

# P R E S S   R E L E A S E

Date: June 3, 2009

From: Financial Service Centers of America  
Stephen Altobelli, MWW Group  
(201.964.2369, [saltobelli@mww.com](mailto:saltobelli@mww.com))

---

**FOR IMMEDIATE RELEASE**

## **FiSCA Urges Congress To Pass Legislation That Will Address Bank Discontinuance**

*Action is Needed to Help Ensure that Financial Service Centers  
Can Continue to Operate and Provide Remittance Services*

**(Hackensack, NJ, June 3, 2009)** – Testifying before the House Subcommittee on Financial Institutions and Consumer Credit today, the Financial Service Centers of America (FiSCA) urged Congress to adopt legislation that would help end the practice of bank account closures of financial service center (FSC) accounts. The practice, known as bank discontinuance, threatens the viability of the FSC industry which is essential to millions of Americans who rely upon it to conduct their daily financial transactions, including money remittances to foreign countries. FiSCA’s remarks were delivered during a hearing held to discuss, among other topics, the need for appropriate regulations to ensure the continued availability of affordable remittance services.

FSCs serve as the agents of licensed money transmitters and are involved in the remittance industry at the point of sale with the customer. While remittances are available directly at banks and other financial institutions, the majority of remittance transactions are generated at neighborhood money transmitter agents due to their convenient locations, extended hours of operation and competitive pricing.

“Check cashers, money transmitters and other “money service businesses” are dependent on access to depository and banking services for their very survival, said Scott McClain, Deputy General Counsel for FiSCA. “It is well known that for the past several years, the FSC and money transmitter industry has experienced an epidemic of bank account closures resulting from undue regulatory pressure on the banks that serve the industry.”

McClain went on to explain that: “Depositories that service our industry are faced with significant regulatory burdens, and are required to expend ever greater resources in maintaining customer compliance and monitoring systems. As a result, an increasing number of banks are terminating their FSCs, refusing new accounts, or are placing onerous requirements on the accounts they maintain. Banks refer to undue regulatory pressure as the primary reason driving these actions. In short, there is a clearly diminishing pool of banks willing or able to provide services to FSCs. This trend

## **FiSCA Testifies before Congress – Calls for Legislation to End Bank Discontinuance**

### **Page 2**

endangers the legitimate, regulated industry and its ability to deliver remittances and other financial services.”

He cited the Northeast as a prime example of the problem of bank discontinuance. As a result of a major bank deciding to stop serving the FSC industry, within a few months there will be only one bank serving check cashers in New York and New Jersey, two states with a significant number of stores and tens of thousands of customers.

In response to this epidemic, FiSCA supports the introduction of a legislative solution designed to relieve banks of excessive regulatory burdens in serving the industry. Last year, the “Money Service Business Act of 2008,” was passed by the House of Representatives. The proposed legislation, which is the result of years of efforts by FiSCA and other industry leaders, has broad bi-partisan political support as well as the support of the banking industries.

“We expect similar legislation likely will be reintroduced in Congress in the very near future, and we respectfully request that members of this committee strongly consider co-sponsoring it,” said McClain. “This measure will go a long way to ending the problem of discontinuance and thereby help ensure the continued access to the legal, transparent transfer of money overseas through the use of licensed financial service centers.”

### **About FiSCA**

FiSCA, founded in 1987, is the national trade association for more than 7,000 individual financial service centers across the United States. FiSCA members provide a wide variety of financial services and products to their communities, including check cashing, money orders, money transfers, and electronic bill payment services, automatic teller machine access, government benefit and payroll payments, small dollar short-term loans, electronic tax preparation, prepaid debit cards, deposit acceptance services, public transportation fare and token sales, motor vehicle license plate and title distribution, postage stamp sales and numerous other services. For more information, please visit [www.fisca.org](http://www.fisca.org).

###