


# Master Your Card OPORTUNIDAD

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## THE COST OF CHECK CASHING

Check cashing is one of the most commonly used alternative financial services among the underserved. Nearly half of unbanked households and about 30% of underbanked households have used non-bank check-cashing services.<sup>1</sup>

**\$25,500** is the average underserved household income.<sup>2</sup>

The average payday loan borrower takes out **8 loans** per year.<sup>3</sup>

Payday loans cost the borrower an average of **\$375** in fees per year.<sup>3</sup>

This costs an average of **\$520** in interest per year.<sup>3</sup>

**391%** is what the average annual interest rate becomes for most payday loans.<sup>2</sup>

**\$55 billion** worth of checks are processed by the check-cashing industry each year.<sup>4</sup>

**36%** of Latino households use alternative financial services, compared to only 18% of Asian and 15.5% of white households.<sup>1</sup>

**Expensive alternative financial services like check cashing are hurting the Latino community.<sup>1</sup>**

<sup>1</sup> Federal Deposit Insurance Company (FDIC). (2018). 2017 FDIC National Survey of Unbanked and Underbanked Households. [www.fdic.gov/householdsurvey/](http://www.fdic.gov/householdsurvey/)

<sup>2</sup> U.S. Postal Service, Office of Inspector General. (2014). Providing non-bank financial services for the underserved (RARC-WP-14-007). [www.uspsaig.gov/document/providing-non-bank-financial-services-underserved](http://www.uspsaig.gov/document/providing-non-bank-financial-services-underserved)

<sup>3</sup> Pew Charitable Trusts. (2012). Payday Lending in America: Who Borrows, Where They Borrow, and Why? [www.pewtrusts.org/en/research-and-analysis/reports/2012/07/19/who-borrows-where-they-borrow-and-why](http://www.pewtrusts.org/en/research-and-analysis/reports/2012/07/19/who-borrows-where-they-borrow-and-why)

<sup>4</sup> Barr, M. & Blank, R. (2009). "Savings, Assets, Credit, and Banking among Low-income Households: Introduction and Overview." In *Insufficient Funds: Savings, Assets, Credit and Banking Among Low- and Moderate-Income Households*, edited by M.S. Barr and R.M. Blank, 66-96. New York: Russell Sage.