Prepaid Cards and Credit Unions

Incorporating Prepaid Cards into Your Credit Union
Discussion

• Prepaid Card Types
• Ways to Use Prepaid Debit Cards
• Reasons to Offer & Reasons Your Members Want Prepaid Cards
• Credit Union Stories
Prepaid Cards

- Consumer Funded
- Corporate Funded
- Government Disbursements
- Open Loop
- Closed Loop
- Non-Reloadable
- Reloadable Multi-Purpose Cards
Gift Cards

- Over $100 Billion is spent on Gift Cards annually
- 77% of Americans purchased a gift card last year
- Spending an average $213/year on gift cards
- 93% of Americans use gift cards

*Source: U.S. Prepaid Consumer Insights Study and CardCash.com*
Occasions for Gift Cards

- Holidays, Birthdays and Thank-You gifts
- Special occasions, graduation, wedding
- Employee incentive, award, promotion
- Credit union give away, member or employee promotion
Ways to Use Your Gift Card Program throughout the Year

- Offered a $50 gift card for each car loan or home equity loan
- Sponsored a $10 gift card to their local library for summer reading program
- Worked with their sponsor to use gift cards at holiday time for employee incentives
- Gave a $20 gift card for opening up a new credit card
- Indirect Loan member reward for considering new services ($25 non-loaded card to be redeemed at their visit with a member service representative)
- Hold a monthly member drawing for a gift card

SEG Promotional Marketing New Products
Reasons to Offer a Prepaid Reloadable Card

- Competitive advantage and offers ongoing income opportunity
- Easy and safe financial management tool
- Benefits of a traditional card with convenience and security shopping online
- Market to untapped members
- Low risk Network-branded debit card

Creates an ongoing relationship
The Financial “Training Wheels” for the Next Generation

- Teens make up over 13% of the U.S. population
- Today Teens spend well over $258 billion
- One of the largest spending demographics
  - 2nd to Women, as the most important Consumer Spending Group
- Teenagers want to feel more adult than they are!
- They want to buy their own things, to have their own debit cards.
- Teens are not ready for true credit cards or traditional debit cards.
- Prepaid cards are ideal cards for Teens.
Reasons Your Members May Choose Prepaid

- Primary Motivation for using prepaid cards
  - Gain control over finances

- Top 4 specific reasons prepaid cards are used
  - Buy things online and other places that don’t accept cash
  - Avoid credit card debt
  - Control spending: Avoid spending more money than they have
  - Avoid overdrafts and overdraft fees

Among those who had a checking account, 2 in 5 have closed or lost an account because of overdraft fees.

2014 Pew Charitable Trust Study
Credit Union Stories

How are Credit Unions Using Prepaid Cards?
$4M in Assets
800+ Members
Federally Chartered CU, Nevada
Reloadable Cards

“Because our members travel a lot and we don’t have a regular debit card, this card is perfect for that purpose. In the past, members had to rely on money orders or checks to access their funds while away from the branch. Now they have the convenience of a Visa card for purchases, free bill payment, and access to cash at ATMs.”
$5M in Assets
2,000+ Members
Federally Chartered CU, South Dakota

Reloadable Cards
Full service CU, offers money orders, cashier's checks direct deposit, wire transfers, check cashing, ATM cards, loan and savings products. The reloadable card provides another option for members with very limited income and opportunity.

Affordability
No inventory
Mainly for convenient access to payroll
$27M in Assets
4,800+ Members
Federally Chartered CU, California
Reloadable Cards

Hospital- based CU, multiple locations. No checking. No cash. Savings only. Offers the prepaid reloadable card in place of a checking account. Provides convenient access to funds for doctors and nurses without having to visit the CU. ATM Access
No inventory
Added convenience with the mobile app
$7.6M in Assets
600+ Members
Federally Chartered, Community CU, Colorado
Reloadable & Gift Cards

No sharedraft accounts, limited use of money with share accounts. Members have access to deposit checks via the mobile app.

Primary uses: second chance checking for members unable to qualify for checking accounts elsewhere. Financial Management, CU helps members navigate and manage their funds and bookkeeping.

Inexpensive product supplement from a trusted source
Gift cards used for Community giveaway events and end of year appreciation events.
$5M in Assets
3,000+ Members
Federally Chartered, Community CU, Pennsylvania

Reloadable & Gift Cards

Primary uses: second chance checking for members unable to qualify for checking accounts elsewhere. Members want the card for online bill payment. Financial Management for members.

Used gift Cards to distribute as part of a Market study for food deserts and to encourage healthy food choices.
$98M in Assets
14,000+ Members
Federally Chartered, Community CU, Oregon
Reloadable & Gift Cards

Full service credit union offering loans, checking, savings and youth programs. CU uses the reloadable cards as part of a Community event for kids back-to-school shopping.

Over 300 underprivileged children
$37,000+ dollars raised and distributed
Thank You

“Keep purpose constant.”

- Edward Filene

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