) | License required | Banks and credit unions. Retailer charging up to \$2 to cash checks, incidental to business. Gaming licensees, out-of-state check cashers, entities licensed prior to 1973, other entities. | Commissioner of Financial Institutions | Fees, toll-free number for regulator | No limit, but customer must receive and sign written fee notice prior to transaction. | No | Admin. Fine up to \$50,000 if unlicensed, contract voidable, private right of action. |
| New Jersey | N.J. STAT. ANN. § 17:15A-31 - § 17:15A-45 (2006) | License required | | Commissioner of Banking and Insurance | License; All signs and notifications required by the commissioner | Greater of 2% of the face amount of the check, or \$.90 for checks drawn on depository or financial institutions; greater of 1% of the check or \$.90, for AFDC checks; 1.5% of the check, or \$.90 for social security or SSI check. | No | |
| New York | N.Y. Comp. Codes R & Regs. Tit. 3, § 400.12 | License required | Retailer that charges less than \$1 to cash checks, incidental to business; banks and entities licensed by Superintendent. | Superintendent of Banks | License; Fees | Greater of 1.64% of the check or \$1. | Yes | Misdemeanor, up to one year imprisonment or up to \$500 fine or both. |

Appendix E: State Check Cashing Laws Regulations

| State | Citation | Regulation | Exemptions | Regulator | Post Information | Cap Fees | Prohibit Lending | Penalties |
|------------------|-------------------------------------------------------|-----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|----------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|---------------------------------------------------------------------------------------------------------------------|
| North Carolina | N.C. GEN. STAT. § 53-275 - § 53 - 290 (2005) | License required | Financial institutions; Retailers charging no more than \$2.00 for cashing checks; Money Transmitters Act licensees. | State Banking Commission | Fees | Greater of 3% percent of the check or \$5 for government checks; greater of 10% of the check or \$5 for personal checks; greater of 5% of the check or \$5 for all other checks and money orders | Yes | Civil penalties (not exceeding \$1000 per violation), restitution, and Criminal (Class I felony) |
| Ohio | OHIO REV. CODE ANN. § 1315.21 - § 1315.34 | License required | Financial institutions; retailers with no more than 5% of their gross income from check cashing, other licensees. | Superintendent of Financial Institutions | License; Fees | 3% of the face amount of an Ohio or federal government check | No, if properly licensed | Admin. Fine up to \$1,000 per violation or license revocation. |
| Pennsylvania | Pa. Stat. Ann. Tit. 63, § 2301-2334 | License required | | The Department of Banking | Fees | 2.5% government assistance check w/ID, 3% of payroll check, 10% of personal check \$10 cap on new customer fee. | Yes | Civil penalty up to \$2,000 per violation; 3rd degree misdemeanor if unlicensed. |
| Rhode Island | R.I. GEN. LAWS § 19-14.4-1 - § 19-14.4-10 | License required | Regulated institutions, banks, and credit unions; Retailers where no more than \$0.50 is charged per check cashed | Division of Banking | Public notice of application; Fees; License | Greater of 3% of the face amount of the check, or \$5 for state public assistance and federal social security checks; greater of 10% of the face amount, or \$5 for personal checks; greater of 5% of the face amount of the check, or \$5 for all other checks. | No | Criminal (misdemeanor, may be charged a fine of \$1000 and/or imprisoned for up to a year) |
| South Carolina | S.C. CODE ANN. § 34-41-10 - § 34-41-130 | License required | Bank, savings institution, credit union, or farm credit system; Retailers who cash checks free. | State Board of Financial Institutions | Fees posted and filed with Board. | Greater of 2% of the face amount of the check, or \$3 for federal and state government checks and printed payroll checks; greater of 7% of the face amount of the check, or \$5 for all other checks | Yes | Civil penalties (not exceeding \$1000 per violation) , restitution, and Criminal (Class B misdemeanor) |
| Tennessee | TN Code ANN. §45-18-101-121 | License required | Financial institutions, licensed money transmitters, industrial loan licensees, retailers cashing checks not to exceed 5% of gross receipts or cashing for free. | Department of Financial Institutions | License and fees | Greater of 5% of the check or \$5 all other checks; greater of 3% or \$2 for public assistance or Social Security checks; or greater of 10% of the check or \$5 to cash personal checks or money orders. \$10 cap on one-time membership fee. | Yes | Civil penalty up to \$1,000 per violation, Class C misdemeanor. |
| Utah | UTAH CODE ANN. § 7-23-101 - § 7-23-110 | Registration required | Depository institutions; Retailers where not more than 1% of the amount of the check, or \$1, is charged. | the department | Fees using dollar amounts | No limit | No | Civil and Class B misdemeanor |
| Vermont | VT. STAT. ANN. Tit. 8, § 2500 - § 2519 | License required | Financial institutions, United States Postal Service; A service charging no more than \$1 for cashing any payment instrument | Banking Commissioner | Fees | Greater of 3% of state public assistance or federal Social Security benefit, or \$2; 10% of the face amount of personal checks or money orders, or \$5, whichever is less; greater of 5% of all other checks, or \$5. \$10 cap on one-time membership fee. | Yes | Administrative (not to exceed \$1000 per day) and Criminal (not exceeding \$10,000 and/or three years imprisonment) |
| Virginia | VA. CODE ANN. § 6.1-432 - § 6.1-443 (2006) | Registration required | Financial Institutions; Retailers where not more than \$2 or 2% the amount of the item, whichever is greater, is charged. | State Corporation Commission | Fees; Commission's toll-free number; Information to file a complaint | No limit; Registrant must file a statement of fees with the Commission | Yes | Civil penalties (not exceeding \$1,000) and Criminal (Class I misdemeanor) |
| Washington | WASH. REV. CODE ANN. § 31.45.010 - § 31.45.900 (2006) | License required | Financial institutions and trust companies; Persons not primarily engaged in cashing checks or as determined by the director | Director of Financial Institutions | Fees | No limit | No with small loan endorsement | Criminal (misdemeanor) and is an unfair and deceptive act or practice per RCW 19.86.020. |
| Washington, D.C. | DC Code Ann § 26-301 | License required | Financial institutions; United States Postal Service; Any person who cashes checks without consideration or charge | Superintendent of the Office of Banking and Financial Institutions | Fees; License | 5% of the face value of a government or payroll check; 7% of an insurance check; 10% of a personal check or money order, or \$4, whichever is greater | No | Civil penalties up to \$1,000 per violation |

Appendix E: State Check Cashing Laws Regulations

| State | Citation | Regulation | Exemptions | Regulator | Post Information | Cap Fees | Prohibit Lending | Penalties |
|---------------|----------------------------------------------|------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------|------------------------------------------------------------------------|------------------|----------------------------------------------------------------------------------------------------------------|
| West Virginia | W. VA CODE ANN. § 32A-3-1 - § 32A-3-4 (2005) | License required | Federally insured depository institutions, foreign bank agencies, and governmental entities exempt from licensure as money transmitters under Chapter 32A. Retailers with less than 5% of gross revenues from check cashing. | Comissioner of Banking | Fees | \$1 or 1% of the face valude of the check cashed, whichever is greater | Yes | Civil (twice the damages or all the damages of the injured party recovered depending on the type of violation) |
| Wisconsin | WIS. STAT. ANN. § 218.05 (2006) | License required | Financial Institutions | Division of Banking | License | No limit | No | Civil penalty (not exceeding \$2000) and Criminal (not exceeding 9 months imprisonment) |