

STATEMENT OF BARBARA LECKER
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 21, 1997

Good Morning, my name is Barbara Lecker, I am the Manager of Federal Government Affairs for the National Association of Beverage Retailers. Executive Director, John Burcham was not able to be here today and sends his apologies. On behalf of John and NABR, I would like to thank the committee for this opportunity to provide testimony on the Non-Depository Providers of Financial Services Act.

I would like to begin by noting that the National Association of Beverage Retailers is a national association made up of state associations which includes both "off-premise" licensees (Liquor stores or package stores) and "on-premise" licensees (on-premise denotes on premise establishments such as taverns). NABR is designed to represent the retail tier of our industry on issues in the marketplace of today and in the future. NABR's mission includes promoting the general welfare, profitability and responsible operation of the alcohol beverage retail businesses.

Generally, NABR focuses on issues and action at the federal level and does not work to form state legislation or lobby on state government matters. However, in the matter of the Non-Depository Providers of Financial Services Act, NABR believes it is our responsibility and in the best interest of our members that we be here today to provide your committee with **information** based on our involvement on similar issues at the federal level. NABR then plans to 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.

With this said, NABR would urge its state associations to oppose onerous regulations on licensed alcohol beverage retail establishments who offer check cashing as a courtesy to their clientele.

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 of legal products including alcohol and no-alcohol beverages, tobacco and food.

The 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.

Through our research over the last several days, NABR has learned that 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, 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. Occasionally, retailers do business in communities that are not served by a bank. Or, as in many cases, customers may not have a bank account and look to their 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, may be forced out of business.

We assume that any proposed legislation would address three key areas: 1) caps on the amount cashed 2) states 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 or 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 being considered, a significant minimum dollar threshold should be established that is similar to those required by financial institutions. For example, a patron should not be denied the opportunity to cash a bi-weekly or monthly paycheck.

In concert with the philosophy 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 continues to drive the market and customer decisions.