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Oregon Bankers Association Testimony on HB 2356

House Business and Labor Committee

Submitted by Joan Reukauf, President and CEO Willamette Community Bank

Chairman Holvey, members of the committee, my name is Joan Reukauf, President and CEO of Willamette Community Bank, an Oregon state-chartered bank headquartered in Albany, Oregon. Our focus, as is the focus of many Oregon community banks, is assisting small business in our communities. I am testifying on behalf of the Oregon Bankers Association (OBA). The Oregon Bankers Association is the full-service trade association for state and nationally chartered banks doing business in Oregon. I currently serve as Secretary-Treasurer of the OBA Board. Thank you for the opportunity to testify on HB 2356.

As an industry, financial institutions frequently discuss how to ensure “unbanked” households and individuals have access to the financial services they need to live and work. A few examples include providing financial literacy programs, translation services, and offering low cost services to customers, such as Bank On Oregon accounts, to name just a few. All of these efforts result in some expense to the financial institution.

One of the most commonly used service for the “unbanked” is cashing checks. Whether that be a payroll check or a personal check for services rendered, cashing a check is a simple and quick way to gain access to one’s money. Banks are there to provide this service, generally at a much lower cost than other retail check cashing outlets, but it does come with a cost to the bank. Costs include keeping the cash on hand to fulfill check cashing demands and staff time. Another cost driver in cashing checks is the propensity for fraud. Thanks to advances in technology, many of which have improved how we conduct business, we have also seen increased capability for printing fraudulent checks. These checks are occasionally cashed, resulting in a loss to the financial institution, again increasing the cost of check cashing services.

A check cashing fee provides a method for the financial institution to recoup their costs for providing these services to their community. Passing a measure like HB 2356, prohibiting a local Oregon business from charging a fee to at least recapture the costs it took to provide a needed service, may result in such businesses not providing the service at all. While there are other places that are able to provide check cashing services, the fees associated with those businesses can be quite high. This bill would only serve to deter local banks and credit unions from providing a lower cost option to Oregonians.

In closing, as I mentioned above, bankers and those working at other financial institutions, frequently discuss methods to provide and improve financial services to the unbanked and underbanked. Low-cost checking and savings accounts – such as those provided through the BankOn Program – as well as financial education are key. Oregon’s state-chartered banks are committed to providing resources to Oregonians to learn more about accessing a banking relationship that can reduce the overall fees paid for basic banking services like check cashing.

Thank you again for the opportunity to testify.