



HB 1196 Financial Institutions - Check Cashing Services
House Economic Matters Committee
SUPPORT

Chairman Davis, Vice-Chair Dumais and members of the committee, thank you for the opportunity to submit testimony in support of House Bill 1196. This bill calls for stronger oversight of check-cashing providers.

The CASH Campaign of Maryland promotes economic advancement for low-to-moderate income individuals and families in Baltimore and across Maryland. CASH accomplishes its mission through operating a portfolio of direct service programs, building organizational and field capacity, and leading policy and advocacy initiatives to strengthen family economic stability. CASH and its partners across the state achieve this by providing free tax preparation services through the IRS program 'VITA', offering free financial education and coaching, and engaging in policy research and advocacy.

Prosperity Now reports that nearly 20 percent of Marylanders are underbanked.¹ This means there are a significant number of people in Maryland using both banks and check cashers as a means to meet their financial needs. Individuals with limited access to traditional banking services rely on check cashers to access the money they earn. Cash checking services can happen in a variety of businesses like laundromats, liquor stores, restaurants, and convenience stores. These businesses and others can consider check cashing services as an "incidental service" and can be exempt from regulation.

Currently, check cash services are regulated under Maryland Department of Labor's Office of Financial Regulation (OCFR). Licenses for check cashing services are granted through OCFR, and these businesses are held to certain regulations.

Currently licensed check cashers must:

- Provide consumers with information on permissible fees
- Submit to the OCFR complaint process in order to comply with current regulations
- Retain required records
- There is an exemption that allows stores which cashes checks as an incidental service and for fees of no more than 1.5 percent of the check to avoid regulation.

House Bill 1196 helps protect consumers by:

1. Repealing the exemption from licensure
2. Requiring certain check cashing entities to register with OCFR
3. Requiring check cashing locations to post consumer protection information, and the number for OCFR in case they need to file a complaint

House Bill 1196 ensures that low-income consumers are protected in accessing vital financial services.
We therefore urge this Committee to return a favorable report on HB 1196.

¹ Prosperity Now (2019). Prosperity Now Scorecard.