


# MASTER YOUR CARD

A community empowerment program sponsored by  **mastercard**

## 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 income of underserved households.<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>

**\$58 billion** worth of checks are processed by the check-cashing industry each year.<sup>4</sup>

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

African Americans are **3x** as likely as whites and twice as likely as other minorities to rely on payday lending.<sup>3</sup>

**Expensive alternative financial services like check cashing are impacting the African American community more than any other ethnicity.<sup>1</sup>**

<sup>1</sup> Federal Deposit Insurance Company (FDIC). (2012). 2011 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 un-served (RARC-WP-14-007). <http://www.uspsig.gov/sites/default/files/document-library-files/2014/rarc-wp-14-007.pdf>

<sup>3</sup> Pew Charitable Trusts. (2012). Payday Lending in America: Who Borrows, Where They Borrow, and Why? [http://www.pewstates.org/uploadedFiles/PCS\\_Assets/2012/Pew\\_Payday\\_Lending\\_Report.pdf](http://www.pewstates.org/uploadedFiles/PCS_Assets/2012/Pew_Payday_Lending_Report.pdf)

<sup>4</sup> Federal Deposit Insurance Company (FDIC). (2009) 2008 FDIC Alternative Financial Services: A Primer. [www.fdic.gov/bank/analytical/quarterly/2009\\_vol3\\_1/altfinprimer.html](http://www.fdic.gov/bank/analytical/quarterly/2009_vol3_1/altfinprimer.html)