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Survey Shows Strong Growth Potential for Reloadable Prepaid Cards

*Cards provide a desirable solution to financial management
challenges faced by many consumers*

August 6, 2007 (Sherborn, MA) The Network Branded Prepaid Card Association (NBPCA), a trade association that advances the success of network branded prepaid cards, has announced the results of its survey on consumer attitudes towards reloadable prepaid cards. These cards generally carry the logo of Discover, MasterCard, or Visa and can be purchased by consumers or offered by employers, enabling cardholders to make purchases almost anywhere, pay recurring bills and get cash from ATMs. Survey respondents indicate that these products fill an unmet need and respond favorably to their benefits. In addition, early users of reloadable prepaid cards overwhelmingly have had positive experiences—good evidence these cards are easy to use, meet consumer expectations and offer solid value.

The survey included 600 online interviews with consumers who report household income of less than \$50,000. This group of consumers has a higher likelihood to be paid in cash; use the services of a check casher; and/or pay bills using cash, money orders, or the check of a friend or family member. Surveys were conducted May 7-11, 2007, by Kupersmit Research.

“Consumers who deal mainly in cash recognize how reloadable prepaid cards can dramatically improve their lives by replacing the makeshift arrangements they currently use to pay for purchases and manage their finances,” said Marilyn Bochicchio, NBPCA president and executive director. “And, after a modest amount of education, they understand the cards’ security, convenience and control benefits.

“These findings support the significant predicted growth potential for this category of network branded prepaid cards,” she added.

Key survey findings include:

Satisfaction among consumers who have already used a reloadable prepaid card is extremely high: 88 percent had a positive experience with the cards and found them useful (14 percent of the entire sample).

Overall awareness of reloadable prepaid cards, based on consumers who have used or heard of the card, is strong among all consumers (74 percent) and among cash-based consumers (73 percent). There are differences, however, in the details. Although cash-based consumers, are more likely to have *used* a reloadable prepaid card (25 percent compared to 14 percent of all respondents), as a group they are less likely to have *heard* of the card (48 percent compared to 60 percent of all respondents).

Interest in card acquisition is high, particularly among cash-based consumers who experience a particular set of pain points when it comes to making payments and managing finances. Prepaid cards respond to clear concerns and challenges that these consumers face.

- Overall, 45 percent of respondents agree that a reloadable prepaid card would be extremely or very useful.
- Potential usefulness jumps significantly with cash-based consumers:
 - 74 percent of those who pay their bills using money orders
 - 73 percent of those without a checking account
 - 63 percent of those who use cash to pay a bill or ask friends to write checks
 - 63 percent of those who are paid in cash or use a check cashing store

In addition to the obvious need for reloadable prepaid cards among cash-based consumers, consumers with traditional banking relationships also find them valuable: 54 percent of consumers who have their pay direct deposited say that reloadable prepaid cards would be useful.

Several key benefits resonated most significantly with all consumers surveyed:

- **Security.** Consumers value safeguards that offer funds replacement if their cards are lost or stolen, reduce the need to carry large amounts of cash and enable them to shop online with less exposure to their lines of credit or funds in their checking accounts.
- **Convenience.** Reloadable prepaid cards give consumers the convenience associated with mainstream debit and credit card products. This includes paying for purchases almost anywhere, paying recurring bills, making hotel or plane reservations and securing cable, satellite TV, or cell phone service.
- **Control.** Reloadable prepaid cards offer the ability to budget and track spending, avoiding over spending, overdrafts and interest charges.

Comprehensive survey results are available through an NBPCA authored white paper entitled *Consumer Attitudes Towards Payroll and General Purpose Reloadable Cards*. Please contact Jennifer@nbpca.com to obtain a copy.

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About the NBPCA

The Network Branded Prepaid Card Association (NBPCA) is a nonprofit, 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. The NBPCA's Working Groups drive the activities of the Association for its 37 members. For additional information, visit www.NBPCA.com.