



Center for  
Financial Services Innovation

An Affiliate of ShoreBank Corporation

## **Consumer Perceptions and Usage of General Purpose Reloadable Prepaid Cards**

**Payment Cards Center**

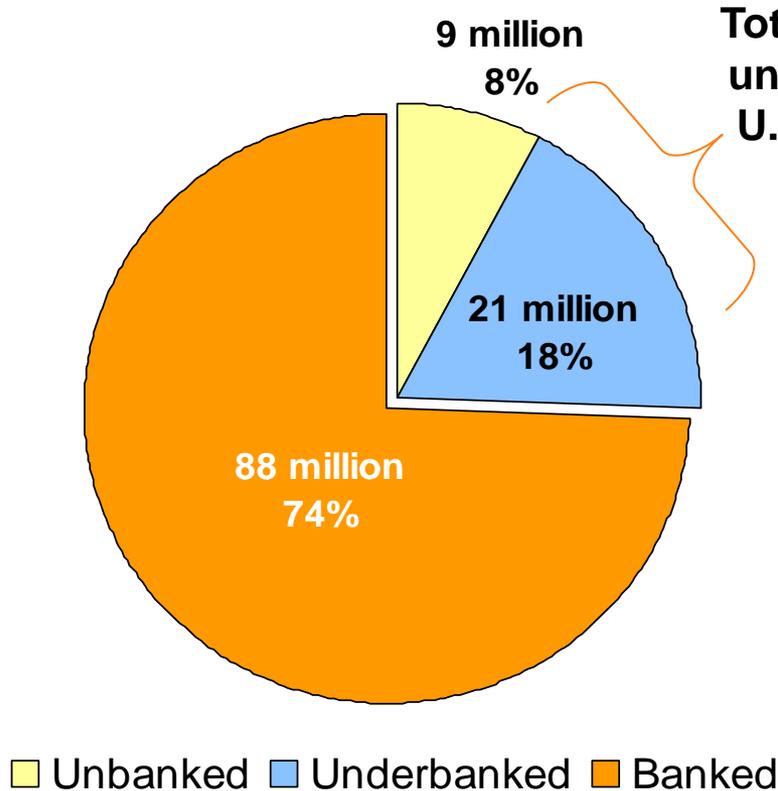
**Use of Cards to Distribute Public Funds**

Rachel Schneider, VP of Innovation and Research

July 12, 2011

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## FDIC survey confirms CFSI finding that 21 million U.S. households are underbanked; FDIC identifies 9 million unbanked households.



Total unbanked and underbanked (% of U.S. Households):  
**26%\***

Underbanked status varies based on income, race/ethnicity	
<b>Underbanked percentage by income:</b>	22% of households earning less than \$15k 24% of those earning \$15-30k 18% of the general population
<b>Underbanked percentage by race/ethnicity:</b>	32% Black 29% American Indian 24% Hispanic 16% Hawaiian 15% White 7% Asian

Source: FDIC

**78%** said prepaid cards are extremely or very useful

**74%** said they were certain or very likely to recommend a prepaid card to someone else

**64%** said they use prepaid cards to make online purchases

**56%** said they use prepaid cards to make everyday purchases

**41%** said they use prepaid cards to keep spending within a budget

**60%** said they use prepaid cards at least once/week

**48%** said they currently have a bank account

**33%** said they currently have a credit card

*Source: NBPCA/CFSI Prepaid  
Study 2009*

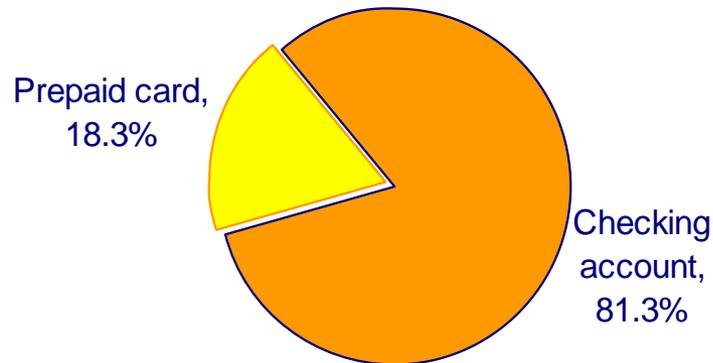
1. Convenience
2. Acceptability/Inclusion: *“I have it too, I have plastic too.”*
3. Immediacy
4. Simplicity & Transparency
5. Value: *“If I go to a bank I would just be paying whatever monthly fee which is about the same, and more if I had one overdraft.”*
6. Budgeting Tool/Discipline: *“The good thing about this though is that you can’t write checks and have them bounced. It’s like the funds are either there [or not]; the transactions either passes or doesn’t. So it’s a good discipline for me.”*

Source: CFSI Voice of Prepaid  
Consumer 2009

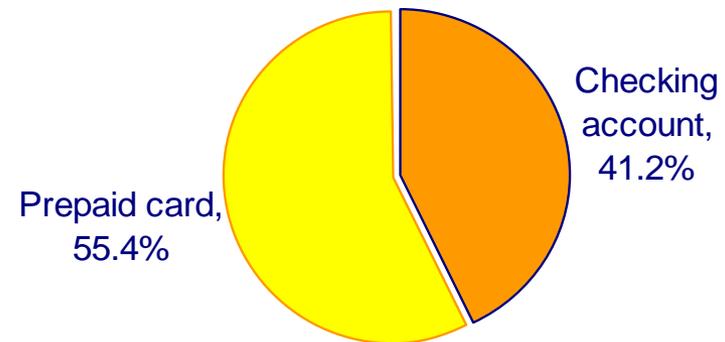
**Overall, 36% of underserved consumers prefer a prepaid card over a checking account, all else being equal.**

Preferences vary significantly depending on banked status:

## *Underbanked Preferences*

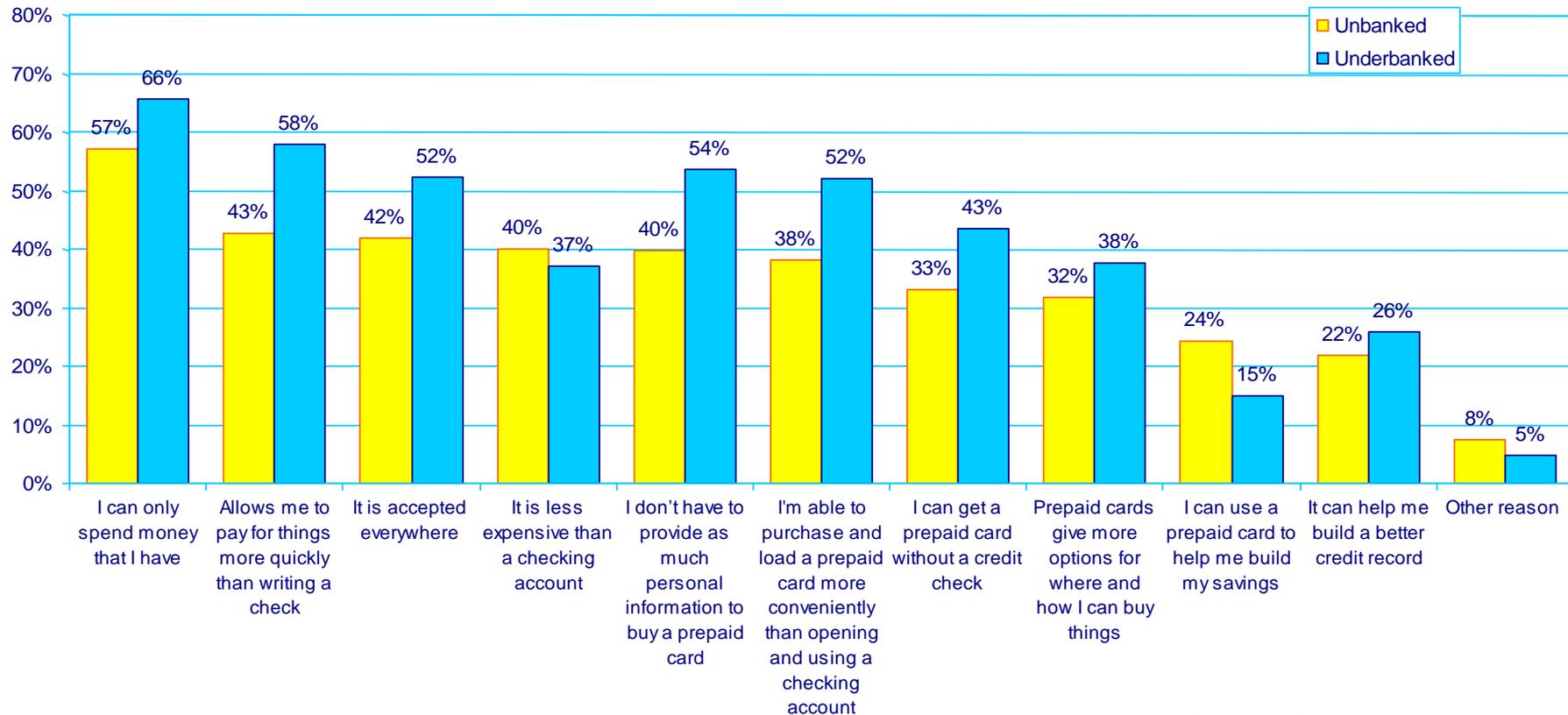


## *Unbanked Preferences*



Source: CFSI Underbanked Consumer Study, 2008

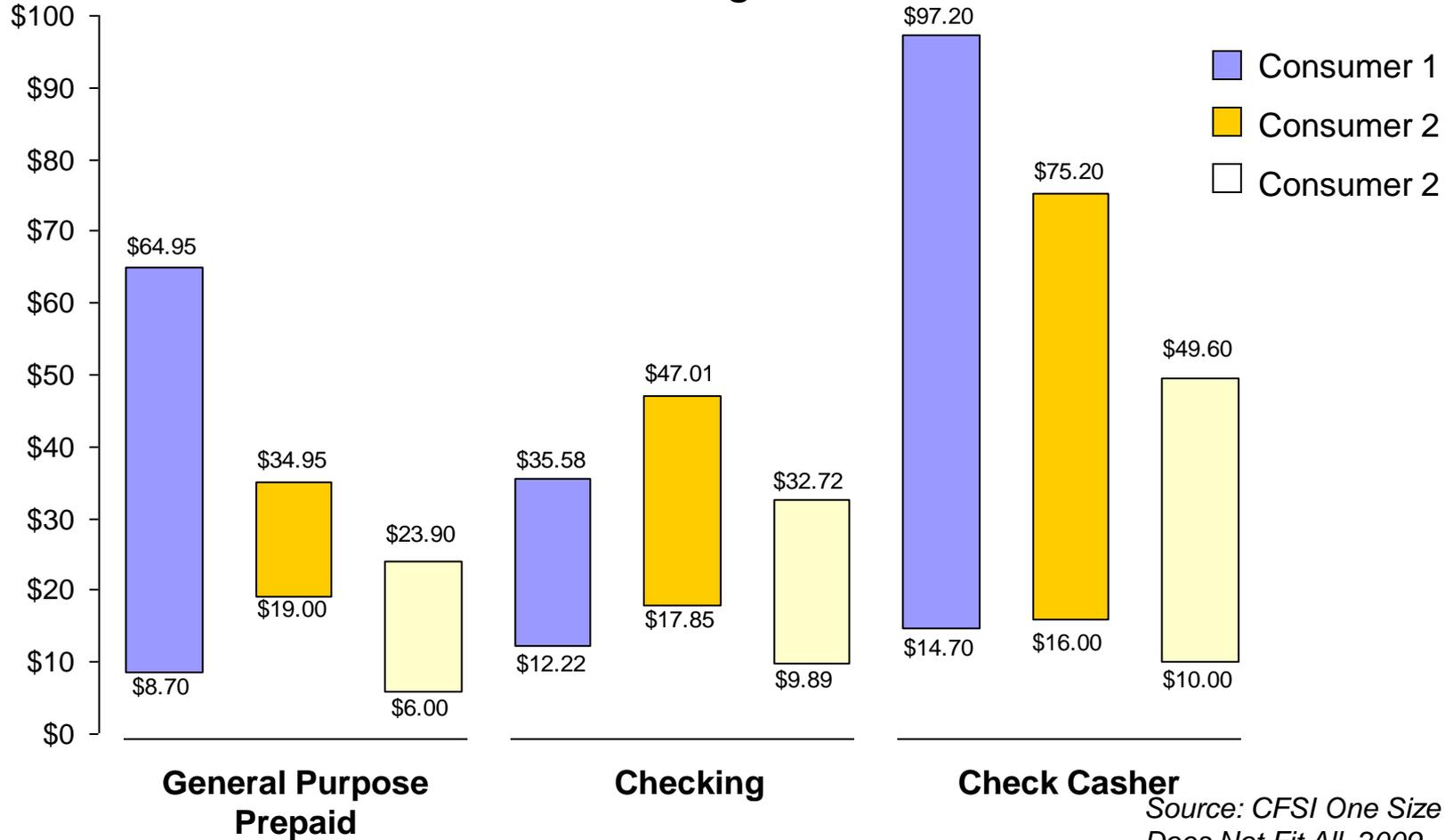
## Prepaid cards help control spending and are universally accepted.



Source: CFSI Underbanked Consumer Study, 2008

## Consumer costs for transaction services vary with usage.

### Estimated Range of Fees Paid



Source: CFSI One Size Does Not Fit All, 2009

- Can Email Alerts Change Behavior? An Experiment by Ready Credit Corporation (2010)
- One Size Does Not Fit All: A Comparison of Monthly Financial Services Spending (2009)
- A Tool for Getting by or Getting Ahead? Consumers' Views on Prepaid Cards (2009)
- Results of the NBPCA/CFSI Survey: "Satisfaction with and Usage of Prepaid Cards" (2009)
- Industry Forecast for Prepaid Cards, 2009
- Prepaid Cards vs. Checking Accounts inBrief (2008)
- Nonprofit Distribution of Prepaid Cards (2008)
- Cardholder Use of General Spending Prepaid Cards: A Closer Look at the Market (2007)
- Distributing Prepaid Cards Through Worker Centers: A Gateway to Asset Building for Low-Income Households (2006)
- Stored Value Cards: Challenges and Opportunities for Reaching Emerging Markets (2005)
- Stored Value Cards: A Scan of Current Trends and Future Opportunities (2004)