

# The Importance of Check-Cashing Businesses to the Unbanked: Racial/Ethnic Differences

Sherrie L. W. Rhine, William H. Greene, Maude Toussaint-Comeau

> Author and Article Information

*The Review of Economics and Statistics* (2006) 88 (1): 146–157.

<https://doi.org/10.1162/rest.2006.88.1.146> Article history 

Cite Permissions Share 

## Abstract

The roughly 9.1% of all U.S. families that are without some type of transaction account (unbanked) are disproportionately represented among minorities. The unbanked often must rely on alternative ways to carry out basic financial transactions such as cashing payroll checks and paying bills. This study analyzes unique survey data and finds that a consumer's decision to patronize check-cashing businesses is jointly made with the decision to be unbanked. For the unbanked, these businesses are an important source of financial services. Attributes that contribute to these decisions, however, vary with the racial/ethnic group. Latent preference effects are also observed to influence this joint decision for blacks and Hispanics. These findings may explain in part why the provisions of the Debt Collection Improvement Act (DCIA) of 1996 have not been more successful in bringing unbanked federal benefits recipients into the financial mainstream. Consumer participation in mainstream financial markets can improve their ability to build assets and create wealth, can protect them from theft and discriminatory, predatory, or otherwise unsavory lending practices, and may promote economic stability and vitality in the communities where they reside. By more fully understanding consumers' financial decisions, policies can be better directed to improve the effectiveness of legislation such as the DCIA of 1996 in encouraging mainstream financial market participation.

This content is only available as a PDF.

© 2006 The President and Fellows of Harvard College and the Massachusetts Institute of Technology

You do not currently have access to this content.

## Sign in

Don't already have an account? [Register](#)

[Skip to Main Content](#)

## Client Account

Email address / Username

Password

Sign In

Reset password

Register

Sign in via your Institution

Sign in via your Institution

 Buy This Article

Email Alerts

Article Activity Alert

Latest Issue Alert



View Metrics

Latest

Most Read

Most Cited

Dynamic Impacts of Lockdown on Domestic Violence:  
Evidence from Multiple Policy Shifts in Chile

Regulatory Incentives for Innovation: The FDA's Breakthrough  
Therapy Designation

Physicians and the Production of Health: Returns to Health  
Care during the Mortality Transition

Government Fragmentation and Economic Growth

Skip to Main Content

## Cited By

---

Web of Science (60)

Google Scholar

Crossref (69)

## Related Articles

---

Serving the Underserved: Microcredit as a Pathway to Commercial Banks

*The Review of Economics and Statistics* (July,2023)

The Need for Speed: Demand, Regulation, and Welfare on the Margin of Alternative Financial Services

*The Review of Economics and Statistics* (September,2025)

Cash-In and Cash-Out Agents for Mobile Money in Indonesia

*Innovations: Technology, Governance, Globalization* (October,2011)

M-PESA: Mobile Money for the “Unbanked” Turning Cellphones into 24-Hour Tellers in Kenya

*Innovations: Technology, Governance, Globalization* (April,2007)

## Related Book Chapters

---

Half the World Is Unbanked

Banking the World: Empirical Foundations of Financial Inclusion

Cash

Paid: Tales of Dongles, Checks, and Other Money Stuff

Reality Check: Tracking a Moving Target in High-Tech Time

The Digital Divide: Facing a Crisis or Creating a Myth?

Checking In

Re-collection: Art, New Media, and Social Memory

[Skip to Main Content](#)

# The Review of Economics and Statistics



MIT Press Direct

A product of The MIT Press

Newsletter sign up



## MIT Press Direct

About MIT Press Direct

Books

Journals

CogNet

## Information

Accessibility at MIT

MIT Press Direct VPAT

For Authors

For Customers

For Librarians

Direct to Open

Open Access

Media Inquiries

Rights and Permissions

For Advertisers

## MIT Press

About the MIT Press

The MIT Press Reader

MIT Press Blog

Seasonal Catalogs

MIT Press Home

Give to the MIT Press

Skip to Main Content

## Contact Us

FAQ

© 2026 The MIT Press

[Terms of Use](#) [Privacy Statement](#) [Crossref Member](#) [COUNTER Member](#)

The MIT Press colophon is registered in the U.S. Patent and Trademark Office