

"The Land of Lincoln" Shows Two Sides of a Coin



Illinois is a state unlike any other. Its nickname, "The Land of Lincoln" is appropriate in many ways. As President, Abraham Lincoln found himself in charge of a nation divided. Interestingly, the very state from which he hailed and which he represented is, from a financial service provider perspective, a state divided. This is true

from both an operational standpoint, where certain products and services cannot be offered under the same roof, as well as the legislative and regulatory scenarios that pertain to each of these products and services, creating a bit of a schism. A dilemma perhaps worthy of Lincoln himself. And certainly worthy of two State Spotlights. This, our first, looks mainly at the check cashing side of the coin.

The check-cashing industry in Illinois (known there as currency exchange) may be the oldest in the country, dating all the way

back to 1937 when the first neighborhood currency exchange opened to assist community residents with a variety of financial needs. More than 70 years later, the number of neighborhood currency exchanges has grown to nearly 500 locations. When the first currency exchanges opened, they primarily cashed checks, while today they offer a broad range of convenient financial services. These include the products and services found at most FSCs, but currency exchange stores also carry a full range of Illinois automobile and other vehicle license services including plates, title transfers and vehicle stickers.

This philosophy is embodied by the Community Currency Exchange Association (CCEA) of Illinois, which is the state association for check cashers and is often found to be at the forefront of new and groundbreaking industry activity. *Currents* spoke with FISCA Director Marty Lieberman who is Treasurer of the CCEA and has been on the board of the association for 35 years. Though Illinois is always in a state of flux and somehow always in the news, from a legislative and regulatory perspective, things are quiet and calm for the check-cashing industry at the moment. In this time of relative



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peace, the CCEA has decided to embrace what might be their biggest challenge ever. In 2009, they have taken on the task of trying to reinvent themselves in the public eye. The association quadrupled its advertising budget for one year and will be embarking on a major campaign designed to give currency exchanges a new image. As Lieberman explained, "One major idea behind the campaign is, 'don't take for granted they know what we do. Tell them what we do.'" As is common in the financial service center industry throughout the U.S., longevity can be both a positive and a negative feature. The positive? This is a proven industry that has served the community successfully and is here to stay. The negative? Old notions die hard. And while currency exchange customers know exactly what these businesses have to offer, most others may have outdated or ill-informed notions about these stores they have passed by for so many years. "To combat this," Lieberman continued, "the CCEA campaign will stress the facts:

- The currency exchange industry is regulated, with a 70-year history of service to Illinois communities
- Financial transactions offered at these stores are transparent in nature
- Currency exchanges sell prepaid debit cards. They also offer direct deposit of payroll checks through "Secure Check"
- Currency exchanges hire from the communities they serve

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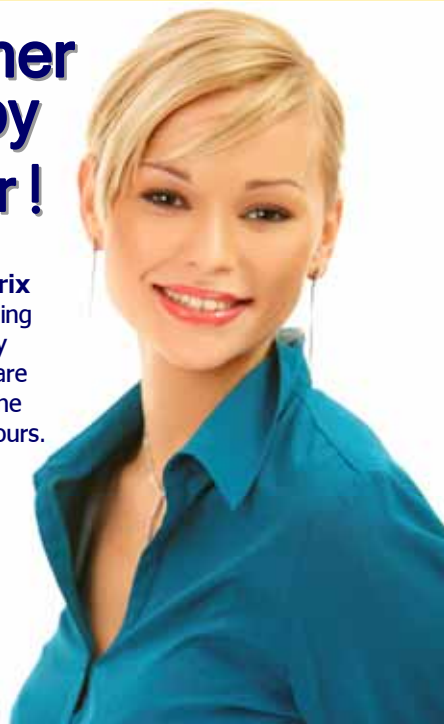
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- Currency exchanges serve these communities with more than financial services."

Giving back has always been part of the currency exchange legacy, boasting programs to support Little League teams, fire safety, and countless natural disaster, education and health-related charities over the years. However, in 2009 CCEA has partnered with Six Flags and with the YMCA of Metropolitan Chicago on the fifth annual *Back 2 School* program; a school supplies funding initiative with a matching grant, which will be a lynchpin of their image campaign. This program helps to ensure that children in need have all the necessary supplies to start the school year on the right foot. In 2008, the Back 2 School drive benefited more than 1,800 children and their families – and this year the CCEA hopes to double that number.

"With the difficult economy and budgets of both families and school districts strapped to the limits, the Back 2 School campaign has taken on even greater importance. The YMCA of Metropolitan Chicago has always made education a priority. We are fortunate to have partnered with the Chicagoland Currency Exchanges to build a program that continues to have a very real and positive effect and gives students the tools they need to go back to school each year," said Steve Dahlin, Chief Operating Officer of the YMCA of Metropolitan Chicago. Kurtzman Advertising has been hard at work developing radio tags, billboards and video for cable TV channels to support this effort as part of the CCEA image building

campaign. This media will be launched in September in an extensive campaign that will be impossible to miss. According to Marty Lieberman the game plan is to try to measure successes quarterly and move from Plan A to Plan B to Plan C if an activity is not working.

While the CCEA is taking advantage of relative quiet to embark on their image-changing initiative, the atmosphere over on the payday lending side of the equation is hardly calm. In Illinois, currency exchanges cannot offer small dollar loans.

These must be obtained at separate locations altogether for which there are separate regulations in place. There are separate trade associations in Illinois as well. But the regulatory framework for small dollar loans in Illinois is complex and is the subject of much discussion and debate, both inside and outside of the industry. The result may be legislation in the near future – or not. This side of the coin will be covered in full detail in *The Land of Lincoln Part II*. Look for it in a future issue of *Currents*. ■



Marty Lieberman
FiSCA Director
Treasurer of the CCEA

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