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CHASING THE **'UNBANKED'** URGED TO OPEN ACCOUNTS, MANY OPT FOR FAST CASH

By Patrick Gerard Healy, GLOBE CORRESPONDENT

Hip-hop mogul Russell Simmons rolled into town this summer with a mission: Get people to the voting booths and banking to the people.

During the Democratic National Convention, Simmons took part in the youth voter registration initiatives of the Hip-hop Summit Action Network. And while he was at it, he spread his other message: Sign up for a Rush card a product he's launched that looks like a credit card and works like a debit card and ditch the high fees charged by check-cashing stores.

"This for me is a way of empowering people," he said of his money service. Simmons, who cofounded Def Jam Records, partnered last year with Unifund Corp., a buyer and seller of distressed debt, to offer the Rush Prepaid Visa Card, which allows users to access their cash at ATMs. Because the card is prepaid and only allows users to take out money they have, card-holders cannot accrue debt. R&B star Usher has issued a similar card recently.

For many city activists, Simmons's pitch to bring options other than check-cashing stores to the "**unbanked**" hits a familiar chord.

Says Jorge Martinez, executive director for Dorchester-based community group Project RIGHT, "The days of cash in the cookie jar are over. . . . We believe that the fees that are asked for when people cash their checks [at check-cashing stores] are exorbitant and people could do a lot better."

Donna Stewartson, secretary of the Columbia/Washington Street Neighborhood Association, is also part of the crusade to get the community to the banks. Last winter, along with her husband, Vassell, and about 100 other residents, Stewartson demonstrated at a public hearing against the request from a neighborhood store that offered money transfers to become a check-cashing store. The proposal did not pass.

"We just feel that we don't want any more check-cashing places here," she says. "They're not promoting economic development."

Rita Poussaint Nethersole, who is a member of the Pasadena, Supple, and Columbia Roads Neighborhood Association, agrees.

"They don't return money to the community in the form of investments," she says. "They don't give mortgages or small business loans, and they're not involved in any philanthropic ventures. That money is just leaving the community."

Bill Kilroy, owner and operator of Jamaica Plain-based Forest Hills Check Cashing, says he is tired of people putting down his occupation.

"There's all this predetermined thinking about what a check casher does," he says, "but 95 percent of my business is repeat business, and if we were gouging these customers they wouldn't come back. We provide a service and they're happy with it."

Kilroy also says the other services his store offers, such as notary public, wire transfers, bill payments, and MBTA passes, are what keep his customers coming.

Hank Shyne, executive director of Financial Service Centers of America, based in New Jersey and which represents more than 5,500 neighborhood check cashers nationwide, says check cashers get a bad rap.

"As far as the reputation is concerned, I don't know that there are any more robberies that occur in a check-cashing store than in a bank," he says. "In many instances check cashers have gone very upscale, so they look like a neighborhood branch bank."

One of the draws of such stores is that many are open 365 days a year.

Also, says David Backman, manager of 15 Boston Checkcashers locations, the stores do a lot more than cash checks. Bill payments account for about 90 percent of the business done by people walking through Checkcashers' doors, he said.

Like Kilroy, he is tired of the accusations of predatory practices thrown at check-cashing stores.

"We're easy to take potshots at," he says.

For many residents, they are also easy to rely on.

In the lobby of a check-cashing store in Roxbury where the sign above the door reads "Checks Cashed," a line has started to develop. It is a weekday morning. The yellowing wall is covered with graffiti, most apparently from the ballpoint pen on a phone cord attached to the counter.

Standing in line, Dorchester resident James Pope says although the store may not look as nice as a typical bank, it has certain advantages.

"This is faster than a bank," he says. "And you can definitely cash your checks, whether or not you've got the money in your account to cover it."

"That's why I'm here," pipes in Jamaica Plain resident Russell Holloway, "because I don't think I have the money to cover this." He holds up a \$200 check from his mother.

Kilroy says when people criticize check-cashing stores, this is one of the aspects they most frequently overlook.

"The banks won't give you money from a check until it clears from the bank which issues it, and you can't cash it in a local bank unless you have sufficient funds," he says. "I can ride out the three or four days and give you the money right away."

He says because of this he does get burned every now and then, and that he loses anywhere from \$10,000 to \$20,000 each year from fraudulent checks and stopped payments.

"I spend a considerable amount of time in court chasing checks," he says, "and that money of mine is tied up until I get it back."

Kilroy is also quick to point out that his establishment is cleaner than most.

"I just spent over \$50,000 fixing that place up," he says, noting the thicker bulletproof glass, a new floor, and new facade. "I'm a nut on cleanliness. There's no reason why anybody who comes from an unfortunate circumstance should be treated with a filthy shop."

Customers say another reason they return to check-cashing stores is the convenience.

"You go to the bank at lunch hour, and the line is all the way to the door, and they've only got one teller on, and you just think, 'Jeez, the boss is never gonna understand,' " says Pope.

Dorchester resident Jennifer Rolle, in the lobby of the Uphams Corner Boston Checkcashers with her daughter, her daughter-in-law, and her three grandchildren, also cites convenience.

"It's a good thing when you really need money, and it's not 9 to 5," she says.

If you step outside onto Columbia Road, you can see three banks, but none are open at 6 p.m. Rolle says although she likes the convenient hours of check-cashing stores, she doesn't like that they take 10 percent off the top of personal checks.

"I just cashed a check for \$70, and they took out \$7, and that's a lot of money," she says. "You know what I could do with \$7? I could put food on the table. Look at these kids."

And then there is the trust issue. Even community activist Martinez concedes that inconvenience is not the only reason most people in his community don't engage in traditional banking.

"We're trying to tell folks that they need to have bank accounts, but a lot of people around here don't trust the banks," he says.

A collective skepticism about traditional banks stretches across many communities. Tom Kennedy, manager of community development at Sovereign Bank, says it's often an issue of foreign nationals who have come to America from countries where there is no such thing as FDIC accreditation.

"In some cases they have put money into financial institutions back home, and when those institutions fail they're unable to get their money back," he says. "And they think the same thing will happen here."

Simmons, the hip-hop impresario, is far from the only one addressing such concerns. Area bank representatives say they are responding as best they can.

Citizens Bank recently created a less-expensive wire transfer program geared specifically to the city's Cape Verdean population.

"We are seeing an increase in business, but the program is not to drive wire transfers as much as it is to assist in educating and helping people become bank customers who have traditionally not used bank services," says Citizens senior vice president and community region manager Ray DeSilva.

DeSilva says Citizens has also partnered with the Greater Boston Interfaith Organization to teach people about the importance of a checking account and how to build savings accounts to one day become homeowners. About once a month, Citizens sends bankers to any of the interfaith organization's 80 member groups to teach financial literacy. DeSilva says sessions attract 20 to 30 people.

"We want these people to become a part of mainstream American society," he says.

Other banks are also reaching out to these communities.

Says Sovereign Bank's Kennedy, "It's in our enlightened self-interest to do this because we are dependent on deposits in the bank, and if we're able to help these people grow in their financial sophistication, we're able to grow with them."

He points to a community mortgage center that Sovereign opened in 2003 in

Roxbury. Both Sovereign and Citizens note their banks' sponsorships of cultural celebrations such as the Boston Carnival, which celebrates the Caribbean community, and the Franklin Park Puerto Rican Festival. Almost all the banks claim to have hired workers that mirror the communities they serve.

"In East Boston and Jamaica Plain the employees speak Spanish, in Uphams Corner they speak Cape Verdean Creole, in Brookline they speak Russian, and in Fields Corner they speak Vietnamese," says DeSilva of Citizens' efforts.

And in the past few years Fleet has offered such products as the Access Advantage "checkless" bank account, which has no minimum balance requirement or monthly fee.

By December, Fleet's signs will be replaced by those of Bank of America. Luis Casanova, senior vice president of corporate communications for Bank of America, says the bank's Nuevo Futuro program is aimed at helping immigrants with its bundled package of checking, savings, and remittance products for customers to send money back home.

While some say residents need to learn more about the advantages of bank accounts, others suggest that the banks need to do more about reaching out to

the **unbanked**.

State Senator Dianne Wilkerson, a Roxbury Democrat, says she has new concerns about residents of color having access to capital amid banking mergers.

"For too many people who are **unbanked**, check-cashing stores have become the equivalent of the bank cashier, and it doesn't pay the same benefits," she says. "The bottom line is that the banks have to make a decision whether this is the population they want to go after. I don't see them fighting for that business. A lot of them are closed on Saturdays."

Many in the community still aren't convinced. Dorchester resident Manuel Goncalves has a bank account, but he wires money to a cousin in Cape Verde using the services of a check-cashing store. He says the hours are more convenient.

Stewartson, of the Columbia/Washington Street Neighborhood Association, says changing the community's mind will take time.

"I think we need to do this twofold, where we work with the banks to try to

educate the community," she says. "If we have more community forums, I think it could alleviate some of the fears these people have about banks."

SIDEBAR:

WHAT THEY OFFER

Fees and services customers will find at a local bank and a check-cashing store: FleetBank Access Account (free with direct deposit, \$5.95 a month without), 555 Columbia Road branch, and Boston Checkcashers, 781 Tremont St.

Bank Check casher Hours 9 a.m.-4 p.m. Mon.-Thu.

9 a.m.-7 p.m. Fri. 6 a.m.-midnight, 7 days a week Cost to cash personal checks: Free 10 percent; \$10 for a \$100 check. Cost to cash payroll checks: Free 1 percent; \$1 for a \$100 check Cost of money order: \$3 \$.79 Services: Access to full range of financial services, including checking transactions such as check writing, ATM use, telephone banking, teller visits, and wire transfers Checks cashed, utility bill payments, Western Union wire transfers, MBTA passes, lottery, postage stamps, fax machine