

STATEMENT OF JOHN B. BURCHAM JR.
ON BEHALF OF THE
NATIONAL ASSOCIATION OF BEVERAGE RETAILERS
BEFORE THE
NATIONAL CONFERENCE OF COMMISSIONERS ON UNIFORM
STATE LAWS (NCCUSL)
ON THE ISSUE OF
THE NON-DEPOSITORY PROVIDERS
OF FINANCIAL SERVICES ACT

October 24, 1997

I would like to thank the NCCUSL for the opportunity to provide testimony regarding the Non-Depository Providers of Financial Services Act. My name is John B. Burcham, Jr. and I am executive director of NABR, the National Association of Beverage Retailers.

NABR is a national association comprised of state associations of both "off-premise" and "on-premise" licensees. NABR is designed to provide strong representation for the retail tier and to address the business, legislative, industry and community issues in the marketplace of today and the future. NABR is committed to promoting the general welfare, profitability and responsible operation of the alcohol beverage retail businesses.

Generally, NABR is focused on issues and action at the federal legislative level and does not work to form, influence or lobby on state government matters. In the matter of the Non-Depository Providers of Financial Services Act, NABR can provide comment and insight to your committee based on our involvement on similar issues on the federal level and will act as a resource to our members by monitoring and reporting on any action that may be taken by your committee. Further, NABR offers its assistance to the Committee

in securing comment and participation from retailers in any of a number of member states.

From its perspective, though, NABR would oppose the inclusion of licensed alcohol beverage retail establishments in any law or regulation to be applied to money service businesses which provide no other service or product.

Alcohol beverage retailers are part of one of the nation's most highly regulated and licensed industries requiring significant accountability for managing and accounting for its sales and inventory. Further, retailers are part of a national effort to provide responsible and lawful sales and service. By its nature, the alcohol beverage retail business exists to provide tangible, legal products in forms including alcohol and non-alcohol beverages, tobacco and food, where permitted.

This fact alone separates the retail beverage business as a legitimate and licensed establishment, very distinct from the operations which strictly function as money service businesses.

The alcohol beverage retail business -- similar to all legitimate retail businesses -- relies on service and convenience as key points in attracting and retaining customers. Through this customer-merchant relationship, check cashing services have developed which have a two-fold benefit: 1) to provide convenience and service to the customer; and 2) foster business by providing a convenient method of customer payment.

Beverage retailers cash checks as an accommodation to their customers and would hope to see them excluded from any final legislation. There are some localities where check cashing is not the norm and other localities where it is part of the day to day business of the store. In some areas, the retailers do charge a fee for the accommodation. This fee is typically nominal and exists to offset adverse consequences such as higher liability insurance and to cover the cost of returned checks, and to provide the retailer with reasonable compensation.

Accommodating the customer is crucial to the retailer's survival. In many cases, retailers do business in communities that are not served by a bank. Or, customers may not have a bank account and look to the retailer as the sole location where they may have their check cashed to pay bills and make beverage or food purchases at the counter.

By limiting check cashing, many legitimate beverage retailers may lose significant business or worse, be forced out of business.

We assume that any proposed legislation would address three key areas: 1) caps on the amount cashed 2) state licenses and 3) fees. In consideration of these three points, we respectfully request that licensed alcohol beverage retailers not be required to shoulder the burden of additional licenses, fees and other filing which results in additional and onerous paperwork. Retailers in the alcohol industry already carry an unusual burden in these areas.

If reporting of a transaction is required, a significant minimum dollar threshold should be established that is similar to those required by financial institutions.

In concert with the philosophy and mission of the National Association of Beverage Retailers, we encourage states and the federal government as well, to promote a free market economy whereby fair and legal competition drive the market and customer decisions.