



# PREPAID DEBIT CARDS PRESENTATION

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## Emergence of Prepaid Debit Cards

- Traditional debit cards are associated with bank checking accounts held by bankable people
- Visa/ MasterCard and member banks cannot issue normal debit cards to “Un-banked” people without checking accounts.
- In the recent years, the “Prepaid Debit Cards” came into existence and popularity. The biggest distinction with “Prepaid Debit Cards” is that no checks are associated with Prepaid Debit Card accounts.
- Prepaid Debit Cards are much safer for the banks to issue because:
  - All transactions for these new debit cards are authorized online against account balances
  - There are no “Floats” from written checks that can cause overdrafts



## Prepaid Debit Card Issuance

- These new debit cards can be issued to just about anybody with a valid government issued ID and verifiable address.
- Prepaid Debit Cards can be issued to “Bankable People” and “Un-Banked People” with:
  - No bank account needed
  - No banking history needed
  - No credit check
  - Just about everyone is approved - no declines
  - No employment verification needed
- Only the residents of a few countries cannot be Prepaid Debit Card cardholders
  - Cuba, Iran, Iraq and Myanmar, etc.



## Prepaid Debit Card Types

- ATM Cards
  - Also known as PIN-based Prepaid Debit Cards
  - Designed for payment transactions requiring the secured entry of a PIN at both the Point of Sale or ATM
  - Cannot be used for signature (non-PIN) transactions, bill payments and online purchases
- Branded (or Signature or full-function) Prepaid Debit Cards
  - Visa & MasterCard branded carrying the Visa or MasterCard debit card logo.
  - Can be used for transactions at every respective Point of Sale terminal carrying the Visa or the MasterCard logo - with or without PIN pad
  - Additionally, these new debit cards can be used to pay bills & purchase online, just like the traditional debit cards and credit cards.



## What Is An International Debit Card?

- Issued outside of the United States
  - By an offshore bank (non-U.S. bank)
  - U.S. banks' issued debit cards can only be issued to U.S. residents – per Patriot's Act
- Issuance specified as “Cross-Regions” with “Extended Areas of Application”



# Prepaid Debit Card Applications

- General Spending Debit Card
  - For funds security
  - ATM cash withdrawals
  - Purchase at POS
  - Full-function Visa & MC branded Prepaid Debit cards can be used for “signature-based” purchases, bill payments & online purchases
- Payroll and commission payout Card
- Remittance - Funds Transfer within and across borders
- Affinity Group Card
- Travel Card
- Student Card
- Gift Card
- Electronic Benefits Payment Card – Government benefits
  - Social Security, Pensions, Payroll etc.



## Prepaid Debit Card – Consumer Benefits

- This payment option quickly and securely moves “Checking Account Like” funds without the hassles or risks involved with paper checks.
- Security features such as personal identification numbers (PINs) also protect consumers against theft and fraud.
- Consumers prefer Prepaid Debit Cards because they act virtually the same as cash, only with much more security.
- Consumers who make debit card purchases are free of interest charges associated with credit cards.
- Funds Transfer – Consumers can conveniently and inexpensively transfer funds to friends and relatives anywhere.
- Bill Payment & On-line Purchases – Un-banked consumers can pay bills and purchase products and services on-line or through phone calls.



## Prepaid Debit Card – Merchant Benefits

- A debit transaction can only be completed if sufficient funds are available in the customer's account, so the merchant's payment on an authorized transaction is virtually assured.
- Prepaid Debit Card acceptance also helps merchants by boosting revenue from impulse purchases
- Lowering the risk of employee theft of cash
- Offering access to customers who do not have or use credit cards.
- In addition, some retail outlets offer “cash back” on debit cards so that they can reduce the quantity of cash on hand to reduce risk and theft and to reduce cash handling costs.



## Prepaid Debit Card - Benefits To Employers

- It is easy to start a payroll card program because there is no cost to employers and very low costs to employees.
- Most employees in the world do not have traditional banking relationships. Paying employees with Prepaid Debit Cards allow employers to help their 'un-banked' employees establish financial partnerships.
- Conversion to an electronic payroll system (rather than payroll by cash or checks) can generate as much as 75% in savings to employers.
- Employers achieve major cost reduction not only from the saving of printing of checks but also through an enhancement of productivity and efficiency associated with delivering checks and employees cashing checks.
- Productivity and employee loyalty are further enhanced when employees are not concerned about getting their checks cashed,