



Dispelling Myths about the Check Cashing Industry in New Jersey

Myth: “Newarkers spend millions of dollars a year at check cashers and payday lenders.”
Source: www.bankonnewark.com

Fact: New Jersey check cashers are prohibited from engaging in loan activity at their licensed locations. Source: N.J.S.A. 17:15A-47(e).

- However, notwithstanding the absence of legal, regulated payday loans in New Jersey, approximately half a million New Jerseyans obtain annually roughly four million payday loans, primarily through the Internet (not from licensed check cashers).

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Myth: New Jersey check cashers are unregulated.

Fact: The check cashing industry in New Jersey is one of the most highly regulated in the country. The industry is regulated by the New Jersey Department of Banking, which subjects licensees to comprehensive periodic examinations. Further, New Jersey check cashers are regulated federally by the Internal Revenue Service.

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Myth: Check-cashing services offered by licensed check cashers are “expensive.”

- Charge 5% of your paycheck to cash your check

Source: www.bankonnewark.com

Fact: The fees that can be charged by licensed check cashers regulated by the New Jersey Department of Banking. The permissible fees are among the lowest in the country.

- The current maximum permissible fee for Aid to Families with Dependent Children checks is 1%, the lowest such rate in the country.
- The current maximum permissible fee for Social Security and Supplemental Security Income checks is 1.5%, the lowest such rate in the country.
- 2.21% for all other checks.

Myth: Banking is “free.”

Fact: Banking can be very expensive, especially for low-and-moderate income consumers living paycheck to paycheck. There are numerous fees, charges and/or penalties that consumers may be subject to at banks and credit unions, including (to name a few):

- Monthly Service Fee
- Low-Balance Fee
- Non-Sufficient Funds Fee
- Overdraft Fee
- Uncollected Funds Fee
- Stop Payments Fee
- ATM-outside network Fee.
- The less than transparent fees charged by banks for basic banking services, particularly penalty charges, tend to alienate consumers.

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Myth: The best mechanism for consumers to participate in the economic mainstream is through direct relationships with banks and credit unions.

Fact: New Jersey check cashers offer products and services on a “pay as you go” basis, giving customers the financial freedom to choose when and where it is appropriate for them to conduct their financial transactions. A customer can walk into a licensed check cashing location and conduct a multitude of financial services (some offered at banks, others not), which are offered with the customers’ needs in mind.

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Myth: Check cashing customers are financially illiterate as exemplified by their choosing to satisfy their financial needs with providers other than banks or credit unions.

Fact: Check cashing customers are quite financially savvy. In choosing where to conduct their financial business, consumers consider a number of factors, including cost, convenience and access, quality of service, and trust. Over the years, New Jersey check cashers have satisfied these needs by offering financial services that are totally transparent. Customers know the cost of each transaction in advance and can manage their finances accordingly. This affords costumers tremendous peace of mind.