



# ARE CHECK CASHING FEES NECESSARY?



By BRIDGETTE MARYLAND

THEY CLAIM HAVING THE RIGHT TO CHARGE PROCESSING FEES TO NON-ACCOUNT HOLDERS BECAUSE OF NOT BEING OBLIGATED TO CASH THEIR CHECKS. IS THIS RIGHT EMPTYING POCKETS?

Check cashing could add up to hundreds of dollars being paid out to banks. Why do consumers have to pay fees to cash checks at the banks drawn on them?

The Texas Legislature tried to tackle the claim and protect consumers in the 77th Legislative Session in 2001, and passed Senate Bill 314 requiring banks to pay a check at "par." The bill would force banks drawn on the checks to not charge fees to non-account holders cashing checks at their facilities.

However, Judge James R. Nowlin of the United States district court in Austin blocked the law on Aug. 31, 2001, claiming it was not enforceable and therefore the institutions could continue charging a fee for cashing their checks, pending trial. The department appealed the decision and was unsuccessful.

The reality is the fees do add up. For example, a non-account holder cashing a weekly check and charged \$5 each time will pay at least \$20 a month, which could total up to \$260 a year. This money could be spent on necessities such as bills, food, medication, etc.

"It really doesn't make sense for me to pay to cash my check," said Cynthia Lewis, who doesn't have a checking or savings account. "This is money I've worked for or that's owed to me."

Delivery driver, Wayne Williams, said the banks' fees are

excessive financial burden on him and other low-income individuals unable to afford or obtain their own bank accounts. Although, the banks declare non-customers are able to avoid fees by opening an account with them, the minimum balance required for a free checking account makes it impossible for many low-income families or individuals to open one.

"I barely have enough money left after I pay my bills and buy my food and other necessities," said Williams.

Lewis and Williams said banks are able to verify if the checks are authentic and the cashier's identification. Furthermore,

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**Senate Bill 314, a law requiring banks to not charge non-account holders fees for cashing checks drawn on their banks, was blocked on Aug. 31, 2001.**

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non-account holders are fingerprinted and/or must show two forms of identification, sometimes their credit card or social security card when cashing checks. That's extra burden and frustration. Some non-customers feel the banks are actually getting too much personal information and treating them as criminals, new employees, or someone trying to get a loan or open an account.

"Everyone should not see my social security number," said Lewis. "I don't have a credit card and everyone doesn't have or use credit cards."

Many non-customers have

their own bank accounts, but prefer to cash the checks at the banks drawn on them to be certain the funds are available. Cashing at the banks the checks are drawn on is safer for them. They could be charged a \$25 to \$35 fee when cashing the checks against their accounts and the funds aren't available in the payers' accounts. Additionally, the money is supposed to be in the account, so why not go to the source – the bank facility on the check?

"I'd rather cash my payroll and other checks paid to me at the banks that are on the check. I have paid a \$25 check return fee for a check, because the funds weren't available. I've also had my account put on hold until the funds were verified in the other account," said hairstylist Mary Parker. "Sometimes it's just best to go to the bank on the account and make sure the funds are available, but you still may go through too much just to get your money."

Bank of America, Chase, Compass, Wells Fargo, and many other banks charge non-customers check cashing fees. Washington Mutual, unlike those banks, doesn't charge fees. It wants to keep customers satisfied and cash the checks as a courtesy to them. The bank also tries building relationships with non-customers. Although none of the five banks' employees wanted to be quoted or make direct comments about check cashing fees, some non-customers still say the facilities' accounts are profiting and their pockets are emptying.

*Bridgette Maryland is a 10-year journalist and author of "You Deserve It" ISBN: 1-4241-0501-3*