

PREPAID INDUSTRY SCORECARD

Assessing Quality in the Prepaid Industry with CFSI's Compass Principles

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EXECUTIVE SUMMARY

Over the past decade, millions of American households have turned to prepaid cards to spend, save, and manage their money. Prepaid card issuers have adopted a number of strategies to meet the diverse needs of consumers and prepaid cards vary immensely across the industry. Such diversity is beneficial to consumers, provided that the overall quality of products is high and that providers continually strive to meet the needs of consumers.

At the same time, it is important at this point in the industry's development to take stock of the quality of products in the marketplace and to encourage prepaid card issuers to pursue policies that actively improve consumers' financial lives. Drawing upon the framework of CFSI's Compass Principles and the definitions of quality articulated in the Compass Guide to Prepaid, this report assesses the level of

quality in the current prepaid card marketplace and provides a set of benchmarks against which future progress can be measured.

Eighteen General Purpose Reloadable (GPR) cards are analyzed in this report. These cards collectively represent approximately 90% of the total GPR card marketplace and include the largest players in the industry, as well as a sampling of smaller programs with particularly innovative cards. To develop scores for the industry as a whole, these eighteen cards were assessed against the recommendations outlined in the Compass Guide to Prepaid. Quantitative and qualitative methods of analysis were employed to generate scores that accurately capture the quality of products in the prepaid card marketplace.

The Compass Guide to Prepaid articulates three levels of practices – Core, Stretch, and Next Generation. This assessment awards the prepaid card industry the following grades at each practice level:

CORE 


A – Standards for a high-quality prepaid account

Prepaid programs have largely embraced the policies identified as Core practices in the Compass Guide to Prepaid.

STRETCH 

B Best practices for providers to stretch beyond the basics

There remains an opportunity for prepaid card providers to go beyond the basics by adopting the Stretch practices articulated in the Guide.

NEXT GEN 

C – Additional services that improve consumers' lives

Prepaid cards can serve as sophisticated financial tools if providers embrace the Next Generation principles articulated in the Guide.

A-

PRODUCT FUNCTIONALITY

Practices regarding an account's transactional features, including the ability to load, store, and access funds.

All of the prepaid cards featured in this report meet the basic transactional needs of underserved consumers by providing deposit insurance and allowing cardholders to conveniently load, spend, and withdraw funds. There remains an opportunity for prepaid card program managers to provide additional benefits that will increase the value of their cards for consumers, such as surcharge-free ATM networks, companion cards tied to sub-accounts, and rewards or loyalty programs.

B+

MARKETING AND COMMUNICATIONS

Practices regarding how the consumer learns about the product, its features, and prices.

The fees and account information associated with the prepaid cards featured in this report are communicated clearly and unambiguously online, in retail locations, and at bank branches. Many of the cards offer consumers tips and guidance on how best to use their cards, but this advice is generally communicated en masse on a website or through written communications. Prepaid card program managers should explore ways to proactively engage with consumers and to provide guidance in a targeted and personalized way.

B

CUSTOMER SERVICE AND ACCOUNT INFORMATION

Practices regarding consumers' ability to access account information, to identify and resolve problems with the account, to make adjustments to their account, and to receive the information and support necessary to use the account successfully.

All of the cards featured in this report carry fraud and error resolution policies so that consumers' funds are protected in the event of theft or loss. Cardholders can conveniently access their balances, review their transaction histories, and receive customer service assistance in multiple languages. Cardholders can also request one-time paper statements, although ongoing monthly statements are less frequently available. While all of the cards analyzed in this report allow cardholders to register for text or email alerts, prepaid platforms should offer a more robust set of alerts that include customizable settings that can be adjusted based on consumers' preferences.

B+

PRICING DESIGN

Practices regarding the design of prepaid account pricing schedules that balance overall affordability, simplicity, consumer choice, and provider costs.

The fees associated with the cards featured in this report generally promote positive consumer use. Free customer service assistance and opportunities to waive or reduce monthly fees build a positive rather than a punitive relationship between providers and consumers; yet penalty fees remain high and should be reduced or eliminated altogether.

A-

DISTRIBUTION CHANNELS AND PRODUCT ACQUISITION

Practices regarding where, when, and how consumers can access, acquire, and register an account.

All of the cards featured in this report can either be purchased online or at retail outlets and bank branches. Most cards have supportive enrollment procedures that allow consumers to register for a card and start using it immediately; these policies can nonetheless be improved by comprehensive approaches that ensure that all cardholders receive adequate support to open an account.

C-

ADDITIONAL SERVICES

Practices regarding additional, non-transactional services.

Providers can enhance the value of prepaid cards by offering additional "next generation" services. Budgeting tools, savings platforms, and access to high-quality credit will allow prepaid cards to serve as versatile financial tools. Eventually, reporting cardholders' payment histories to credit bureaus and periodically assessing consumers' transactional histories may allow prepaid cards to serve as the basis for acquiring other beneficial financial products.

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INTRODUCTION

American consumers are increasingly turning to prepaid cards to spend, save, and manage their money. Between 2009 and 2012, consumer ownership of prepaid cards rose 71%, so that 13% of the U.S. adult population now uses prepaid cards.¹ Although many types of prepaid cards have become popular in recent years, general-purpose reloadable (GPR) cards have grown the fastest. Used much like a debit card, GPR cards allow consumers to deposit funds, withdraw cash, make point-of-sale purchases, and complete online transactions. GPR cards are distributed online, via retailers, and at bank branches, and are typically easier and more convenient to open than a bank account. They also rarely allow consumers to spend beyond what has been “loaded” or deposited into an account. (This report focuses exclusively on GPR prepaid cards; for the remainder of this report, “prepaid cards” refers only to general purpose, open-loop, reloadable prepaid cards.)

While consumer use of prepaid cards has grown across all demographics, card adoption has been particularly high amongst financially underserved households. The FDIC estimates that from 2009 to 2011, the percentage of unbanked households that used a prepaid card climbed from 12% to nearly 18%, while among the previously banked – those who once had a traditional bank account but no longer have one – prepaid card usage increased from 19% to 27%.² For the approximately 68 million American consumers who are underserved, prepaid cards provide a safe, convenient, and affordable way to participate in today’s increasingly electronic economy.³

Prepaid card programs vary widely in terms of functionality. One brand may offer only basic transactional capabilities, while another provides a full-featured financial platform with advanced functionality like bill payment and budgeting support. Some cards carry a fee for every transaction, while others charge a monthly membership fee. Some cards offer a savings platform for cardholders to store and accumulate funds, and a few provide access to credit. Provided that prospective customers can easily compare products, such variation in the marketplace is beneficial to consumers, allowing them to choose a card that best fulfills their financial needs. At the same time, it is important, at this stage in the prepaid industry’s development, to gauge the overall quality of the industry and to develop a set of industry benchmarks against which future progress can be measured. Benchmarks provide value to consumers and providers alike by spurring innovation in the marketplace and by establishing tangible goals for companies striving to build financial products that best meet the needs of their customers.

To this end, CFSI has conducted an assessment of the prepaid card industry rooted in the framework of the **Compass Principles**. The Compass Principles are guidelines for the U.S. financial services industry, developed by CFSI, that affirm standards of excellence in the design and delivery of basic tools that people use to manage their daily financial lives. **The Compass Guide to Prepaid** (also referred to in this report as “the Guide”), published by CFSI in 2012, used the Compass Principles as the foundation for defining operational practices that would allow prepaid card issuers to improve the design and delivery of prepaid products. This assessment uses the definitions of quality articulated in the Compass Guide to Prepaid as a scorecard to measure the degree to which prepaid card programs have adopted practices that will actively contribute to improving consumers’ financial lives.

This assessment and the Compass Principles framework are rooted in the belief that providing value to consumers benefits businesses in the long run. Prepaid card providers that embrace the recommendations outlined in the Compass Guide to Prepaid are likely to reap the benefits of more loyal, engaged, and profitable customers. These recommendations must also be profitable and scalable from a business standpoint in order to offer lasting solutions for consumers; the most successful prepaid products are those that align provider profitability with consumer success.

COMPASS PRINCIPLES

The Compass Principles are guidelines for the U.S. financial services industry. Developed by CFSI in 2012, they affirm standards of excellence in the design and delivery of basic tools that people use to manage their daily financial lives. The four Compass Principles are:

- 1 **Embrace Inclusion:** Responsibly expand access.
- 2 **Build Trust:** Develop mutually beneficial products that deliver clear and consistent value.
- 3 **Promote Success:** Drive positive consumer behavior through smart design and communication.
- 4 **Create Opportunity:** Provide options for upward mobility.

See more at:

compassprinciples.com

METHODOLOGY

The following 18 prepaid cards are analyzed in this report:

PROGRAM MANAGERS

CARDS

AccountNow	Gold Card
American Express	Bluebird Card
American Express	Serve Card
Approved LLC	Approved Card
Banking Up	UPside Card
BB&T Bank	MoneyAccount Card
Blackhawk Network	PayPower Card
Chase Bank	Liquid Card
Fifth Third Bank	Access 360 ^o Card
Green Dot	Green Dot Card
Green Dot	Walmart MoneyCard
H&R Block	Emerald Card
NetSpend	NetSpend Card
PNC Bank	SmartAccess Card
Regions Bank	Now Card
UniRush LLC	Rush Card
U.S. Bank	Contour Card
Western Union	MoneyWise Card

This sample includes cards issued by the largest program managers in the marketplace, as well as a selection of smaller program managers that have particularly innovative cards. Collectively, we estimate that these cards represent approximately 90% of the prepaid card marketplace.

We assessed the quality of these cards by collecting data from a variety of sources, including cards' websites, online Terms and Conditions, customer service call centers, and

product packaging in retail locations and at bank branches. After collecting an initial round of data from public sources, CFSI researchers conducted phone interviews with each of the program managers to solicit further information.

We then aggregated this information and assessed it against the examples listed under each of the practices outlined in the Compass Guide to Prepaid (see graphic depicting the structure of the Guide on the next page), employing both quantitative and qualitative methods of analysis to develop scores for the industry as a whole. Both the number of cards that had adopted a certain recommendation—as well as the share of the prepaid card market that we sampled—was captured in this analysis. Since practices identified as Core, Stretch, and Next Generation have varying levels of importance and feasibility, we employed different criteria to assess the industry at each of these levels. For more information about the methodology used to determine industry scores and to calculate market shares, please refer to the Appendix.

We scored the prepaid card industry holistically in acknowledgment of the fact that no single prepaid program can meet the totality of the recommendations articulated in the Guide. Companies have adopted different strategies to meet the needs of consumers: some programs offer basic cards with few supplemental features at a very low cost to consumers, while others offer more sophisticated cards at a potentially higher cost to consumers. There is value for consumers in both of these approaches and we believe that the industry as a whole should offer an array of products ranging from simple, low-priced cards to more sophisticated, multi-functional cards.

The diversity of providers in the marketplace also means that cards are subject to an array of regulatory requirements that are not uniform across the industry. Cards issued by large retail banks face a set of regulations stemming from the Durbin Amendment from which cards offered by smaller banks and non-bank program managers are exempt.⁴ By assessing prepaid cards at the industry level rather than at the provider level, this report acknowledges that a one-size-fits-all approach is not right for all providers or consumers and that there is value to variation, experimentation, and choice within the marketplace.

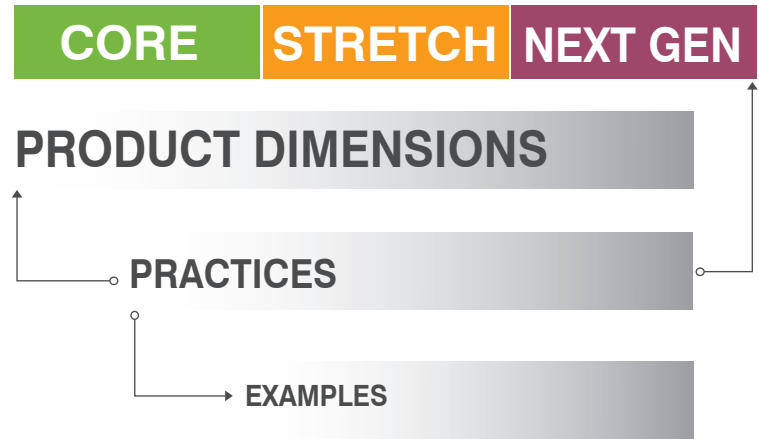
INDUSTRY SCORES

The prepaid card industry was scored at the following levels:

- » **Core, Stretch, and Next Generation**
Grades awarded at this level represent the extent to which the prepaid card industry has adopted, respectively, the standards, best practices, and “next generation” features listed in the guide.
- » **Product Dimension**
Grades awarded at this level represent the extent to which the prepaid card industry has adopted the recommendations for each of the Product Dimensions articulated in the Guide. In the following pages, these grades appear in a grey box at the top of each section.
- » **Practice**
Grades awarded at this level represent the extent to which the prepaid card industry has adopted the Practices in the Guide. In the following pages, the Practice and an accompanying definition are displayed at

the top of each sub-section; corresponding industry grades appear in colored circles on the left side of the page. The color of each circle corresponds to the classification of that Practice as a **Core**, **Stretch**, or **Next Generation** principle.

The Compass Guide is structured as follows:



SUMMARY SCORECARD

CORE

A-

Standards for a high-quality prepaid account

STRETCH

B

Best practices for providers to stretch beyond the basics

NEXT GEN

C-

Additional services that improve consumers' lives

PRODUCT DIMENSIONS

Product Functionality	Marketing & Communications	Customer Serv./ Account Info	Pricing Design	Distribution & Acquisition	Additional Services
A-	B+	B	B+	A-	C-

PRACTICES

<ul style="list-style-type: none"> A Deposit Insurance B Load A- Pay A Withdraw B Additional Benefits 	<ul style="list-style-type: none"> A Fee Disclosure B+ Account Terms & Privacy Policy C Promoting Positive Consumer Use 	<ul style="list-style-type: none"> B Access to Balance & Transaction History A Customer Service A Fraud & Error Resolution B Paper Statements B Alerts 	<ul style="list-style-type: none"> A- Pricing Schedule & Options B Individual Fees C Supportive Customer/ Provider Relationship 	<ul style="list-style-type: none"> B Account Access A Reaching the Consumer 	<ul style="list-style-type: none"> C Budgeting B Savings D Credit Access & Overdraft Services D Credit Reporting D Other Financial Services
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PRODUCT FUNCTIONALITY

Practices regarding an account's transactional features, including the ability to load, store, and access funds.

A-

Prepaid cards largely meet the basic transactional needs of underserved consumers by providing deposit insurance and allowing cardholders to load, spend, and withdraw funds conveniently. However, there remains an opportunity to provide increased value to consumers through expanded features such as surcharge-free ATM networks, companion cards tied to sub-accounts, and rewards or loyalty programs that benefit cardholders.

A

DEPOSIT INSURANCE

Consumer funds are safe and fully insured.

All of the prepaid cards featured in this report carry FDIC pass-through insurance.⁵ Prepaid cards on which federal benefits are loaded are required to carry FDIC insurance and some states require cards that receive state benefits to have FDIC insurance. Other prepaid card programs are not required to offer deposit insurance, but providing FDIC pass-through insurance has nonetheless become a standard practice. New providers who enter the field without this consumer protection would be at a serious disadvantage to their counterparts.

B

LOAD

Consumers have multiple, convenient options for adding funds to their account

All of the cards featured in this report can be loaded through direct deposit. Sixteen of the 18 cards (approximately **95%** of the prepaid card market sampled) can be loaded with cash in-person at retail locations or at bank branches.

Prepaid cardholders have fewer options to load funds through self-service technology. Seven of the cards featured in this study (approximately **35%** of the prepaid card market sampled) allow cardholders to load money via mobile Remote Deposit Capture (mRDC) and only two cards (less than **5%** of the prepaid card market sampled) can be loaded with cash at an ATM.⁶ Alternative reload options like mRDC and loading cash at an ATM enhance the convenience of prepaid cards by allowing consumers to add funds at all times of the day without having to seek out brick-and-mortar reload locations that may offer service of varying degrees of convenience and customer service quality.

Innovation Spotlight

Regions Bank's Now Card and Chase's Liquid Card allow consumers to load cash at an ATM and via mRDC. Funds loaded through the Liquid Card's mRDC feature are available the same day or the next day.

The Innovation Spotlights presented on this and the following pages highlight companies that have adopted a recommendation in a particularly innovative way. These spotlights are meant to be illustrative and are not an exhaustive list of all the companies that have adopted a certain recommendation.



PRODUCT FUNCTIONALITY

Practices regarding an account's transactional features, including the ability to load, store, and access funds.



PAY

Consumers can make purchases and pay nearly all merchants, billers, and individuals.

Prepaid cards are currently accepted at most major retailers, online billers, and anywhere that MasterCard, American Express, or Visa is accepted. Eleven cards (approximately **90%** of the prepaid card market sampled) offer online and mobile bill pay.⁷ Even cardholders who lack a direct bill pay feature may still be able to pay their bills on a biller's website.

Seven cards (approximately **50%** of the prepaid card market sampled) offer supplemental payment services such as person-to-person payments from one prepaid card to another of the same brand. Five cards (approximately **45%** of the prepaid card market sampled) allow consumers to send paper checks from a prepaid account, a useful feature for consumers who must pay their rent by check.⁸

Innovation Spotlight

Banking Up's UPSide Card allows cardholders to "write a check" online that is automatically sent to a designated company or individual.



WITHDRAW

Consumers have convenient and immediate access to their funds through many channels.

All cards allow consumers to withdraw cash at an ATM. Fifteen cards offer free cash-back with a retail purchase (approximately **90%** of the prepaid card market sampled) and 15 cards (approximately **90%** of the prepaid card market sampled) allow consumers to withdraw funds at a bank teller. Cards issued by banks generally do not charge a fee for teller withdrawals; most non-bank cards charge between \$1 and \$5.99 for this service.

All cards make direct deposit funds available immediately. Ten of the 16 cards (approximately **85%** of the prepaid card market sampled) that allow cash reloads at retail locations make the funds available immediately; the remaining cards make funds available on the same business day or the next one.

Innovation Spotlight

UniRush makes direct deposit funds available to Rush Card customers up to two days before the funds are cleared by the issuing bank.



ADDITIONAL BENEFITS

Consumers receive additional benefits that increase the account's value.

Twelve cards (approximately **65%** of the prepaid card market sampled) have networks of surcharge-free ATMs. Eleven cards (approximately **80%** of the prepaid card market sampled) offer rewards or loyalty programs, including VIP customer service, merchant discounts, and cash-back rewards.

Twelve cards (approximately **45%** of the prepaid card market sampled) offer companion cards that are either tied to the cardholder's primary account or linked to sub-accounts. Sub-accounts allow cardholders to mentally allocate their funds, or to share with another family member.

Innovation Spotlight

American Express's Bluebird Card allows cardholders to create up to four sub-accounts. Cardholders can control permissions and alerts and move money between sub-accounts.



MARKETING AND COMMUNICATIONS

Practices regarding how the consumer learns about the product, its features, and prices.

B+

The fees and account information associated with prepaid cards are presented in a straightforward manner and disclosed in ways that are accessible to consumers before purchase. While most of the cards featured in this report provide cardholders with tips and guidance, this advice is usually communicated through the card’s website or via written communications. Few providers directly engage with cardholders in a targeted or personalized way. Providers should explore ways to proactively communicate with cardholders to provide them with useful and actionable advice tailored to their unique financial circumstances.

FEE DISCLOSURE

Prices are easily accessible and are presented simply and clearly.

All of the cards featured in this report display a fee schedule in their Terms and Conditions, though the placement of this fee box in the document varies. Sixteen cards (approximately **95%** of the prepaid card market sampled) display a straightforward fee schedule directly on their websites; five cards (approximately **35%** of the prepaid card market sampled) have chosen to do this by adopting CFSI’s Model Fee Disclosure Box.⁹ Four of the five cards that offer multiple account plans display their fees in a way that allows cardholders to easily compare plans. The eight cards available for purchase at retail locations (approximately **65%** of the prepaid card market sampled) prominently display their fees on card packaging.

Innovation Spotlight

H&R Block’s Emerald Card, American Express’s Bluebird Card, Western Union’s MoneyWise Card, UniRush’s Rush Card, and Banking Up’s UPSide Card have adopted CFSI’s Model Fee Disclosure Box.

ACCOUNT TERMS DISCLOSURE AND PRIVACY POLICY

Consumers are effectively informed of all account terms and any changes in those terms, and their privacy is protected.

All of the cards featured in this report accurately describe the features, benefits, and costs of their cards to consumers without misleading communications. Seventeen cards (approximately **95%** of the prepaid card market sampled) provide accessible Frequently Asked Questions (FAQs) on their websites. All of the 15 cards reached for comment (approximately **95%** of the prepaid card market sampled) explicitly comply with the account term disclosures required of Regulation E as it applies to payroll cards.^{10, 11} There may be an opportunity, however, to improve the effectiveness of account disclosures through consumer testing and evaluation.¹²

While no cards allow consumers to explicitly opt-in to share their information with third parties, six cards (**40%** of the GPR card market sampled) provide clear instructions for how consumers can limit the extent to which their information is shared with third parties.

Innovation Spotlight

Chase’s Liquid Card has a comprehensive set of FAQs that answer questions ranging from the fundamental (“How can I load money onto my card?”) to the more sophisticated (“Can I export, save, and print images of my deposited checks [on Chase QuickDepositSM]?”).

A

B+



MARKETING AND COMMUNICATIONS

Practices regarding how the consumer learns about the product, its features, and prices.



PROMOTING POSITIVE CONSUMER USE

Consumers receive proactive guidance about how to enhance their use of the product.

Through messaging on the card's website, all of the cards featured in this report encourage cardholders to monitor their fees and transactions. Eleven cards (approximately **70%** of the prepaid card market sampled) provide explicit tips on how to avoid fees and minimize the costs associated with using a card. Eight of the 15 cards reached for comment (approximately **70%** of the prepaid card market sampled) encourage cardholders to monitor their fees and transactions through ongoing email and written communications throughout the lifecycle of the card. Only two of the 15 cards reached for comment (approximately **25%** of the prepaid card market sampled) provide proactive and on-going account management advice to cardholders who do not intentionally seek out guidance. Such on-going guidance can ensure that consumers receive important information in a timely and relevant manner.¹³

Innovation Spotlight

Both NetSpend and UniRush administrators periodically review customers' transaction histories and analyze how much cardholders would be paying if enrolled in another account plan. If cardholders could have saved money in the last month by being on a different fee plan, they are notified of this via email and are encouraged to switch plans



CUSTOMER SERVICE & ACCOUNT INFORMATION

Practices regarding consumers' ability to access account information, to identify and resolve problems with the account, to make adjustments to their account, and to receive the information and support necessary to use the account successfully.

B

Prepaid cardholders can conveniently review their balances and transaction histories in a variety of ways and can access straightforward customer service assistance in multiple languages. Every card has fraud and error resolution policies in place so that cardholders' funds are protected in case of loss or theft. Consumers can generally request paper statements, although they have fewer opportunities to receive ongoing monthly statements. While all cards allow cardholders to register for text or email alerts to receive balance updates or account information, there remains an opportunity for programs to provide a more robust set of alerts with customizable settings.

ACCESS TO BALANCE AND TRANSACTION HISTORY

Consumers have many ways to access their balance information and transaction history quickly.

All of the cards featured in this report allow cardholders to check their balance online, via text message, by calling customer service, or on a mobile app or a mobile-enabled website. Eleven of the fifteen cards for which information is available (approximately **60%** of the prepaid card market sampled) allow cardholders to access at least two years of transactional data online, which can be important for tax-filing and budgeting purposes. Three of the four cards that offer less than two years of transactional data provide one year of data, while one card offers six months of data.

Innovation Spotlight

NetSpend, UniRush, and Blackhawk allow cardholders to view their entire transaction histories throughout the life of the NetSpend Card, the Rush Card, and the PayPower Card, respectively.

CUSTOMER SERVICE

It is easy to obtain customer support, and callers to the customer service center are treated respectfully and helpfully.

All of the cards featured in this report provide consumers with accessible customer service assistance and easy-to-navigate interactive voice response (IVR) systems that provide assistance in both English and Spanish.

FRAUD & ERROR RESOLUTION

If fraud, errors, or malfeasance affect a consumer's account, the consumer's liability is limited, and appropriate investigative procedures are taken to resolve the problem.

All of the cards featured in this report have adopted the consumer liability protections outlined by Regulation E as it applies to payroll cards.¹⁴ These consumer liability protections include fraud and error resolution policies so that consumers' liability for funds is limited in case of a lost or stolen card.





CUSTOMER SERVICE & ACCOUNT INFORMATION

Practices regarding consumers' ability to access account information, to identify and resolve problems with the account, to make adjustments to their account, and to receive the information and support necessary to use the account successfully.

B

PAPER STATEMENTS

Consumers can request mailed paper statements at a reasonable cost and access statements electronically in a printable format.

Fifteen cards (approximately **75%** of the prepaid card market sampled) allow cardholders to request a one-time paper statement and nine cards (approximately **40%** of the prepaid card market sampled) allow cardholders to receive ongoing monthly statements, generally for a fee ranging from \$1 to \$3. All of the cards that offer paper statements allow cardholders to request them in a variety of ways including online, via mobile channels, or by calling customer service. While consumers are increasingly checking their balances online or on their phones, some cardholders, such as those who lack convenient access to the internet or a mobile device, will always prefer paper statements.

ALERTS

Consumers can set up customizable alerts for specific situations to help them budget better, avoid fees, and detect fraud quickly.

All of the cards featured in this report offer text alerts and 13 cards (approximately **80%** of the prepaid card market sampled) offer email alerts. Cardholders can generally select which types of alerts they would like to receive via each channel. Common alerts include load alerts, transaction alerts, balance alerts, and promotional alerts. Seven cards (approximately **30%** of the prepaid card market sampled) allow cardholders to customize alerts by setting adjustable thresholds for each type of alert. Such customizable alerts allow cardholders to have direct control over when and how they receive information about their accounts and to modify these settings as their circumstances change.

Innovation Spotlight

UniRush provides a particularly robust set of alerts on the Rush Card including card status alerts, daily and weekly balance alerts, recent transaction alerts, low balance alerts, bill payment alerts, customer service notifications, sweepstakes and promotional alerts, and new feature alerts.

B



PRICING DESIGN

Practices regarding the design of prepaid account pricing schedules that balance overall affordability, simplicity, consumer choice, and provider costs.

B+

Prepaid cards are priced in a fair and straightforward way that promotes positive consumer use. Lowering or waiving monthly fees encourages customers to use their cards responsibly, while providing free customer service builds a positive relationship with consumers. Penalty fees in the form of ATM decline charges, monthly inactivity fees, and account closing fees are becoming less common in the industry; however they are still high on some cards and should be reduced or eliminated altogether.

A-

PRICING SCHEDULE AND OPTIONS

The pricing schedule is simple, straightforward, and supportive of consumer choice.

Fifteen of the 18 cards (90% of the prepaid card market sampled) featured in this report have simple and straightforward pricing schemes. While all of the cards set their fees in relatively standard increments, four cards (approximately 20% of the prepaid card market sampled) have particularly easy-to-remember fee structures with few or no fees beyond a single monthly fee.

Four of the five cards that offer multiple account plans (approximately 40% of the prepaid card market sampled) clearly present the different fees associated with each of their plans so that customers can choose between the plans based on their distinct needs.

Innovation Spotlight

Walmart offers multiple account plans for its MoneyCard, one of which is the “Basic” plan, which has a \$3 purchase fee, a \$3 monthly service fee, and a \$3 cash load fee.

B

INDIVIDUAL FEES

Individual fees are affordable and designed to align profitability for the provider with success for the consumer.

Fourteen cards (approximately 55% of the prepaid card market sampled) have fee structures that promote positive consumer use by lowering or waiving monthly fees when cardholders sign up for direct deposit or when they link their card to a checking account. All cards minimize or eliminate some fees for lower cost transactions either by providing free withdrawals at in-network ATMs, by providing free direct deposits, or by reducing the cost of signature-based transactions. All cards provide at least one free way for cardholders to check their balances and review transactions, so information fees do not drive profit at the expense of the consumer.

Innovation Spotlight

Green Dot waives the monthly fee for Green Dot cardholders in any billing cycle when they load at least \$1,000 or have at least 30 purchases posted to their account.



PRICING DESIGN

Practices regarding the design of prepaid account pricing schedules that balance overall affordability, simplicity, consumer choice, and provider costs.



BUILDING A SUPPORTIVE CUSTOMER-PROVIDER RELATIONSHIP

The pricing schedule encourages a supportive rather than a punitive relationship between customers and providers.

Fifteen cards (approximately **55%** of the prepaid card market sampled) have no monthly inactivity fees; the three cards with monthly inactivity fees charge between \$2 and \$5.95 per month. Twelve cards (approximately **45%** of the prepaid card market sampled) do not have ATM decline fees; the six cards that charge fees for a declined ATM transaction charge between \$0.45 and \$2 per decline. Six cards (approximately **35%** of the prepaid card market sampled) have no card replacement fees; seven cards charge less than \$5 to replace a card and six cards charge \$10 or more to replace a card.

Fourteen cards (approximately **90%** of the prepaid card market sampled) offer free, unlimited customer service calls; two cards offer one free call per month, one card charges \$0.99 to access an IVR system and \$2 to speak to a live agent, and one card offers different customer service pricing based on the user's fee plan. Upon closing an account, 11 cards (approximately **65%** of the prepaid card market sampled) allow cardholders to retrieve all remaining funds, generally by check. The other seven cards charge consumers a fee – ranging from \$5.95 to \$15 – that is deducted from the card's remaining account balance, in effect penalizing cardholders for closing an account.

Innovation Spotlight

American Express's Bluebird and Serve cards carry no monthly inactivity fees, no ATM decline fees, no card replacement fees, no customer service fees, and no account closure fees.



DISTRIBUTION CHANNELS & PRODUCT ACQUISITION

Practices regarding where, when, and how consumers can access, acquire, and register an account.

A-

Prepaid cards can be purchased at retail outlets, bank branches, financial institutions, online, or by phone. Although card enrollment procedures generally make it easy for customers to register their cards, these policies can be improved with comprehensive approaches designed to ensure that cardholders receive adequate support to open an account.

ACCOUNT ACCESS

Registration procedures enable a wide range of consumers to access the product, while balancing increased access with appropriate regulatory requirements.

Seventeen cards (approximately **95%** of the prepaid card market sampled) do not consider consumers' credit histories when opening an account. Six of the 15 cards reached for comment (approximately **50%** of the prepaid card market sampled) accept foreign IDs as valid identification required to open an account.¹⁵ Twelve of the 15 cards reached for comment (approximately **80%** of the prepaid card market sampled) have supportive enrollment procedures that offer cardholders assistance if their information is not initially accepted for verification. These policies include prompting applicants to answer "out-of-wallet" questions, allowing applicants to submit additional documentation online, and requiring customer service agents to follow up with applicants by phone or email to solicit additional information.¹⁶

Innovation Spotlight

Western Union has a comprehensive alternative ID process in place so that customers without a Social Security Number can submit an Individual Taxpayer Identification Number (ITIN) and a valid government-issued ID to open a MoneyWise Card.

REACHING THE CONSUMER

The product is available through a variety of convenient and familiar locations and channels.

Thirteen of the cards featured in this report (approximately **90%** of the prepaid card market sampled) can be purchased in person: seven cards (approximately **60%** of the prepaid card market sampled) can be purchased at retail locations; four cards (approximately **60%** of the prepaid card market sampled) can be purchased at financial institutions such as check-cashing sites or tax preparation outlets; and five of the six bank-issued cards (approximately **5%** of the prepaid card market sampled) can be purchased at bank branches.

Fifteen cards (approximately **75%** of the prepaid card market sampled) can be purchased either online or over the phone: fourteen cards (approximately **75%** of the prepaid card market sampled) can be purchased online and three cards (approximately **5%** of the prepaid card market sampled) can be purchased over the phone. One card can be purchased via a mobile app and other providers are exploring how they might offer mobile enrollment services.

Innovation Spotlight

Banking Up allows consumers to sign up for an UPside Card via a mobile app.

B

A



ADDITIONAL SERVICES

Practices regarding additional, non-transactional services.

C

While prepaid cards have become increasingly versatile transactional tools, additional services can be offered to augment the value of these cards. Providing budgeting tools, savings platforms, and access to high-quality credit can elevate prepaid cards beyond simple transactional vehicles to full-featured financial platforms. Eventually, reporting cardholders' payment histories to credit bureaus and periodically reviewing consumers' transactional histories may allow prepaid cards to serve as the basis for acquiring other beneficial financial products.

C

BUDGETING

The prepaid account provides consumers with tools for planning, budgeting, and tracking.

Five cards (approximately **30%** of the prepaid card market sampled) offer cardholders advanced budgeting tools. These tools generally allow cardholders to create budgets, set goals, and track progress towards those goals through online accounts. Two of these cards (approximately **20%** of the prepaid card market sampled) allow cardholders to establish customizable alerts tied to specific goals so cardholders know when they reach a goal or are approaching the limits they have set on a designated spending category.

Innovation Spotlight

UniRush allows Rush Card customers to create a budget and set limits for how much they would like to spend on categories like food, shopping, or entertainment. When cardholders log into their online account, they can monitor their progress towards these goals through a dashboard of charts and graphs that track their spending across different categories.

B

SAVINGS

Consumers can easily transfer funds into a savings account.

Eight cards (approximately **55%** of the prepaid card market sampled) provide a savings platform either directly on the card or linked to the card. Five of the eight cards that offer savings accounts (approximately **50%** of the prepaid card market sampled) also provide cardholders with incentives to save in the form of interest-bearing savings accounts, cash-back credits, or points that can be redeemed for prizes.¹⁷

Innovation Spotlight

NetSpend offers cardholders a NetSpend National Savings account, which earns a 5% Annual Percentage Yield (APY).



ADDITIONAL SERVICES

Practices regarding additional, non-transactional services.

D

CREDIT ACCESS & OVERDRAFT SERVICES

When offering credit or overdraft services with prepaid accounts, providers should exercise caution and offer only high-quality, safe, affordable options.

One card (approximately **20%** of the prepaid card market sampled) offers cardholders access to credit. Two cards (approximately **25%** of the prepaid card market sampled) offer cardholders an opt-in overdraft service. The small-dollar credit models that dominate the consumer credit market today should not be added to prepaid cards in their current form; yet, there is an opportunity for providers to explore new credit models that align provider profitability with consumer success.

Innovation Spotlight

NetSpend cardholders can sign up for overdraft protection. For each transaction that overdraws an account by more than \$10, a fee of \$15 is charged. Cardholders have a 24-hour grace period to reload their cards with sufficient funds before incurring a fee. When an overdraft does occur, cardholders are notified of this via an email or text message with information about when the overdraft occurred and how much was overdrawn from the account.

D

CREDIT REPORTING

The provider explores how the consumer's transaction history could assist the consumer in applying for credit or building a positive credit report.

No cards currently report cardholders' transactional data to credit bureaus; however, many companies are exploring how this might be done in a way that would benefit consumers.

D

OTHER FINANCIAL SERVICES

Consumers can choose to allow providers to use their transaction history as the basis for offering other beneficial products.

One of the 15 cards reached for comment (less than **5%** of the total prepaid card market sampled) reported encouraging prepaid cardholders to apply for other financial products on the basis of their prepaid card usage. Using cardholders' transactional histories as the basis for acquiring other financial products has the potential to increase financial access for consumers by connecting prepaid cardholders with other beneficial products to which they might not otherwise have access.

Innovation Spotlight

After six months, Chase reviews the transaction histories and behaviors of Liquid cardholders and offers them the opportunity to open a checking account.

ANALYSIS

Ten years ago, the prepaid card industry was fragmented and characterized by a high degree of variability, making it challenging, if not impossible, for consumers to compare cards and assess the quality of different products. Over the past decade, prepaid card functionality, fee structures, and

consumer protections have become more standardized across the industry, while individual programs have retained important variations that allow prepaid cards to meet the diverse needs of a variety of consumers.

CORE

A- The standards for a high-quality prepaid account.

Today, programs have largely embraced the policies identified as Core practices in the Compass Guide to Prepaid. Prepaid cards provide consumers with multiple, convenient ways to perform basic transactions and to access important account information. Fee structures are generally

designed to promote positive consumer use and individual fees are communicated to cardholders in a straightforward and accessible manner.

STRETCH

B Additional best practices for program managers looking to stretch beyond the basics.

There remains an opportunity for prepaid card issuers to go beyond these basic practices by adopting the Stretch and Next Generation practices articulated in the Guide. Currently, the typical lifespan of a prepaid card is less than six months.¹⁸ Offering additional services that increase the value of prepaid cards has the potential to extend the lifespan of prepaid products and allow financial institutions to reap the benefits of more loyal, engaged, and profitable customers.

The practices identified as Stretch in the Guide can help prepaid program managers extend the longevity of their cards by increasing the value of their cards for consumers. Providing a surcharge-free network of ATMs, offering companion cards tied to sub-accounts, and incorporating rewards or loyalty programs will render prepaid cards more versatile and valuable financial tools. Developing supportive enrollment procedures and pursuing dynamic customer service policies will help consumers optimize card usage and contribute to an overall positive user experience.

NEXT GEN



C- Additional services that actively contribute to improving consumers' lives.

Prepaid card issuers can further increase the value of their cards by embracing the Next Generation recommendations articulated in the Guide. Over the last few years, prepaid cards have increasingly started to offer access to savings platforms and the market has come a long way in a relatively short period of time. However, there is opportunity for continued innovation: providing access to budgeting tools, savings platforms, and high-quality credit will enable prepaid cards to serve as sophisticated financial management tools.

The small-dollar credit models that dominate the consumer credit market today should not be added to prepaid cards in their current form. Instead, new models that are high quality, safe, and affordable should be developed. These models should align provider profitability with consumer success and help borrowers avoid a cycle of over-indebtedness. Since many consumers use their prepaid cards for budgeting purposes, any addition of overdraft and credit features should ensure that borrowed funds remain separate from other funds.¹⁹ This is not an easy undertaking and prepaid card providers should be commended for proceeding with caution and refraining from providing access to low-quality credit. At the same time, prepaid card programs should actively pursue the development of new consumer credit models that can be connected to prepaid cards and that can actively help consumers improve their financial lives.

Reporting cardholders' payment histories to credit bureaus can further increase the value of prepaid cards by enabling them to serve as the basis for acquiring other beneficial financial products. Since financially underserved consumers are less likely to use the types of credit products that contribute to building traditional credit scores, prepaid

payment data could play an important role in increasing financial inclusion. However, credit bureaus do not currently have a way to incorporate payments data into their scoring models, so the prepaid card industry should not be unduly castigated for failing to report consumers' payment histories to the bureaus. Prepaid program managers should pursue opportunities to engage in research that assesses whether a cardholders' transactional data can reliably be used to evaluate creditworthiness. When developing and marketing this feature, prepaid card issuers should carefully weigh the risks and benefits to consumers of sharing sensitive data, and should provide cardholders with clear disclosures and straightforward means of opting out.

Likewise, prepaid cardholders' access to other beneficial financial products can be expanded by using cardholders' transactional histories as the basis for acquiring these other products. While not an easy feat for all prepaid providers, monoline program managers can explore opportunities to partner with other financial service providers to connect consumers with additional financial services that will allow them to achieve greater financial stability.

The adoption of Next Generation practices may not be suitable or desirable for all prepaid program managers. Simple, low-cost cards may suit the needs of many consumers and there is value to choice and variation with the marketplace. However, the prepaid card industry as a whole should offer an array of products that include more sophisticated, multi-functional cards. For those prepaid card issuers looking to stretch beyond the basics, the Next Generation practices in the Guide will allow providers to design and deliver high-quality prepaid platforms.

CONCLUSION

In order for prepaid cards to actively contribute to improving consumers' lives, prepaid card providers must strive to continually improve their products and find innovative ways to meet their customers' needs. The Compass Principles and the recommendations outlined in the Compass Guide to

Prepaid provide a roadmap for programs seeking to develop high-quality prepaid offerings that deliver sustainable value to consumers and providers alike.

APPENDIX

The Compass Principles

In 2012, CFSI developed the Compass Principles, a set of aspirational guidelines intended to help financial institutions address challenges within the financial services industry and create products that would allow consumers to better manage their financial lives.

The Compass Principles are:

- **EMBRACE INCLUSION: Responsibly expand access.**
Consumers, including those from traditionally underserved groups or communities, are creatively reached and well served with a relevant suite of quality, affordable financial services that promote consumer choice and are provided in a safe, dignified, and convenient manner.
- **BUILD TRUST: Develop mutually beneficial products that deliver clear and consistent value.**
Consumers can clearly understand and derive value, without pitfalls or unwelcome surprises, from financial products designed to align provider and consumer goals.
- **PROMOTE SUCCESS: Drive positive consumer behavior through smart design and communication.**
Consumers are empowered to make wise money choices via smart product design and guidance that is relevant to their specific concerns and financial situations, coincides in a timely fashion with key life events or decisions, and is immediately actionable.
- **CREATE OPPORTUNITY: Provide options for upward mobility.**
Consumers have appropriate options that create opportunities for increased financial prosperity, and they are encouraged to pursue those opportunities.

Methodology

This report assesses the level of quality in the current prepaid card marketplace as defined by the recommendations outlined in the Compass Guide to Prepaid. CFSI selected the 18 cards analyzed in this report because they represent the largest program managers in the marketplace, as well as a number of smaller programs with particularly innovative cards. Drawing upon secondary market sizing resources, CFSI estimates that the 18 cards featured in this report collectively represent approximately 90% of the total prepaid card marketplace.

CFSI researchers collected data on these cards during Summer 2013 and conducted follow-up interviews with the prepaid program managers during Fall 2013. Fifteen of the 18 programs featured in this report were reached by phone and provided comment for this report. (Some of the cards included in this analysis offer multiple account plans – since these plans generally differ only in terms of the amount of certain fees, cards with multiple account plans are considered as a single card rather than as separate entities.)

To derive scores for the prepaid card industry, we employed both quantitative and qualitative means of analysis. Quantitatively, we considered both the number of cards and the share of the prepaid card market sampled that had adopted a certain recommendation. To determine the total share of the market, we aggregated the individual market shares of all the cards that had adopted a certain practice. We collected individual market share data from a number of sources, including companies' 10(k) financial statements, industry-wide market sizing reports, and individual phone calls with program managers. Since exact numbers were hard to come by, we approximated programs' market shares by assigning programs to one of three groups based on the number of active cards they had in circulation:

- **Tier 1** programs had more than 1 million active cards in circulation;
- **Tier 2** programs had between 100,000 and 1 million active cards in circulation; and
- **Tier 3** programs had less than 100,000 active cards in circulation.

APPENDIX

The programs featured in this study are categorized into the following tiers based on the number of cards they had in circulation as of December 2013:

TIER	PROGRAM MANAGER	CARD	NETWORK	ISSUING BANK
1	Green Dot	Green Dot Card	Visa MasterCard	Green Dot Bank
	Green Dot	Walmart MoneyCard	Visa MasterCard	GE Capital Retail Bank, Green Dot Bank
	H&R Block	Emerald Card	MasterCard	H&R Block Bank
	NetSpend	NetSpend Card	Visa	The Bancorp, Bank Bofl Federal Bank, MetaBank
2	AccountNow	Gold Card	Visa	MetaBank
	American Express	Bluebird Card	American Express	Wells Fargo Bank, American Express Centurion Bank
	Blackhawk	PayPower Card	Visa	MetaBank, The Bancorp Bank
	UniRush LLC	Rush Card	Visa	The Bancorp Bank
	Western Union	MoneyWise Card	MasterCard	MetaBank and The Bancorp Bank
3	American Express	Serve Card	American Express	Wells Fargo Bank, American Express Centurion Bank
	Approved LLC	Approved Card	MasterCard	The Bancorp Bank
	Banking Up	UPside Card	Visa	MetaBank
	Branch Banking & Trust (BB&T)	MoneyAccount	Visa	Branch Banking and Trust Company
	Chase Bank	Liquid Card	Visa	JP Morgan Chase Bank
	Fifth Third Bank	Access 360°	MasterCard	Fifth Third Bank
	PNC Bank	SmartAccess Card	Visa	PNC Bank
	Regions Bank	Now Card	Visa	Regions Bank
U.S. Bank	Contour Card	Visa	U.S. Bank	

APPENDIX

We calculated the individual market shares of each program by dividing the estimated market coverage of all the programs in a tier by the number of cards captured in that tier. (For example, based on industry market sizing reports and CFSI's industry knowledge, we estimated that Tier 1 programs collectively captured approximately two thirds of the prepaid card market. Since there are four programs in this tier, we divided that number by four to calculate the individual market shares of each program in that tier.)

To determine the total share of the prepaid market that had embraced a recommendation, we then aggregated the individual market shares of the cards that had adopted that particular practice. Since these market share figures were based on estimates of individual cards' market shares and are approximate, we rounded these figures to the nearest five percent to communicate this information to readers in a digestible way. These market share figures are presented throughout the Industry Scores section of the report.

Market share calculations served as the basis for deriving industry scores; however, a straightforward quantitative analysis was insufficient to produce accurate scores for the industry because the Compass Guide to Prepaid is not designed as a checklist. The recommendations listed in the Guide differ in importance and some practices may be adequate substitutes for others, while others may only be appropriate for certain business models. Further, the current regulatory environment restricts functionality on certain prepaid cards and the industry should not be penalized for this.

Therefore, it was necessary to consider a subjective element in our grading process and to adjust scores based on qualitative considerations. CFSI industry expertise and judgment were used to weight recommendations according to their relative importance and to generate scores that captured the true meaning of a certain recommendation. When current regulation prohibited or discouraged the adoption of a certain practice, efforts were made to not unduly penalize the industry for failing to adopt a policy.

Together, these quantitative and qualitative methods of analysis enabled us to assess the industry at the following levels:

- 1. Core, Stretch, and Next Generation**—Grades awarded at this level represent the extent to which the prepaid card industry has adopted, respectively, the standards, best practices, and additional features listed in the guide. These grades are a weighted average of all the Practice grades classified as Core, Stretch, and Next Generation.

Since all prepaid programs are encouraged to adopt the Core practices articulated in the Guide, the grading for this level was relatively stringent. However, since not all programs can or should necessarily adopt all of the Stretch practices articulated in the Guide, the grading for this level was relatively less stringent. Likewise, since there are significant hurdles to overcome for the industry to adopt the Next Generation practices articulated in the Guide – and there is value to choice and variation within the marketplace – the grading for Next Generation practices was significantly less stringent than it was for the Core and Stretch practices.

- 2. Product Dimensions**—Grades awarded at this level represent the extent to which the prepaid card industry has adopted the broad recommendations outlined under each of the six Product Dimensions articulated in the Compass Guide to Prepaid. These grades are a weighted average of the Practice grades listed within each Product Dimension.
- 3. Practices**—Grades awarded at this level represent the extent to which the prepaid card industry has adopted the specific Practices articulated in the Compass Guide to Prepaid. These grades were developed through the combination of quantitative and qualitative methods outlined above.

SOURCES

1. Javelin, "Checking vs. Prepaid; Threat or Opportunity," 2013.
2. Federal Deposit Insurance Corporation, "National Survey of Unbanked and Underbanked Households," 2012.
3. To learn more about why consumers like prepaid cards, please refer to CFSI's "Voice of the Consumer," 2009; and CFSI and NBPCA's "Satisfaction with and Usage of Prepaid Cards," 2009. For more about how consumers use prepaid cards, please refer to CFSI and the Federal Reserve Bank of Philadelphia's "Consumer's Use of Prepaid Cards: A Transaction-Based Analysis," 2012.
4. The Durbin Amendment, signed into law as part of the Dodd Frank Wall Street Reform and Consumer Protection Act in 2010, limits the amount of interchange fees that banks with more than \$10 billion in assets can charge merchants on prepaid and debit card transactions. A federal judge overturned this regulation in the summer of 2013, but the case has been appealed and prepaid and debit card issuers with more than \$10 billion in assets are still subject to these regulations.
5. FDIC pass-through insurance insures cardholders' funds up to \$250,000 should the bank holding these funds in a pooled account fail.
6. Mobile Remote Deposit Capture allows cardholders to take a picture of a check with a smart phone and either access the funds instantly (often for a small fee) or deposit the funds into an account for free.
7. In order for banks with more than \$10 billion in assets to gain an exemption from the Durbin Amendment's fee cap, banks must offer prepaid cards that meet a series of requirements. One of these requirements is that the card itself must be the only way to access the underlying funds in a prepaid account. Cards that offer bill pay in the form of an outgoing ACH transfer are not exempt from this fee cap, so banks are reluctant to include this feature on their cards.
8. Offering paper checks also disqualifies banks with more than \$10 billion in assets from gaining an exemption from the Durbin Amendment, because paper checks represent an alternative way to access the underlying funds in a prepaid account.
9. In 2012, CFSI proposed a standardized fee box for improving the transparency of prepaid cards. The fee box organizes fees in six distinct categories: Total Cost of Setup, Adding Money, Getting Cash, Spending Money, Information, and Penalty Fees. For more information about CFSI's model fee box, please see CFSI's publication "Thinking Inside the Box: Improving Consumer Outcomes through Better Fee Disclosure for Prepaid Cards," 2012.
10. Prepaid cards are not currently required to comply with Regulation E; however many networks have voluntarily adopted the disclosure policies required of Regulation E for payroll cards. These policies include providing cardholders with initial disclosures of any fees imposed by the financial institution for electronic fund transfers (EFTs) or for the right to make such transfers. The financial institution must also provide cardholders with initial disclosures containing limitations on liability and the types of EFTs that are allowed on a card. The CFPB is likely to extend Regulation E to prepaid cards when it announces comprehensive prepaid card regulations later in 2014.
11. While few of the cards articulated their disclosure policies in their Terms and Conditions, all 15 of the cards reached for comment reported that they complied with the account term disclosures required of Regulation E. There is reason to believe that the remaining three cards featured in this report but not reached for comment comply with these disclosure policies as well.
12. In the winter of 2013-2014, the Consumer Financial Protection Bureau (CFPB) tested how prepaid card issuers could most effectively disclose fees to consumers. This evaluation and others like it should yield valuable insights into how disclosures can be designed to communicate information in a way that is both timely and relevant to consumers.
13. Research conducted by CFSI has shown that financial advice is most effective when it is relevant, ongoing, timely, and actionable. For more information about how providers can effectively deliver financial guidance to consumers, please refer to CFSI's "From Financial Education to Financial Capability: Opportunities for Innovation," 2010.
14. Although prepaid cards are exempt from Regulation E, all the networks featured in this study have nonetheless chosen to adopt the consumer liability protections outlined in the regulation, including: if a consumer reports a lost or stolen card within two business days of learning of the occurrence, the consumer's liability is limited to \$50; if a consumer reports an error or unauthorized charge to the account within 60 days of electronically accessing account information, the consumer's maximum liability is \$500; if a consumer fails to report a lost or stolen card within 60 days, there is no liability limit and the consumer could lose all the funds on the card; and if a customer reports an unauthorized transaction, the provider will resolve the dispute or issue by offering a provisional credit within 10 business days.
15. Strict Know Your Customer (KYC) laws render it challenging for financial institutions to accept foreign IDs because no database currently exists to validate identification documents issued abroad.
16. Out-of-wallet questions are generated with information from an individual's credit history or from public records. They are typically based on where a person has lived, the cars they have owned, or the financial accounts they have had.
17. In order for prepaid cards to retain their exemption from the Durbin Amendment's interchange fee cap, providers cannot offer outgoing ACH transfers to a savings or a checking account at a bank. However, providing a savings platform directly on a prepaid card allows providers to remain exempt from this fee cap while still offering consumers an option to save.
18. CFSI and the Federal Reserve Bank of Philadelphia, "Consumer's Use of Prepaid Cards: A Transaction-Based Analysis," 2012.
19. Look for CFSI's recently published "Compass Guide to Small Dollar Credit" for recommendations about how providers can construct high-quality credit products that align provider profitably with consumer success.

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