

5th District Footprint

APRIL 2013

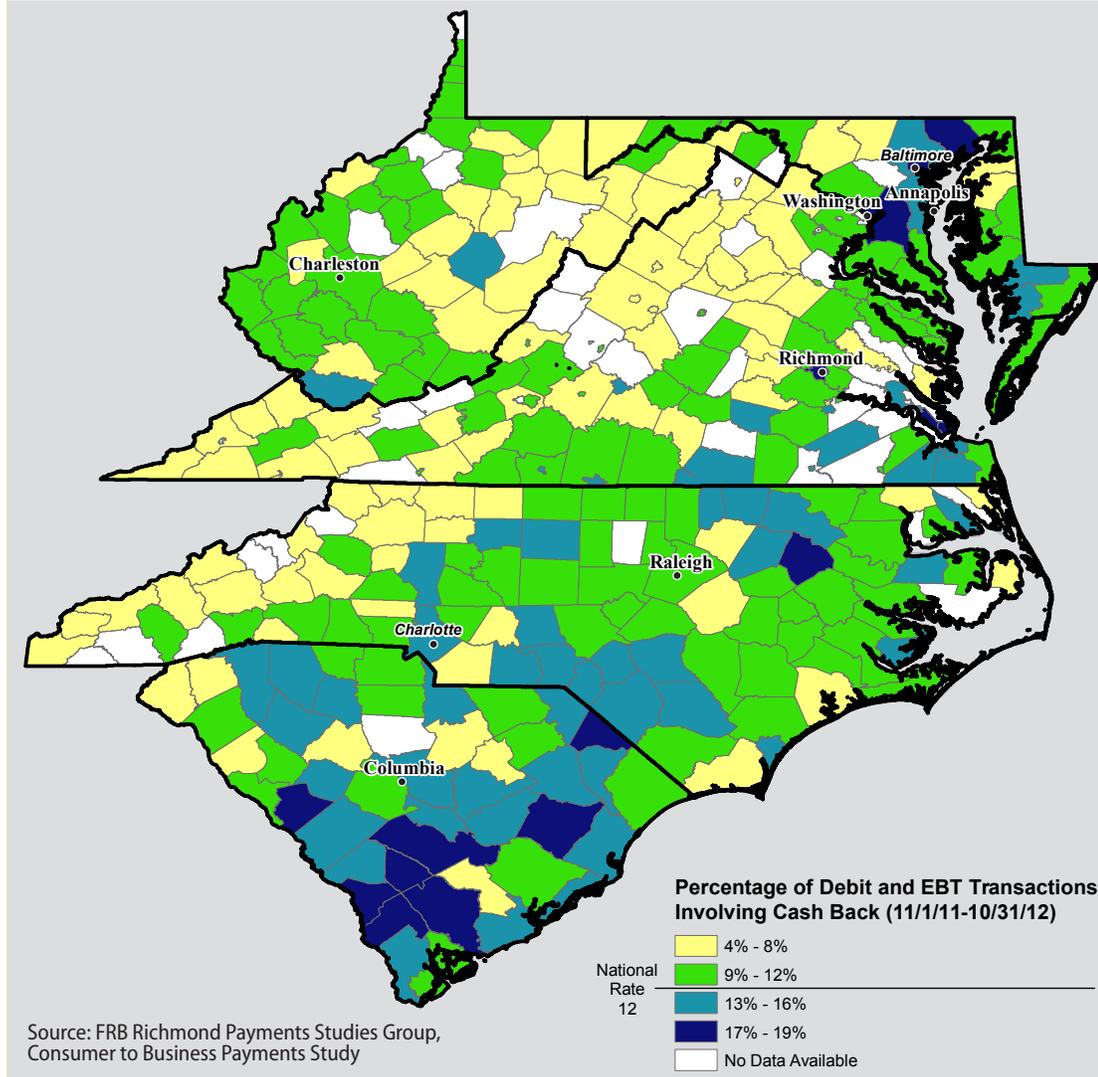


Cash Back Transactions in the Fifth District

As an alternative to going to a bank or an automatic teller machine (ATM), some consumers receive cash back from purchases made with their debit card or electronic benefit transfer (EBT) card at retail stores.¹ This issue of *5th District Footprint* explores patterns in cash back transactions in the Fifth District using data from a national retailer selling mainly food and household items.² We focus on cash back transactions as a percentage of all debit and EBT card transactions.

Cash back was obtained in 11.9 percent of debit and EBT transactions nationally, compared to 9.9 percent in the Fifth District. The District's highest and lowest cash back rates are in Hampton County, S.C. (19.5 percent) and Pendleton County, W.Va. (4.5 percent).

In the Fifth District, 11 counties have the highest frequency of cash back transactions (17 percent to 19 percent of total transactions). Eight of these counties are in South Carolina; most of them are clustered in the state's southeastern region and are classified as areas of "persistent poverty."³ In contrast, the counties with highest cash back frequency in the northeastern part of the Fifth District have poverty rates well below the national average. High poverty counties in West Virginia and western areas of North



Carolina and Virginia have low cash back frequency.

Debit and EBT card users often ask for cash back amounts that exceed the total sale amount. Nationally and in the Fifth District, over 73 percent of debit and EBT users received more cash back than what they spent. The average sale amount for those who received cash back was about \$14, while the average cash back amount was nearly \$23.

Individuals may be using the cash back option rather than visiting ATMs or bank branches to save money and time when they need cash. Store fees for cash back average between 50

cents and \$1 per transaction, while bank ATM fees may average \$2.50 per transaction if a person uses the ATM of a bank where they do not have an account.⁴

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¹ EBT cards are similar to a debit or bank ATM card and are issued by states to food stamp and/or cash benefit recipients for access to their monthly benefits.

² Analysis based on 1,057 stores in 308 counties from November 1, 2011, to October 31, 2012.

³ See the *March 2013 issue of 5th District Footprint*.

⁴ Ann Carrns, "Average ATM Surcharge Reaches New High," *New York Times*, September 26, 2012.