

# Living off those who can't

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It's nine p.m. and the banks are closed. A queue forms under a bright yellow Money Mart sign advertising "Hassle-free Chequing". Inside a woman stands behind a bullet proof window cashing cheques.

The decor is shoddy — second hand office furniture, dirty chipboard walls, and a half-empty bubble gum machine make the place look like the Honest Ed's of the financial world.

Some of the people grumble as they are handed their money — less three or six per cent — depending on whether this is their first visit to the Money Mart.

"My cheque came and it's dated for the first of next month," says an elderly woman. "I have nothing in the house to feed my grandchildren and the bank wouldn't cash my cheque, because I don't got no ID and I don't got enough money to keep an account.

Many of Canada's two million welfare recipients face this situation every month.

Banks will not cash post-dated cheques nor will they cash a cheque from someone who does not hold an account with them. Opening an account requires identification low-income earners cannot afford such as a \$56 driver's licence or major credit card. By the time the month's cheque comes these people need the money immediately. They have no choice but to go to a company like Money Mart, where a portion of their cheque is used as payment.

"These people (Money Marts) are exploiting the very people who can least afford it," says Debbie Hugh-Geoffrion, a worker for the Ottawa-based National Anti-Poverty Organization.

She says that six per cent sounds like a small amount to pay for fast money, but to a welfare recipient who only receives \$375.75 (the average rate for a single person under the age of 65) it is the equivalent to one week's food money.

According to a Money Mart booklet, *Brief Answers to Several Questions About a New Industry*, the origins of cheque cashing stores go back 30 years to New York City.

The National Money Mart Cash Chequing Centre, however, is Canadian-owned. There are 320 locations across Canada.

The company was founded by President Stephen Clark and Vice-President Mark McDonald in Edmonton three years ago. Since that time its head office has moved to Vancouver.

The booklet stresses that Money Mart is a 'service industry based on convenience'.

Hugh-Geoffrion balks at the thought of Money Mart claiming to be a service. "They are nothing but a rip-off."

Clark refused to comment on criticisms of his company, saying Money Mart only grants interviews to 'well known' news organizations. He said questions submitted in writing will be looked over and a response will be sent out.

"That's what he told me, too," Michael Jenson says. Jenson wrote an article on Money Marts for Toronto's *NOW* magazine last spring. Although he sent a written list of questions then, Jenson has yet to receive even a letter of acknowledgment from Money Mart.

Ottawa Money Mart manager Mr. Caouette proved to be more cooperative, but spoke like a company booklet.

"We do not only cater to the poor," says Caouette, claiming that the average customer earns \$13,000 to \$16,000 a year and 61 per cent have bank accounts.

The figures support Money Mart's claim that people go to it as a convenience when the banks close. "Our clientele is also made up of government workers as well as independent businessmen."



"That's according to his survey," Hugh-Geoffrion counters. "How impartial do you think a survey conducted by them is going to be?"

In Toronto the latest Money Mart store to open is in the low-income area of Parkdale. And in Ottawa the two branch locations are both in low-income neighbourhoods.

The Rideau Street store is a block away from a subsidized housing development. These locations are either mere coincidence or the result of careful marketing policy.

Caouette says Money Marts are only operating on a principle all private enterprises follow — if there's a buck to be made, go out and get it.

He returns to the booklet and points out that convenience costs. Seven-Eleven stores charge 33 per cent more than the regular price for an item than a grocery store, yet no one says anything about them.

"People are free to use the same alternatives to cash their cheques as they had before," Caouette says.

But how free are these people to get their cheques cashed elsewhere? The alternative to Money Marts are no better. Supermarkets are willing to cash cheques but demand that the person spend a certain amount on the store's premises.

This means unnecessary goods and money wasted on high prices. Some supermarkets tack on a surcharge to cover the inconvenience of bad cheques.

Store owners say they are less willing to deal with cheques because of fraud.

An Ottawa supermarket manager says, "we used to deal with government cheques but then we had problems. People would cash their cheques, go home and call up

the welfare office and claim they never received their cheque. The government would then take the money away from us."

The banks would seem the most obvious place to cash a cheque, but this solution proves the most difficult and complicated of problems. The Bank Act clearly states that banks are prohibited from charging surcharges on government cheques.

"When you do go into a bank they make you feel like a criminal," says Bertha Billing, an Ottawa welfare recipient. "They wouldn't accept my cheque because I didn't have a driver's licence, photo ID — they wouldn't accept my hospitalization card because it was from another province. The only thing I had was my Social Insurance number and that wasn't good enough. They wanted a birth certificate — I've never had one. I can't afford to buy one. I'm on welfare. I don't have the \$5 to spare."

Billings is not alone in her anguish.

"I'm just getting back on my feet and I can't afford a bank account right now," says a young jean-jacketed man walking out of a Wellington Street Money Mart.

He tried opening up a bank account, but because he was new in town the bank wanted to hold the cheque for ten days to make sure it was not bad.

The fees banks charge make them even more inaccessible. Some banks charge up to 30 cents a transaction on personal chequing and limit the number of free withdrawals a customer can make from daily interest accounts.

"It's a big racket," Billing says. "The banks and the Money Marts pick the poor like we're ripe strawberries in a field."

Irving Whynot, public relations officer for the Canadian Bankers' Association said

in an interview in Concordia's University Student paper, *The Link*, that banks have to be careful in dealing with government cheques because of the considerable losses in revenue incurred each year by fraudulent cheques.

A *Globe and Mail* report says that out of the 160 million federal government cheques issued in 1982, 3.22 million were cashed under false pretenses.

This represents one-half of one per cent of the total amount cashed. Money Mart, which runs a much riskier business, has managed to keep losses down to a low one-quarter of one per cent.

Last year the Parkdale Community Legal Service (PCLS) in Toronto submitted a brief to the Ontario Task Force on Financial Institutions, about financial institutions and service to social assistance recipients. It concluded that "where a society is judged by its treatment of its weakest members, our banking institutions fail in their community responsibility."

The report claims that the motivation behind the banks' indifference towards low-income families stems from the "unstated fact that welfare recipients and other recipients of social assistance do not make the banks any real profit."

This belief is shared by NAPO.

"Why should the banks change when there are Money Marts picking up the slack?" Hugh-Geoffrion asks.

The PCLS report is the first comprehensive study of the problem.

Cindy Dymond of the Ontario Task Force on Financial Institutions says she received the PCLS report and is studying it. She says the Committee is formulating recommendations but declined to state whether the topic of cheque cashing will be addressed directly. The Task Force should be releasing its report some time in early December.

The only government-level recognition the issue has received was a brief suggestion by Liberal MP William Rankes to Minister of State for Finance Barbara McDougall in the House of Commons. She promised to look into the situation.

The fledgling Social Credit party of Ontario is organizing a network of small businesses to agree to cash cheques on presentation of a special card. The Social Credit Party offers to cover any fraudulent cheques.

Hugh-Geoffrion likes the idea but doesn't like the way the Social Credit Party is going about it. "From what I've seen and heard, the card people get is a Social Credit membership card and people have to buy things in the participating stores."

Hugh-Geoffrion says she thinks the Money Marts are a symptom of a much larger problem. Nothing is going to change, she says, until banks realize they should not make a profit from everything.

There is a certain amount of community responsibility that banks should feel. When profits reach \$366.5 billion in 1984, how much more do the banks want to make?"

Hugh-Geoffrion sighs and her voice takes on a despondent tone. She doesn't think anything is going to change. "What I'm asking for is for banks to be more sensitive, and to ask for social consciousness in our times now is ridiculous."

Bailey agrees with Hugh-Geoffrion that this is a case in which people are caught up in the system. But he is more optimistic.

"If the pressure is brought to bear on the banks they will change. It used to be that women were not allowed to take out a loan without their husband's signature. Now a woman can come in here and sign for her own loan."

In the meantime, the end of the month draws near for Bertha Billing and her family.