

## Letters to the Editor

### [EFT-99: Information for Educators](#)

Michael Rupured, *The Forum for Family and Consumer Issues*, Vol. 3, No. 3, Fall/Winter 1998  
I read the above article and appreciated its information. I may have missed it, but one issue that I didn't see discussed is the problem of accessibility. Often people who don't have accounts don't have access to traditional financial institutions. That's why so many people use alternative providers, such as check-cashing agencies. Also, financial institutions are offering fewer services to these folks as financial institutions move out of inner city locations and charge higher rates for services.

Perhaps Rupured should comment on this in his implications section. If 12 million people do not have accounts which could receive EFTs, there are many reasons, and some of them have policy implications for the government and agencies trying to expedite things through EFTs. This has been a problem in Roanoke, Virginia, for example, a city near where I live.

*Michael J. Sporakowski, Professor and Department Head of Human Development, Virginia Tech, Blacksburg, VA*

### Author's Response

Dr. Sporakowski raises an important point regarding the accessibility of traditional financial institutions. Accessibility is a problem in many rural areas, as well as inner city communities in more urban locations. The primary purpose of the EFT-99 legislation was the cost savings to the federal government resulting from decreased postage and processing costs. Department of Treasury officials have also promoted EFT-99 as a way of "mainstreaming" cash consumers into the traditional financial service sector and away from alternative providers such as check-cashing outlets. The success of these alternative providers can, in part, be attributed to the absence of traditional providers in low-income areas.

While accessibility is an important issue, according to a Federal Reserve Board study, it does not play a large role in the decision by cash consumers not to use traditional financial service providers. Asked why they did not have accounts, common responses included that they didn't write enough checks, didn't like dealing with banks, or didn't have enough money to have an account (Hogarth and O'Donnell, 1997). Even so, the Department of Treasury is sensitive to this

reality. Consumers for whom Direct Deposit would pose a "geographic hardship" may request a waiver from EFT-99.

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To send a letter to the editor, e-mail your comments to [Carol A. Schwab](#).