

CFPB Report Finds Large Retail Chains Charging Cash-back Fees to Customers Using Debit and Prepaid Cards

Closures of banks have created conditions for major dollar store chains to charge for cash back

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WASHINGTON, D.C. – Today, the Consumer Financial Protection Bureau (CFPB) published a new report finding Americans are paying tens of millions of dollars in fees to access their own money when getting “cash back” at large retail stores when making a purchase with a debit or prepaid card. These cash-back fees are occurring against the backdrop of bank mergers, branch closures, and prevalence of out-of-network ATM fees that have reduced the supply of free cash access points for consumers.

“While retail chains had long provided cash back on debit card purchases for free, the CFPB has found that dollar store chains and other retailers are now charging fees for access to cash,” said CFPB Director Rohit Chopra. “Many people living in small towns no longer have access to a local bank where they can withdraw money from their account for free. This has created the competitive conditions for retailers to charge fees for cash back.”

Getting cash back at a store is a common way for people to get cash. While making a purchase at a retailer that offers the service, people can get access to their money by requesting cash back at the register. Retailers typically have pre-set withdrawal amounts, including maximum withdrawal limits. Consumers benefit from having the cash, and merchants benefit by having a way to attract consumers and reduce their cash-handling costs.

While this was often a convenient offering, getting cash at a store is sometimes the only option for people. Many retailers are filling a void in providing access to cash, as some communities lack access to a local bank. While some retailers have typically offered cash back for free, the CFPB’s recent market scan suggests that this is changing, particular at dollar store chains.

The CFPB sampled eight large retail companies (Dollar General, Dollar Tree/Family Dollar, Kroger, Albertsons, Walgreens, CVS, Walmart and Target) and assessed their practices for charging cash-back fees.

The report’s findings include:

- **Cash-back fees cost consumers millions of dollars.** The CFPB found that three companies in the sample charge cash-back fees and estimates that they collect over \$90 million in fees annually. The CFPB also estimates that the marginal cost to merchants for processing each transaction may be a few pennies, compared to the much higher fees these retailers charge consumers.
- **Cash-back fees are levied on low withdrawal amounts.** Many merchants pre-determine the withdrawal amount options in a single transaction, commonly between \$5 and \$50. Levying a fee on small transactions may constitute a hefty percentage of the withdrawal amount, and it may also induce repeat withdrawals, with consumers incurring a new fee each time.
- **Three major retail chains in the sample charged cash-back fees.** Dollar General, Dollar Tree/Family Dollar, and Kroger charge fees for this service while the other companies did not. At Dollar General and Dollar Tree/Family Dollar, cash-back fees for small withdrawal amounts are the highest in the sample (\$1 fee or more for cash-back amounts under \$50). Kroger, the country's largest grocery chain, recently announced new charges at their Harris Teeter stores (75 cents for \$100 cash back or less), and charges 50 cents for up to \$100 cash back at their other brand stores such as Ralph's, Fred Meyer, and others.
- **Consumers with lower incomes or fewer banking choices encounter cash-back fees disproportionately.** Dollar stores are frequently located in small rural towns, communities of color, and low-income communities. These areas are also more likely to have fewer bank branch locations and more residents reliant on cash for daily transactions than others.

[Read today's report \(cfpb.gov/data-research/research-reports/issue-spotlight-cash-back-fees/\)](https://cfpb.gov/data-research/research-reports/issue-spotlight-cash-back-fees/).

[Read the Director's Notebook statement \(cfpb.gov/about-us/blog/preserving-free-access-to-money-in-your-account/\)](https://cfpb.gov/about-us/blog/preserving-free-access-to-money-in-your-account/).

Employees of companies who they believe their company has violated federal consumer financial laws are encouraged to send information about what they know to whistleblower@cfpb.gov.

Consumers can submit complaints about financial products or services by visiting the [CFPB's website \(https://www.consumerfinance.gov/complaint/\)](https://www.consumerfinance.gov/complaint/) or by calling [\(855\) 411-CFPB \(2372\)](tel:8554112372).

The Consumer Financial Protection Bureau is a 21st century agency that implements and enforces Federal consumer financial law and ensures that markets for consumer financial products are fair, transparent, and competitive. For more information, visit www.consumerfinance.gov (http://www.consumerfinance.gov/).

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