

**POLICY STATEMENT CONCERNING “OTHER CONSIDERATION” IN THE
CONTEXT OF SOUTH CAROLINA’S CHECK- CASHING LAWS**

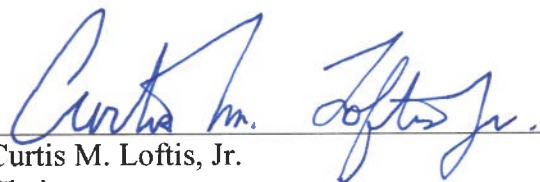
The State Board of Financial Institutions (“Board”) licenses and regulates check-cashing services in South Carolina. The Board’s Consumer Finance Division has found that some vendors, who are not licensed to engage in check-cashing services in South Carolina, cash customer checks without charging a fee but require the customer to make a purchase of goods or services from the vendor.

A person is engaged in Level I or Level II checking-cashing services if the person is “engaged in the business of cashing checks, drafts, or money orders for a fee, service charge, or other consideration.” S.C. Code Ann. § 34-41-10(3), (4). If a person is engaged in Level I or Level II check-cashing services by cashing a check for a fee, service charge, or other consideration, that person would need to obtain a check-cashing license pursuant to Chapter 41. *See* S.C. Code Ann. § 34-41-20(A).

The Board interprets the mandatory purchase of goods and/or services as a prerequisite to cashing a check to constitute “other consideration” as set forth in S.C. Code Ann. §§ 34-41-10(3), (4) and 34-41-30(2). Hence, any vendor that imposes a mandatory purchase of goods or services by the customer to cash a check is engaged in check-cashing services and needs a Level I or Level II check-cashing license to engage in this activity.

The Board acknowledges an exception to this licensure requirement, which provides that “any person or entity principally engaged in the bona fide retail sale of goods or services, who either as an incident to or independently of a retail sale or service and not holding itself out to be a Level I or Level II check-cashing service, from time to time cashes checks, drafts, or money orders without a fee or other consideration.” S.C. Code Ann. § 34-41-30(2). However, for the exception from licensure to apply, the person must cash a check, draft, or money order “without a fee or other consideration.” Therefore, the exception from licensure would not apply when a vendor imposes a mandatory purchase of goods or services in exchange for cashing a check.

On this 3rd day of August 2022, the Board hereby adopted and issued this policy statement.



Curtis M. Loftis, Jr.
Chairman
South Carolina State Board of Financial Institutions