

# **Most Americans View Features of Reloadable Prepaid Cards as Good for Consumers**

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Benefits*



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## **Most Americans View Features of Reloadable Prepaid Cards as Good for Consumers**

### ***Convenience, Flexibility, and Fixed Spending Limit Seen as Top Benefits***

**New York, NY** – Many American adults believe the features of reloadable prepaid cards<sup>1</sup> are beneficial to consumers, with their convenience, flexibility, and spending limits seen as the top benefits to consumers, according to a new poll of over 1,000 adults conducted by Ipsos Public Affairs on behalf of the American Bankers Association.

#### ***Benefits of Reloadable Prepaid Cards***

The feature most likely to be seen as a good thing for consumers is prepaid cards' ability to be used anywhere the card's network brand (Visa, MasterCard, American Express, or Discover) is accepted. Seven in ten (70%) view this as a good thing, including a near majority (47%) who feel this is a *very good thing*.

Another feature related to convenience – providing customers with the flexibility to shop online where checks and cash are generally not accepted – is also seen as being beneficial by about seven in ten (68%).

U.S. adults also see the cards' fixed spending limit that help stop users from spending more than is on the card as being advantageous for consumers. Seven in ten (69%) say that it is a good thing that prepaid cards have a fixed spending limit based on how much money is loaded onto the card, which the user can reload as necessary.

Other benefits Americans indicated were beneficial to consumers include:

- Offering customers another option to receive and use their money (65% good thing for consumers)
- Being a good option as a "first" account for certain age groups, such as teenagers or college students (64%)
- Being attractive to people who may not qualify for a traditional checking account due to previous difficulty in managing an account (62%)
- Giving customers a way to convert cash, which can be lost or stolen, to a safer payment method (62%)
- Allowing users to receive payroll and government benefits electronically, thereby avoiding the costs, inconvenience, and risks associated with cashing paper checks (59%)

Furthermore, out of all the features of reloadable prepaid cards outlined, less than one in ten Americans would consider any of these features a “bad thing for consumers.”

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<sup>1</sup> Reloadable prepaid cards are different from traditional debit or credit cards. With prepaid cards, money is loaded onto a card, and as you spend, your purchases are deducted from the total balance. When the balance gets low, you load more money onto the card. They are not like gift cards from Starbucks or Bed Bath & Beyond. They are issued by banks and companies like AMEX, Discover, MasterCard, and Visa.



In addition to identifying the many specific features of reloadable prepaid cards as good for consumers, Americans also view prepaid cards *overall* as beneficial for consumers. Nearly two-thirds of Americans (62%) believe prepaid cards are good for consumers. Moreover, that number is even higher among those who have experience with prepaid cards (have either bought or used a prepaid card) with four in five (80%) saying prepaid cards are good for consumers.

### ***Feelings on Regulation***

When it comes to the regulation of reloadable prepaid cards, a majority (70%) either feels that they should be subject to the same amount of regulation as credit cards (49%), or less regulation than credit cards (21%). Only one in ten (10%) say that there should be more regulation of prepaid cards than credit cards.

### ***Prepaid Card Use***

Four-in-ten U.S. adults (41%) have either used or bought a reloadable prepaid card from a bank or company like AMEX, Discover, MasterCard, or Visa. This includes:

- One-in-five (22%) who say that they have used a reloadable prepaid card that was given to them as a gift;
- Almost one in five (18%) who have personally bought and used a reloadable prepaid card;
- And one in ten (10%) who have bought a prepaid card and given it to someone they know, like a spouse, child, parent, colleague or friend.

The most frequently mentioned reason for using or buying a reloadable prepaid card among those who have bought or used a card is as a gift generally or for the holidays (36%), followed by its convenience (11%), and to make online purchases (6%).

*These are some of the findings of an Ipsos poll conducted November 21 – November 25, 2013. For the survey, a national sample of 1,004 adults aged 18 and older from Ipsos' U.S. online panel were interviewed online. Weighting was then employed to balance demographics and provide results intended to approximate the sample universe. A survey with an unweighted probability sample of 1,004 and a 100% response rate would have an estimated margin of error of +/- 3.1 percentage points 19 times out of 20 of what the results would have been had the entire adult population of adults in the United States had been polled. All sample surveys and polls may be subject to other sources of error, including, but not limited to coverage error, and measurement error.*

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***For more information on this news release, please contact:***

***Rebecca Sizelove  
Associate Vice President  
Ipsos Public Affairs  
New York, NY  
212-584-9253***

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