

Prepaid Cards Compared to Other Bank Card Products

The table below compares reloadable prepaid cards with other traditional transactional cards.

| | Requires credit approval | Cardholder pays interest | Deposit balance earns interest | Includes overdraft or over-the-limit fees | Allows ATM withdrawal | Features check writing | Allows direct deposit | Credit reporting |
|---------------------|--------------------------|--------------------------|--------------------------------|---|-----------------------|------------------------|-----------------------|------------------|
| Credit card | yes | yes | no | Yes, if customer has opted into over-the-limit fee. | sometimes | no | no | yes |
| Debit card | yes | no | yes | Sometimes, depending on the bank. Customer must opt in. | yes | yes | yes | no |
| Prepaid card | no | no | no | Usually, no. | yes | no | yes | no |



Questions to Ask Your Banker

1. What are the potential fees associated with this product? (See common prepaid card fees.)
2. Will I have FDIC insurance with this product?
3. Are there separate fees for using any of the online banking services?
4. What are my options when loading my card?
5. How do I fund the card with direct deposit of my payroll or government benefits?
6. Is the card associated with a rewards program?
7. Does the card allow for person-to-person money transfers?
8. How do I check card activity and the account balance?

- **Dormant account**—fee if the account isn't used for a certain period of time
- **Reload**—fee assessed for cash or other reloads
- **Card replacement**—fee for replacement of lost or stolen card
- **Bill payment**—fee for electronic bill payment
- **Electronic funds transfer**—fee for transfer of funds from card to card, or card to account

Common Prepaid Card Fees

Fees will vary by bank, but some common prepaid card fees can include:

- **Card issuance**—one-time fee for card issuance or activation
- **Monthly**—monthly account maintenance fee
- **ATM withdrawal fee**—fee for each withdrawal

Ask Your Banker...

Prepaid Cards

What is a Prepaid Card?

The term prepaid card refers to a range of card products that provide electronic access to money. Prepaid cards are a type of debit card not associated with a checking account. Common types of prepaid cards include payroll cards, gift cards, government benefit cards and general use prepaid cards.

How can you benefit from a prepaid card? Here are a few ways:

- For college students: Parents can easily load the cards with a predetermined sum, allowing students to pay for books, food and other expenses. Adding extra money to the account is also easy—parents can do this through their local bank.
- For anyone looking for convenience with security: Prepaid cards are convenient, and secure—no need to carry large sums of cash.
- For those wanting a built-in budget monitor: Since prepaid cards usually do not allow spending more than the amount already loaded onto the card, the ability to monitor expenditures and avoid account overdrafts or excessive debt is essentially built in.
- For employers: Prepaid cards let employers eliminate the expense of paper checks and allow their employees without bank accounts to enjoy the features of direct deposit.



Key Features of Prepaid Cards

- Readily available—accounts can usually be opened without credit approval, though identity may have to be verified.
- Cash substitute—reduces the need to carry cash.
- Usable for online shopping or bill-pay for certain Web sites.
- Depending on the card, may be used for getting cash at ATMs.
- May offer online banking services such as bill-pay and other personal finance management tools.
- Mobile access—consumers can access online banking features on the go through mobile Web sites or downloadable apps.

What to Look for when Choosing a Prepaid Card

Consider these product features when searching for the prepaid card product that best suits your needs:

- 1. Funding the card: Reloadable and non-reloadable.** Reloadable cards can be reloaded with funds again and again, including by direct deposit of payroll, health or government benefits and by cash. Non-reloadable cards are typically gift cards purchased for a fixed value and cannot be reloaded.
- 2. ATM cash withdrawal.** Some cards can be used to withdraw funds from ATMs. Access may be free if the ATM is owned by or associated with a bank issuing the card. Cardholders may have to pay a fee for using out-of-network ATMs.
- 3. FDIC insurance.** Deposit insurance of up to \$250,000 per depositor per bank is available with certain bank-issued prepaid cards.
- 4. Fraud protection.** Be sure to ask the bank or other card issuer to explain its procedures and policies for unauthorized card use. For payroll cards, consumers are protected against unauthorized card transactions. Other issuers may voluntarily extend these same protections on their cards.