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Prepaid Cards Teach Responsible Spending to a New Generation of College Students

Parents send kids back to school with a safe and convenient way to manage their money and avoid debt

August 20, 2009 (Montvale, NJ) – For the millions of young adults heading off to college this fall, managing personal spending has become an increasingly important priority. The Network Branded Prepaid Card Association (NBPCA), a non-profit, inter-industry trade association created to advance the success of network branded prepaid cards, suggests branded prepaid cards (cards with an American Express, Discover, MasterCard or Visa logo) as excellent financial tools for budgeting, safe spending and the avoidance of debt. Branded prepaid cards require pre-loaded funds that can't be overdrawn, empowering students to manage their money—while offering peace of mind to parents.

“Increasingly, prepaid cards serve as a powerful tool to encourage financial responsibility for college students,” said Kirsten Trusko, NBPCA President and Executive Director. “Prepaid cards provide all the flexibility and security benefits of a branded payment card without the risk of running up debt and overdraft charges.”

Prepaid cards are safe, convenient alternatives to using cash and checks for everyday purchases and to pay recurring bills. They can be purchased online and at some bank branches and retailers such as supermarkets and drug stores. Parents (or students 18 and older) load funds when the card is purchased and then have the option to add more money in a variety of convenient ways. Some cards even enable parents to set up automatic transfers, while others enable employers to credit the student's wages from a part-time or campus job to the card.

The brand mark on prepaid cards provides added security not available with checks and cash. If the card is lost, stolen or used for purchases without authorization, it may be reissued and the funds replaced. To help students stick to their budget, they can track spending online and over the phone. Some cards even offer balances through text

messages. And, loading funds to the card in advance helps students stay in control, reducing the risk of overspending, overdraft fees and running up debt.

The NBPCA offers the following tips to college students and their parents that chose a network branded prepaid card:

- **Understand the terms and conditions.** Read the information that comes with the card. The information may appear on the card itself, the accompanying sleeve or envelope, in the terms and conditions, on the issuer's website or another custom website. Pay special attention to fees (if applicable) and when those fees are charged. Also, check the card's expiration date and policy.
- **Record the card number and the customer service telephone number.** Keep the information in a safe place.
- **Familiarize yourself with the security and loss prevention features of your card.** The value associated with your card can be recovered if the card is lost or stolen. If it is lost or stolen, report it to the customer service number immediately. The brand mark on network branded prepaid cards provides added security not available with checks and cash. If the card is lost, stolen or used for purchases without authorization, it may be reissued and the funds replaced.
- **Check your card balance.** Most cards offer a phone or online option to do this. Some cards even offer balances through text messages. And, if you're making a purchase that's more than your card balance, tell the cashier in advance.
- **Load funds and track your spending regularly.** Loading funds onto the card in advance helps you stick to a budget. Developing a disciplined approach to manage spending and your balance (through email, text alerts, etc.) will help keep you on track and provide fewer surprises for Mom and Dad.

About the NBPCA

The Network Branded Prepaid Card Association (NBPCA) is a non-profit, inter-industry trade association that supports the growth and success of network branded prepaid cards and represents the common interests of the many players in this new and rapidly growing payments category. For additional information, visit www.NBPCA.org.

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