

# Analysis of Reloadable Prepaid Cards in an Environment of Rising Consumer Banking Fees

American Financial Services  
Association for Loans in the  
21st Century.

Comparative Analysis of  
Reloadable Prepaid Cards  
to Basic Checking Accounts  
and Check-Cashing<sup>®</sup>

MARCH, 2011

ods, Inc.

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# Introduction

## About Bretton Woods, Inc.

Bretton Woods, Inc. is a management advisory firm specializing in financial institutions. Since 1988, Bretton Woods, Inc. has provided value-added services to its clients by applying business, technology, payments and earnings improvement strategies.

The firm has worked with clients on payment strategies, unbanked and underbanked issues and trends from cash and checks to card and electronic transactions. Their work with insufficient funds and overdraft fees in banks and credit unions includes credit advances on debit cards and other alternative financial services offerings.

## About the Author

G. Michael Flores, CEO of Bretton Woods, has more than 30 years of financial institution experience through his employment in banking and consulting. Flores' consulting work focuses on the areas of strategic planning, strategic technology planning, fee income strategies, payment systems, process improvement and reengineering through enabling technologies.

Flores has spoken to industry groups and has authored several articles for industry publications. He has been a faculty member with the Pacific Coast Banking School in Seattle, Washington and the Graduate School of Banking in Madison, Wisconsin where he taught Technology's Role in

Community Banking curriculum for bankers in the graduate school.

Flores received a BBA in Accounting and Management from the University of Notre Dame in 1973, and in 1974 attended the Commercial Lending School at Georgia State University. He is a Certified Mediator with the Center for Dispute Resolution, Boulder, Colorado and also with the American Arbitration Association in Atlanta, Georgia.

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# Reloadable Prepaid Card Analysis

## Overview

### Banking Industry Assessment

JP Morgan Chase Bank estimates that it costs approximately \$300 annually to provide a checking account. In 2009, banks and credit unions earned more than \$38 billion on insufficient and overdraft fees<sup>1</sup>. Bretton Woods estimates that banks earned approximately \$32 billion in 2010; the first time there has not been an increase from this revenue source. These fees subsidized the so-called “free checking” accounts that banks have offered over the last decade.

Due to the updated Regulation E that took effect on July 6, 2010, we estimate that banks stand to lose more than \$7 billion, or 18%, of these fees going forward. Other estimates range to a 40% reduction, although new studies indicate the reduction may be lower than all the earlier estimates. Recent data suggests that consumers are opting in to debit card overdraft at rates much higher than anticipated<sup>2</sup>.

The elimination of Regulation Q in 2010, which prohibited banks from paying interest on business accounts, will increase interest expense costs to banks.

Furthermore, the new Restoring American Financial Stability Act (FinReg) will have significant impact on other revenue sources such as interchange fees on debit card transactions and credit card fees. The recent proposal by the Federal Reserve<sup>3</sup> to reduce interchange fees to a maximum \$.12 per transaction from approximately 2% per transaction may result in some debit card providers charging their customers annual fees while others may charge a fee for each debit card transaction or, in a worst-case scenario, certain institutions may no longer offer debit cards because it will not be profitable for them. Reloadable prepaid cards, commonly used by the underbanked, achieved a “carve-out” and are not subject to interchange fee reductions for one year. This alleviates pressure to recover lost interchange revenue through increased usage fees.

Bretton Woods’ projected that all U.S. banks earned \$68 billion in 2010. The anticipated loss of \$7 billion of overdraft fees plus reduced interchange fees of \$13 billion<sup>4</sup> for a total of \$20 billion (close to 30% of all banks’ net operating income), and the result is major banks have reduced or eliminated the traditional free checking account.

A study by Boston Consulting Group estimated the new regulations will cost credit and debit card issuers up to \$25 billion annually<sup>5</sup>.

<sup>1</sup><http://bretton-woods.com/71501/index.html>

<sup>2</sup>American Banker article, *Surprisingly Strong Opt-In for Overdraft Protection*, September 28, 2010

<sup>3</sup><http://www.federalreserve.gov/newsevents/press/bcreg/20101216a.htm>

<sup>4</sup><http://thehill.com/blogs/on-the-money/banking-financial-institutions/134251-study-estimates-loss-of-13-billion-from-interchange-fee-proposal>

<sup>5</sup><http://online.wsj.com/article/BT-CO-20110208-700061.html>

The various pricing strategies banks have initiated to recoup the potential lost revenue include monthly checking fees, lower interest rates on deposit accounts and ala carte pricing for a variety of services that were previously offered with free checking accounts. Additionally, there are increased balance requirements and transaction requirements that make it more difficult for the consumer to avoid checking fees.

According to a January 5, 2011 article in the Wall Street Journal, “At Banks, New Fees Replacing Old Levies”:

***“...To counter that lost revenue, banks are thinking about imposing annual fees of \$25 or \$30 on debit cards, according to people familiar with bank strategies. Some also considering limiting the number of debit-card transactions that a customer can make each month, these people said. Another idea circulating in the industry: Limiting the size of a purchase that a customer could make with a debit card. At the same time, reward programs for debit cards are likely to get the ax, these people say.*”**

***New debit-card fees are ‘definitely a 2011 issue,’ says Robert Hammer, who runs a banking industry consulting firm in Thousand Oaks, Calif. ‘The question is which quarter it will be and which bank will go first...’”***

Examples of strategies to ameliorate lost fee income at the largest retail banks in the United States follow:

- **Bank of America** estimates a \$4.3 billion annual revenue loss<sup>6</sup>. In the fall of 2010, Bank of America piloted a program in Georgia that charges customers \$8.95 a month to get paper statements or use bank tellers. Bank of America is also considering raising minimum balances on some accounts and charging customers who fall below them<sup>7</sup>. Additionally, Bank of America is offering an “Emergency Cash” option where customers can make withdrawals from ATMs exceeding their account balance for a \$35 fee. This charge differs from an overdraft charge because the customer needs to explicitly accept the \$35 charge to obtain the emergency cash. According to the bank, 50% of customers faced with the decision are opting to use this service<sup>8</sup>.

Also, a January 6, 2011 article in the *American Banker*, “B of A Plans to Test New Account Structures and Fees,” stated “...the bank will soon begin testing fees of roughly \$6 a month on its most basic account. Customers will have no options to waive that monthly fee. Accounts with more features can have monthly fees ranging from \$8.95 to \$25. They can be waived if customers maintain certain balances, do their banking online, or have a mortgage with the bank<sup>9</sup>...”

- **JP Morgan Chase**, CEO Jamie Dimon said “If you’re a restaurant and you can’t charge for the soda, you’re going to charge more for the burger,” and “all these (regulations) will eventually get priced into the business.” While overdraft and other types of fees became overly “punitive” for some customers, other services have been a relative bargain and must be paid for through higher fees, Dimon said. “A checking account ... costs us \$300 a year. For that, you get ATMs, branches, debit cards, access to cash,” Dimon said. “You get all of these. You have to charge for all that<sup>10</sup>.”

<sup>6</sup><http://online.wsj.com/article/SB10001424052748704913304575370611616020710.html>

<sup>7</sup>[http://www.usatoday.com/money/industries/banking/2010-07-17-bank-fees\\_N.htm](http://www.usatoday.com/money/industries/banking/2010-07-17-bank-fees_N.htm)

<sup>8</sup>[http://hosted2.ap.org/APDEFAULT/mng/Article\\_2010-10-19-US-Bank-of-America-End-of-Free-Checking/id-e3a224f10fa141868afe73bbc4080e66](http://hosted2.ap.org/APDEFAULT/mng/Article_2010-10-19-US-Bank-of-America-End-of-Free-Checking/id-e3a224f10fa141868afe73bbc4080e66)

<sup>9</sup>[http://www.americanbanker.com/syndication/bank-of-america-accounts-fees\\_N.html](http://www.americanbanker.com/syndication/bank-of-america-accounts-fees_N.html)

<sup>10</sup><http://www.usatoday.com/money/industries/banking/2010-07-17-b> 5 37

From the same January 5, 2011 *Wall Street Journal* article: “‘we don’t want to raise fees on our customers, but unfortunately, regulation is forcing us to do it, and as a result, some customers may end up unbanked,’ said a Chase spokeswoman. Bank industry executives have said the new regulations will squeeze low income customers out of traditional banking, sending them to high-fee alternatives like check cashers and payday lenders.”

- **Wells Fargo** stopped offering free to new customers on July 1, 2010<sup>11</sup>. A check of Wells Fargo’s web site<sup>12</sup> during the second week of January, 2011 showed that consumer checking account costs ranged from \$5 to \$30 per month if the customer did not meet requirements to waive the charges. Some of the waive requirements include minimum balance during the month, direct deposit and daily automatic transfers to a savings account.

These changes are reflected in new fee structures banks are either implementing or exploring to replace both overdraft and interchange revenues. Some new strategies include:

- Aggressively marketing to active overdraft users to opt in for debit card and ATM transactions
- Increasing minimum and average balances to avoid service charges
- Requiring a certain level of debit transactions each month to avoid service charges. This provides more interchange revenue to the bank
- Increasing annual and transaction fees on debit cards
- Bundling value-added services to accounts with a monthly service charge or individually charging for such services as mobile alerts, immediate bill pay, mobile deposit capture, online financial management tools and online data backup
- Decreasing operating costs with electronic access only (no teller, no paper statements) to checking accounts and closing brick and mortar branches
- Reducing the APY (annual percentage yield) on interest-bearing deposits<sup>13</sup>

## The Growth of Reloadable Prepaid Cards

Given these significant changes, Bretton Woods updated and expanded its comparative cost analysis to include the new fee structures of the major providers of checking accounts and reloadable prepaid cards. Beyond the comparison for electronic-only transaction usage, we have also modified basic checking usage to include check writing to better compare “well-established average usage patterns” by the consumers who are likely to use a checking account.

<sup>11</sup>[http://www.tradingmarkets.com/news/stock-alert/wfc\\_wells-fargo-to-end-free-checking-offers-july-1-wachovia-will-continue-its-policy-until-fall-2011-994091.html](http://www.tradingmarkets.com/news/stock-alert/wfc_wells-fargo-to-end-free-checking-offers-july-1-wachovia-will-continue-its-policy-until-fall-2011-994091.html)

<sup>12</sup><https://www.wellsfargo.com/checking/>

<sup>13</sup><http://www.marketratesinsight.com/docs/SA7.15.10.PDF>

Bretton Woods published a comparative cost analysis of reloadable prepaid cards and basic checking accounts in October, 2009. In that analysis, we reported that prepaid cards had a cost advantage to basic checking accounts when including overdraft fees.

There are now calls for reloadable prepaid card providers to be mandated to comply with Regulation E, have simpler and clearer disclosures, provide monthly paper statements, eliminate overdraft/overage fees and have caps on monthly costs a consumer can incur using a reloadable prepaid card<sup>14</sup>.

There are criticisms about shortage fees with prepaid cards. Similar to debit card overdraft coverage, prepaid cards may incur a shortage and a fee associated with the shortage. We explore the causes of shortages, other than cards that specifically provide “overdraft” coverage,

and the transaction processing that inadvertently causes spending to a negative balance.

The Consumers Union report, "Prepaid Cards: Second-Tier Bank Account Substitutes," dated September, 2010 is an update of its 2009 report and reviews the costs of many prepaid card providers and offers critique and recommendations. We will periodically cite this report and Consumers Union as "CU" in our comparative analysis.

This year's report focuses on the "sea change" that is occurring in banking, the cost impact to consumers of checking accounts and the reloadable prepaid card options consumers are either using or considering to offset the additional checking costs they are incurring. We also provide commentary on these issues and recommendations to improve the consumer experience.

Finally, we comment on suggestions on mandatory Regulation E compliance, fee caps, disclosures, mandatory paper statements and elimination of overage fees.

## Payments Evolution

Last year, we discussed the course of payments from coin and currency, to negotiable instruments (checks), to cards to electronic (ACH), and ultimately to virtual payments.

This year, we emphasize the purpose of payments instruments to accomplish a "value exchange" for the receipt of goods or services. What is the most efficient and secure method for this "value exchange?"

Traditional payments are a waste of physical and human resources in the following forms:

- Mining metal for coins
- Farming flax for linen and cotton for fibers for currency
- Paper for checks
- Burning of carbon fuels for transportation of coin and currency
- Physical storage facilities for storage of coin, currency and checks
- Manual handling, counting and reconciling of cash by merchants' cashiers

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<sup>14</sup><http://www.defendyourdollars.org/pdf/2010PrepaidWP.pdf>

Of the all the payment forms, card and electronic transactions are the "greenest." In the same vein, replacing paper statements of balance information and transaction activity with electronic statements via web access, text messages and automated phone access (IVR systems) provides the same information to the consumer at a lower cost and is "green."

## Synopsis of Findings

- Check cashing and paying bills with money orders is the most expensive option available to consumers

- Traditional checking account costs are rising with additional restrictions coming on account activity
  - Reloadable prepaid card prices are falling while features of the cards have increased. Such features include:
    - Savings accounts
    - Web, text and email alerts and eStatements
    - Credit-building tools
    - Short-term credit facilities
  - Although reloadable prepaid card fee schedules, protection (zero liability) disclosures and FDIC coverage are available for the consumer, these disclosures need improvement for the consumer to easily find and understand them

Because of the lower base of existing prepaid cards, the growth rate of these cards outpaces that of consumers opening new basic checking accounts. It is our opinion that the growth rate of reloadable prepaid cards will continue to increase and that the adoption and opening of new reloadable prepaid cards may surpass new basic checking account openings in the next few years as their costs are trending lower than basic checking accounts.

## Findings

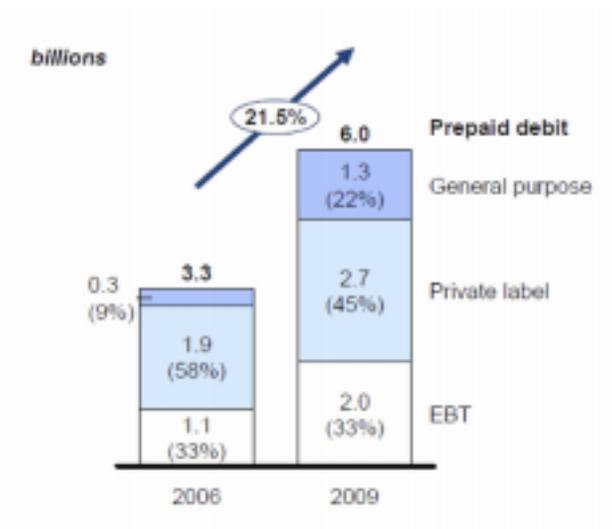
Reloadable prepaid card usage has increased significantly and is poised to grow dramatically as a viable alternative to basic checking accounts.

The updated 2010 Federal Reserve Payments Study<sup>15</sup> indicates that prepaid cards are the fastest

growing segment in payments. The detailed analysis is shown in Exhibit 1. See below.

	2006	2009	CAGR <sup>15</sup>
<b>Total (billions)</b>	<b>95.2</b>	<b>108.9</b>	<b>4.6%</b>
Checks (paid)	30.5	24.4	-7.2%
ACH	14.6	19.1	9.3%
Credit card	21.7	21.6	-0.2%
Debit card	25.0	37.9	14.8%
Prepaid card	3.3	6.0	21.5%

Within the prepaid card segment, general purpose reloadable cards are taking share from private label cards. The following chart depicts the number of prepaid card payments, by type:



ayments\_study.pdf  
9 37

<sup>15</sup>[http://www.frb services.org/files/communications/pdf/press/2010\\_p](http://www.frb services.org/files/communications/pdf/press/2010_p)

The Prepaid Market Sizing Report, prepared by The Boston Consulting Group (BCG) states the total value of the branded prepaid card opportunity in the United States is expected to surpass \$440 billion by 2017, nearly quadrupling its estimated value of \$120.2 billion in 2009<sup>16</sup>.

Similar to last year, the direct comparison of like transaction patterns for users of basic FDIC insured checking accounts and the users of reloadable prepaid cards indicate that prepaid card users pay less for similar services. Additionally, the consumer pays much less than using check cashing services and buying money orders to meet their monthly obligations.

Growth in the reloadable prepaid card segment, providers reaching critical market scale and competi

tive pressures all contribute to lower prices, and therefore reduced cost to the consumer. The impact of Regulation E, Section 1075 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, addressing interchange fees and the yet to be determined influence of the new Consumer Financial Protection Bureau, are having a chilling effect on bank fee income and will impact the consumer in the form of direct new fees for checking accounts and higher indirect costs for banking services.

## Comparative Analysis

To gain an accurate comparison of the costs to consumers using prepaid cards versus bank accounts for similar usage patterns, Bretton Woods looked at the pricing of basic FDIC insured checking accounts from the top four banks in the United States based on deposit market share as of June, 2010 (the latest FDIC data available<sup>17</sup>) and the prices from the largest providers of reloadable prepaid cards in order to provide a basis of comparison of costs to consumers given similar usage patterns.

These banks (Bank of America, Citibank, JP Morgan Chase, and Wells Fargo) represent 32% of all deposits in the United States. One can conclude that this is a significant sample and potentially affects a substantial number of consumers<sup>18</sup>. The fee structures compared for this report were in use as of December, 2010.

The reloadable prepaid card providers include AccountNow, Green Dot Visa/MasterCard, NetSpend Visa, ReadyCard, RUSHCARD and Walmart MoneyCard Visa<sup>19</sup>.

The Consumer Union Report of September, 2010, used the same transaction profile as their August, 2009 report<sup>20</sup>:

- 3 ATM withdrawals
- 3 bill payments (rent, utilities and phone)
- 8 point of sale purchases (groceries and meals once a week)
- 4 balance inquiries
- 2 deposits/loads

<sup>16</sup><http://www.finextra.com/news/announcement.aspx?pressreleaseid=34749>

<sup>17</sup>See Exhibit 3 of this report

<sup>18</sup>See Exhibit 4 of this report

<sup>19</sup>See Exhibit 5 of this report

<sup>20</sup>[http://www.consumersunion.org/pub/core\\_financial\\_services/014300.html](http://www.consumersunion.org/pub/core_financial_services/014300.html)

We believe that this usage profile is still relevant for a consumer to meet their basic transactions needs and we have used the same transaction pattern this year. This allows a consistent comparison to last year's costs.

Based on confidential interviews within the prepaid industry, actual transaction patterns may more closely resemble the following:

- 2 ATM withdrawals
- 1 ATM declined withdrawal
- 1 bill payment
- 8 point of sale purchases
- 1 ATM balance inquiry
- 3 call center inquiries
- 2 deposits/loads

Costs appear to be moderately lower with the industry pattern as consumers learn:

- They can use the same card and eliminate new card fees<sup>21</sup>
- Their pay can be automatically deposited to their card to avoid load fees
- They can get cash at point of sale (retailers) to stay away from ATM fees
- Account information is available for no cost at ATMs, vendor web sites and via text messages

In last year's report, we included overdraft fees for checking accounts. Basic or free checking was the vehicle to attract customers to banks. These banks made a significant amount of their revenue from overdraft fees.

Bretton Woods published a report<sup>22</sup> in February, 2010 analyzing overdraft fees and determined the average household with a checking account incurs more than one overdraft per month, or thirteen per year. The majority of fees are incurred by a minority of households that incur just more than 4 overdrafts per month, or 51 per year.

Since Regulation E may account for a 20%-40% reduction in fee income for banks and we are analyzing individual account/card holders rather than household usage, Bretton Woods reduced the number of annual overdrafts to five per year for our comparisons in this report. Last year we used six overdrafts per year. We believe this is quite conservative given the recent studies that suggest that the reduction in overdrafts may be much less than earlier predicted, with 60%-80% of frequent overdrafters opting in for overdraft protection<sup>23 24</sup>.

<sup>21</sup>[http://www.americanbanker.com/issues/176\\_30/green-dot-prepaid-1032848-1.html?ET=americanbanker:e5821:2244058a.&st=email&utm\\_source=editorial&utm\\_medium=email&utm\\_campaign=AB\\_Cards\\_021411](http://www.americanbanker.com/issues/176_30/green-dot-prepaid-1032848-1.html?ET=americanbanker:e5821:2244058a.&st=email&utm_source=editorial&utm_medium=email&utm_campaign=AB_Cards_021411)

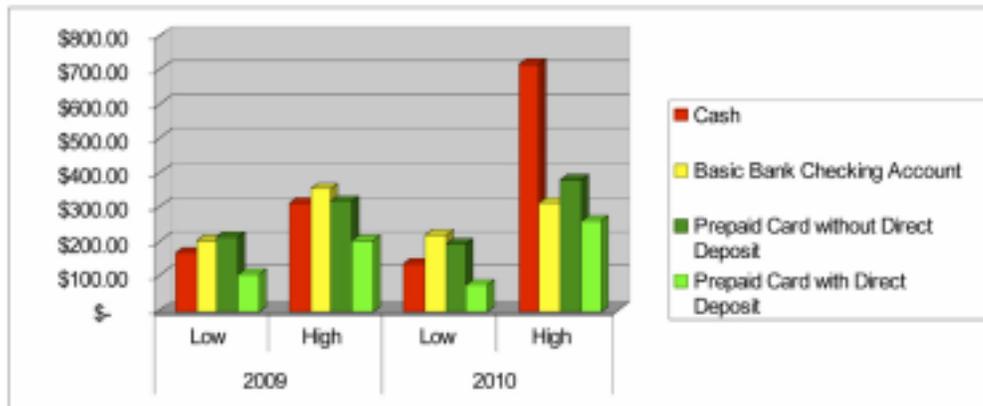
<sup>22</sup><http://bretton-woods.com/71501/index.html>

<sup>23</sup>American Banker article, Surprisingly Strong Opt-In for Overdraft Protection, September 28, 2010 ([http://www.americanbanker.com/issues/175\\_186/opt-in-overdraft-p th-reaching-out-1019458-1.html](http://www.americanbanker.com/issues/175_186/opt-in-overdraft-p th-reaching-out-1019458-1.html))

<sup>24</sup>[http://www.americanbanker.com/usb\\_issues/120\\_6/opt-in-starts-wi](http://www.americanbanker.com/usb_issues/120_6/opt-in-starts-wi)

## Costs Comparison – Consumers Union Transaction Pattern

	2009		2010	
	Low	High	Low	High
Cash	\$ 167.00	\$ 312.60	\$ 139.68	\$ 719.64
Basic Bank Checking Account	\$ 204.00	\$ 353.40	\$ 215.35	\$ 314.00
Prepaid Card without Direct Deposit	\$ 214.68	\$ 320.15	\$ 184.35	\$ 380.15
Prepaid Card with Direct Deposit	\$ 108.35	\$ 207.35	\$ 76.35	\$ 261.35



**For the CU transaction pattern, general purpose reloadable (GPR) prepaid card users' costs range from \$76 to \$380 annually.** This is based on the pricing scenarios of major reloadable prepaid programs<sup>25</sup> and a representative monthly usage pattern from the Consumers Union report on prepaid cards<sup>26</sup>.

The reloadable prepaid card costs would decrease after the first year by the amount of the activation fee. With the current turnover of these cards, many consumers will incur these costs unless they are payroll cards. Therefore, maintaining the same card will reduce the annual costs.

Other practices to avoid fees and reduce costs include:

- Use programs that best fit the consumer's individual situation that offer limited or no fees for a set number of transactions (withdrawals, deposits/loads, inquiries and bill payment)
- Get cash back at POS or using "in-system" ATMs
- Choose signature versus PIN-based for purchase transactions
- Use the web/text service to get balance and other information rather than ATM balance inquiries
- Initiate direct deposit
- Keep card to eliminate fulfillment/activation fees
- Look for cards with low monthly maintenance fees

<sup>26</sup>[http://www.consumersunion.org/pub/core\\_financial\\_services/014300.html](http://www.consumersunion.org/pub/core_financial_services/014300.html)

<sup>25</sup>See Exhibit 5 of this report

**Bank customers pay from \$218 to \$314 annually** for a basic checking account with the same common usage patterns referenced above.

The prices of these basic bank services are derived from an analysis of the top four banking companies that represent 32% of the deposit market share in the United States<sup>27</sup>. It should be noted that these costs include five overdrafts per year, a 17% reduction from last year. However, recent analyses indicate that many more consumers than anticipated are opting in for the debit card overdraft coverage. Also, Bretton Woods' 2009 study of overdrafts indicated that active household users of overdrafts incur more than four overdrafts per month, or 51 per year<sup>28</sup>. These numbers are consistent with the 2008 FDIC of Overdraft Programs<sup>29</sup>. So, because of the low number of overdrafts used in this comparison (just 5 per year) we believe that the annual costs for basic checking accounts appear lower than they should in this report, but we wished to be conservative in this analysis.

Bretton Woods also believes that in the future, the cost of a basic checking account will be more than is represented in this report because banks will continue to revise their payment schedules throughout 2011.

To be consistent with the reloadable prepaid card comparison, if bank account customers meet the criteria (e.g. \$1,500 average balance, direct deposit or electronic access only) to minimize fees, these customers would pay **\$127 to \$250 annually**. However, given that the average deposit is \$350 twice per month, the likelihood of maintaining a \$1,500 average balance is negligible.

**Check cashers and cash users pay \$140 to over \$720 annually.** Walmart is at the low end of the scale and the company is a formidable competitor given its presence in the United States. The more expensive end of the scale includes Western Union and Ace Cash Express. While most consumers will find a lower cost alternative than this mix, we believe it is important to see the possibility of the higher costs to consumers.

According to an analysis by Atlanta, Georgia-based Chexar Networks, Inc., the fees per cashed check average \$11.20 to \$18.52, depending on the type of check<sup>30</sup>:



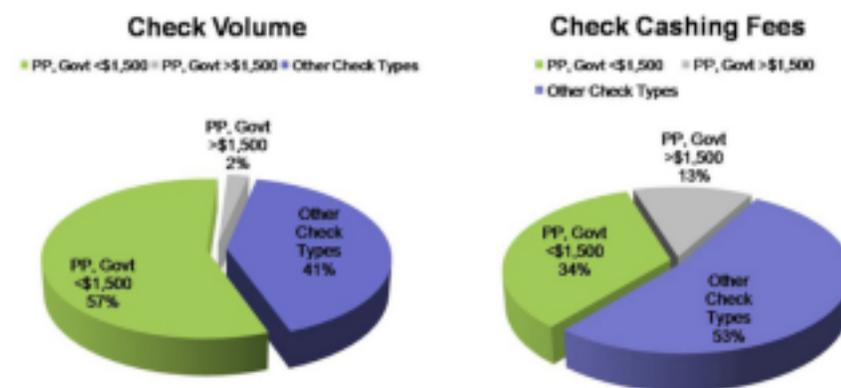
<sup>27</sup>See Exhibit 3 of this report

<sup>28</sup><http://bretton-woods.com/452/18901.html>

<sup>29</sup><http://www.fdic.gov/bank/analytical/overdraft/>

<sup>30</sup>Assumes Tiered Pricing by Type and Size. Printed Payroll 1% is common while higher risk checks are as high as 7 – 10 %

A breakout of the average size of checks cashed and fees charged follows:



December, 2009 actual Clear system results

## Impact on the Underbanked/Unbanked

As banks eliminate free checking and raise requirements to avoid service charges on new checking account offerings, more customers will be forced out of checking accounts as their primary vehicle to conduct their basic financial transactions.

Jamie Dimon, CEO of J.P. Morgan Chase, was quoted in a January 21, 2011 *American Banker* article, "Another Durbin Outcome Could Be More Unbanked, Chase's Dimon Contends":

***"We also think it will have the adverse consequences of making a portion of current bank clients unbanked," Dimon said, referring to pricing adjustments necessitated by reduced debit card interchange revenue. "You will not be able to profitably serve them."***

***Dimon estimated that about 5% of consumers would be pushed out of the banking system, 'and I am not sure that was a good public policy issue either.'"***

Bretton Woods' opinion is that reduced supply of product to this market segment will force these consumers back into a "cash economy" if there are onerous restrictions/regulations on general purpose reloadable cards.

## Convenience

Consistent with last year's findings, reloadable prepaid cards provide the convenience of ATM access and point-of-sale purchases, many with cash back features at no cost, bill payment capabilities and free account inquiries, all of which compare favorably to bank checking accounts.

Convenience of reloadable prepaid cards must also be compared to cash usage. These cards are vastly superior to cash.

It has been reported that prepaid cards are second-tier products that provide a shadow banking system. In the author's opinion, prepaid cards are an alternative for cash (coin and currency) that provide security and convenience not available when using cash.

Consider the positive impacts for consumers of reloadable prepaid cards as a cash substitute:

- Reloadable prepaid cards are more convenient and less expensive than going to a check casher. More reloads are available with direct deposit this year – a no-cost service
- The cards are safer than carrying cash
- Reloadable cards allow less expensive bill payment than buying money orders
- The cards enable the unbanked and underbanked to enter into the financial mainstream with a product that allows them the convenience to purchase online, bill pay, etc.
- Prepaid cards provide a viable alternative to mainstream bank customers to better manage their, and their children's, finances
- The cards offer the assurance that if a card is lost or stolen, or the issuing bank fails, the consumer will not lose the value of the card through FDIC coverage and voluntary Regulation E compliance as well as "zero liability"

## Consumer Preferences

Recent surveys indicate a relatively low but growing consumer adoption rate for reloadable prepaid cards.

The May 2010 report, "Trends and Preferences in Consumer Payments: Lessons from the Visa Payment Panel Study" states that prepaid cards only account for one quarter of 1%<sup>31</sup> of all payments, while 17% of all consumers own a prepaid card according to the January, 2010 study "The Survey of Consumer Payment Choice," Federal Reserve Bank of Boston<sup>32</sup>.

Some reasons for the higher growth rate that are common in most analyses include:

- Uncomfortable with traditional banks
- Spending controls
- Convenience (e.g. Walmart issuance of the MoneyCard product)
- Security

- Traditional bank customers using prepaid cards for budgeting and overdraft

avoidance

<sup>31</sup><http://www.philadelphiafed.org/payment-cards-center/publications/discussion-papers/2010/D-2010-Visa>

Payment-Panel-Study.pdf

<sup>32</sup><http://www.bos.frb.org/economic/ppdp/2009/ppdp0910.pdf>

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Additionally, Mercator Advisory Group research<sup>33</sup> revealed that of prepaid gift card purchasers:

- 14% used gift cards as a way to budget their own household expenses
- 10% used them as a safe way to buy online
- 7% used them to pay bills
- 11% used them as an alternative to a checking account or debit card.

A leading indicator of growing consumer preference for the prepaid product is shown in Europe. Historically, European financial service products have tended to lead the US.

A First Data study<sup>34</sup> released November 2009 suggests:

***“The high level of consumer interest in learning more about prepaid products is, in my opinion, one of the key findings of this research,” said Tony Craddock, CEO of Global Prepaid Exchange. “Consumers are increasingly aware of the products and are now evaluating the benefits; a process that should certainly produce improved sales. When you couple increased interest with consumers’ predictions of their own behaviour, the clear implication is that the industry is set for near-term, significant growth across the countries investigated.”***

Banks now see the potential of this growing market. According to the study “Wooing the Underbanked” from MarketsandMarkets (M&M), a global market research and consulting company based in the U.S., there is a population base of nearly 43 million underbanked people that offer an immense, untapped consumer segment for federally-insured banks<sup>35</sup>.

Banks that open offices in alternative sites like grocery stores and other retail sites see an opportunity to attract customers with a prepaid product in an environment where that consumer

is comfortable doing business.

## Overdraft Control

Many consumers choose reloadable prepaid cards to better control their finances and avoid overspending and overdraft fees. There are times where unique merchant transaction processes may cause a transaction to be authorized at the point of sale but then cause the card account to go negative or “create shortage,” in the language of the industry. Some of the reasons that cause this include dollar amounts below the threshold for a real-time validation, or the merchant’s batching transactions for processing later.

<sup>33</sup>Data from Mercator Advisory Group cited in “Prepaid Market Overview,” a presentation by its director of prepaid services, Tim Sloane, Prepaid Expo, February 2010.

<sup>34</sup>[http://www.firstdata.com/en\\_us/about-first-data/media/press-releases/11\\_26\\_09](http://www.firstdata.com/en_us/about-first-data/media/press-releases/11_26_09)

<sup>35</sup><http://www.marketsandmarkets.com/Market-Reports/wooining-under> 16 37

These processes also affect bank account debit cards. Even with Regulation E prohibiting paying debit card overdrafts unless the consumer opts in, it is possible that a debit card transaction can be authorized during the day, but may be negative when all transactions are processed in the evening at the bank. The bank cannot charge a fee for that debit card overdraft. So, since the bank will pay the debit card transaction, other check transactions may now go into negative status. These checks, whether paid into overdraft or returned as insufficient, will be assessed an overdraft or NSF fee.

The shortage fee charged by prepaid card vendors is a legitimate fee. Even if the card transaction is authorized, despite insufficient funds due to processing issues described above, it is still the consumer’s responsibility to know the available funds for the card and there are tools available to the consumer to check their balance through phone, text and web inquiries. Many card companies send an updated balance via a text message to the cardholder after each transaction.

## Fee Disclosures

Bretton Woods supports clear, concise and prominently displayed disclosures with branded prepaid cards as with any financial service offering. The Network Branded Prepaid Card Association promotes full disclosure as a best practice<sup>36</sup>.

We analyzed the disclosures of the nineteen prepaid card providers noted in the Consumers Union report, “Prepaid Cards: Second-Tier Bank Account Substitutes,” by actually navigating through each website. The ease of finding the fee schedule and any fees for shortages ran from intuitive to confusing. Finding basic fee information was sometimes possible with just one click from the home

page but in other instances took up to five clicks. Most frequently, fees could be found under the headings “Terms and Conditions” or “Cardholder Agreement,” which were typically one click from the home page.

Some cards differentiate charges of PIN-based POS transactions and signature POS transactions. Some cards charge for PIN-based POS transactions and do not charge for signature POS transactions. Some do not charge for either type of POS transaction while others charge for both.

A majority of the providers do not disclose shortage fees, except to refer to “applicable fees.” The nFinanSe card displays the basic costs on its homepage and the detailed fee schedule is one click away. We consider their design to be a model for clear and concise disclosures.

It is as equally oblique to find fee disclosures on many bank websites as it is on some of the prepaid card sites. Most banks do not disclose overdraft fees in the account fee schedule. For example, it took three clicks from the home page of Bank of America to review the checking account fees and an additional click to see the overdraft fees. JP Morgan Chase requires two clicks to see the account fees and four clicks to find the overdraft fee (under the [Addendum and Additional Banking Services and Fees for Personal Accounts - Effective Date 8/30/2010](#)).

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<sup>36</sup><http://nbpca.com/About-NBPCA/Code-of-Conduct.aspx>

Based on these fee searches, we recommend that both banks and prepaid card vendors make the search functionalities for all fees much easier for the consumer. The level of detail and complexity in Cardholder Agreements, Rule and Regulations and Terms and Conditions are a result of regulatory requirements as well as litigation risk management.

Bretton Woods agrees with Elizabeth Warren, Special Advisor for the Consumer Financial Protection Bureau, in her statement to the Financial Services Roundtable on September 29, 2010 recommending simplified disclosures so consumers can easily understand potential costs of the prepaid card product<sup>37</sup>.

## Fee Caps

It has been suggested that the consumer of reloadable prepaid cards have their monthly costs capped. It should be noted that there are currently no calls for banks to cap their fees for checking accounts, even though bank account costs can be higher than reloadable prepaid cards.

As a general statement, Bretton Woods opposes price controls since we believe they reduce supply of the good or service being controlled.

It should be noted that for those consumers receiving electronic benefits via prepaid card, arguably the neediest among us, fees are set by the states and are quite reasonable for the

consumer.

Additionally, companies offer a variety of features and benefits to differentiate themselves in a competitive market place. There are costs to these added features. If a consumer sees value in these added services, then they should be free to make the decision to use them, even if the monthly costs would be higher than a competing product.

We are now seeing the effects of competition – lower prices – as represented by the new nFinanSe product<sup>38</sup>.

Specifically, we suggest that the consumer can make an informed decision with appropriate and easy to understand fee disclosures.

An additional tool to benefit the consumer would be an online calculator on the prepaid card vendor's website that would allow the consumer to input their particular transaction profile including the number of:

- Deposits/loads
  - Direct deposit or check/cash reload
- POS transactions
- Cash withdrawals
  - At POS or ATM
- Bill payments
- Balance inquiries

<sup>38</sup><https://www.nfinanse.com/>

<sup>37</sup>[http://news.yahoo.com/s/nm/20100930/ts\\_nm/us\\_financial\\_warren](http://news.yahoo.com/s/nm/20100930/ts_nm/us_financial_warren) 18 37

The calculator could then display the first month's cost as well as subsequent months' costs.

Our recommended best practice is to have a fee tab prominently displayed on the home page and the calculator mentioned above in order to provide consumers a clearer understanding of the costs associated with the product.

## FDIC Insurance

There are legitimate issues being raised about FDIC insurance coverage for individual reloadable prepaid cards. According to the FDIC's New General Counsel's Opinion No. 8:

***“Under the new GC8, in applying the insurance limit to pooled custodial accounts, the FDIC will recognize the holders of the stored value cards (or other access mechanisms) as the owners of the deposits if the FDIC's standard requirements for ‘pass-through’ insurance coverage have been satisfied. Otherwise, the funds will be insured to the third party (the party who places the funds into the bank). The FDIC's ‘pass-through’ requirements (12 C.F.R. § 330.5) can be summarized as follows: (1) the***

***account records at the insured depository institution must disclose the existence of the custodial relationship; (2) the records of the insured depository institution or records maintained by the custodian or other party must disclose the identities of the actual owners of the funds and the amount owned by each such owner; and (3) the deposits actually must be owned (under the agreements among the parties) by the named owners.”***

Although most cardholders enjoy individual FDIC insurance coverage, it is not possible at this time for the consumer to know if their card is individually insured. At the issuer/program manager level, a knowledgeable attorney will include in the contracts provisions for the issuer to appropriately title the cardholder funds account as a custodial account and for the program manager (or the processor) to maintain the records of individual interests in the cardholder funds account, so that the requirements for pass-through insurance are met.

Bretton Woods recommends that prepaid cards vendors disclose that they meet the requirements of GC8 for FDIC insurance coverage for individual cardholders.

## Regulation E

The major providers of reloadable prepaid cards, those that impact the most consumers, voluntarily comply with “Reg E” protections. There are calls for these providers to be subjected to mandatory compliance.

Bretton Woods supports mandatory compliance for programs that individually identify the consumer with the card.

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## Financial Literacy

It is increasingly important to educate the consumer, especially the underbanked, on the options available with prepaid cards. Key points for the vendor to highlight include:

- Basic budgeting
- Options available for access to cash and paying bills

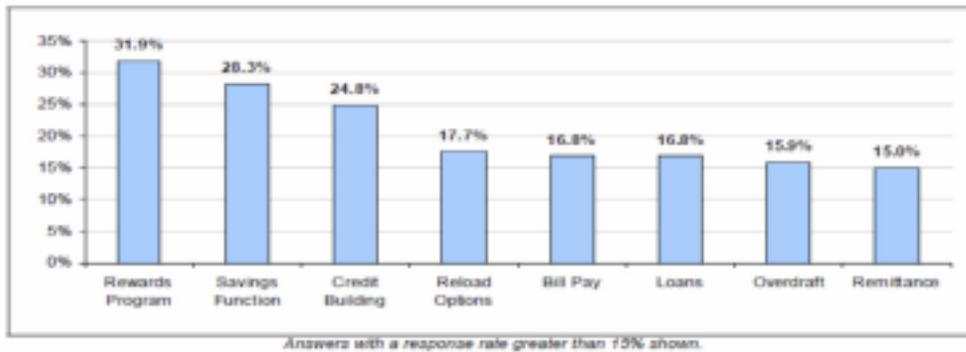
- Available mobile alerts to track balance and avoid decline fees
- Usage patterns to minimize costs
- Credit building through reporting of payments of monthly recurring bill payments
- Associated savings accounts to start building a capital cushion

## Credit Building

The credit-building and savings account initiatives in the reloadable prepaid card industry are in their infancy. There are, however, specific examples from prepaid card vendors of the early offerings.

Bretton Woods believes that these features are very important to bring additional value to the consumer.

According to a study<sup>39</sup> by the Center for Financial Innovation (CFI), 24.8% of the prepaid vendors surveyed indicated that they were considering credit-building capabilities while 28.3% are looking at adding savings accounts.



According to getdebit.com, “several prepaid debit card issuers and processors have committed to a new feature that will take recurring monthly payments made on their billpay platform, and report them to the three major bureaus, Equifax, TransUnion and Experian and to a fourth agency, the Payment Reporting Builds Credit (PRBC). The way it works is fairly straightforward. These recurring monthly payments (anything with a regular monthly billing cycle, such as rent, car insurance, cell phone bill, utility payments, etc.) are reported as trade lines on each of the three bureaus<sup>40</sup>.”

ts/cfsi\_prepaid\_2009.pdf, page 9

<sup>40</sup><http://www.getdebit.com/debit-news/3868/its-coming-a-true-credit-builder-for-prepaid-debit-cards/>

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<sup>39</sup>[http://cfsinnovation.com/system/files/imported/managed\\_documen](http://cfsinnovation.com/system/files/imported/managed_documen)

The vendors offering reporting to credit bureaus for recurring bill payments include AccountNow<sup>41</sup> and Ready Debit<sup>42</sup>.

## Savings Accounts

NetSpend offers a savings account paying 5% APY<sup>43</sup>. While this is a promotional rate, it represents

a significant benefit over bank savings accounts that are paying around 10 basis points (1/10th of 1%). Mango Money also offers a savings account paying 5.1% APY on a maximum deposit of \$5,000<sup>44</sup>. After the promotional rate, they pay a 3% APY – still significantly higher than banks.

Usage of both the credit building and savings services are growing as more consumers become aware of the offerings. Since there is no national data reporting, just as banks do not report specific usage statistics, only anecdotal evidence indicates the growing usage of these services.

<sup>41</sup><http://www.accountnow.com/services/credit-builder.aspx>

<sup>42</sup><http://www.readydebit.com/BillPay/Site/Default.aspx>

<sup>43</sup>[https://www.netspend.com/info/products/prod\\_features.shtml](https://www.netspend.com/info/products/prod_features.shtml) NetSpend Savings Accounts are issued by Inter National Bank, member FDIC. Interest is calculated on the average daily balance of your All-Access Savings Account and paid quarterly. Annual Percentage Yield (APY) is accurate as of July 16, 2008. No minimum balance is necessary to open the account or obtain the yield. Fees could reduce the earnings on the account. This is a promotional rate.

Rates are subject to change without notice.

<sup>44</sup><https://www.mangomoney.com/prepaid-debit-card-services-help.d> 21 37  
o#savings

## Conclusion

Digital technology has been replacing analog technology for several years in a multitude of applications (television, telecommunications, etc.). Similarly, financial transactions have been converting as well. The inexorable migration to digital transactions (ACH, debit card, mobile, prepaid card) from analog transactions (coin, currency and checks) is both desirable and irreversible.

It is Bretton Woods' opinion that reloadable prepaid cards fulfill the basic banking/money needs of the consumer in both the CU and Industry transaction models. The shifting cost model is resulting in increased acceptance of reloadable prepaid cards and should continue to grow as consumers become more aware of the products available.

The early users of branded prepaid cards tended to be the underbanked. With new fee structures on basic checking accounts, the underbanked face more obstacles to mainstream banking. Appropriate education to these consumers will allow reloadable prepaid cards to be a safe and cost-effective means of conducting basic financial transactions.

Also, today more mainstream banking consumers are adopting branded prepaid cards for unique purposes like budgeting and funding the spending needs of children, students, and parents without the risk of over draft. The costs are typically lower than alternative payment methods and the convenience and security of branded prepaid cards are on a par with checking accounts and are far superior to cash.

We do feel that prepaid card vendors and banks can do better jobs in disclosing fees. However, until there is major legislative/regulatory simplification, there will be no reduction in the voluminous Terms and Conditions each bank and card vendor must provide.

As stated earlier in this report, pricing for bank accounts are changing as banks attempt to recover the lost fee income from overdrafts and interchange. Some of the pricing changes are, and will, be directly related to checking accounts. Banks offering debit cards may apply new fees or stop offering the cards altogether if it is not possible to offer the products profitably. There may be fees associated with other services not directly associated with checking accounts to offset the lost revenue. We have noted some of the possibilities of these costs and will update this report as actual changes are implemented in the banking industry.

# Supplemental Data

## Exhibit 1 – 2010 Federal Reserve Payments Study

	2006			2009			Total change 2006-2009		CAGR(%)	
	Number	Value	Average	Number	Value	Average	Number	Value	Number	Value
<b>Total noncash payments</b>	95.2	75.79	798	108.9	72.28	664	13.7	-3.5	4.6	-1.6
<b>Checks (paid)</b>	30.5	41.60	1,363	24.4	31.59	1,294	-6.1	-10.0	-7.2	-8.8
US Treasury checks	0.2	0.23	1,203	0.2	0.31	1,545	0.0	0.1	1.7	10.5
Postal money orders	0.2	0.03	164	0.1	0.02	183	0.0	0.0	-8.5	-5.0
Commercial checks	30.2	41.34	1,371	24.1	31.26	1,297	-6.1	-10.1	-7.2	-8.9
On-us	6.1	11.86	1,958	6.5	11.15	1,728	0.4	-0.7	2.2	-2.0
Returns	0.2	0.18	1,193	0.1	0.10	940	0.0	-0.1	-10.6	-17.4
<b>Electronic payments</b>	64.7	34.19	528	84.5	40.68	481	19.8	6.5	9.3	6.0
ACH	14.6	31.02	2,121	19.1	37.16	1,947	4.5	6.1	9.3	6.2
Credit card	21.7	2.12	98	21.6	1.92	89	-0.1	-0.2	-0.2	-3.2
Debit card <sup>a</sup>	25.0	0.97	39	37.9	1.46	38	12.8	0.5	14.8	14.4
Signature (Offline) <sup>a</sup>	15.7	0.62	40	23.4	0.86	37	7.7	0.2	14.3	11.1
PIN (Online)	9.4	0.35	37	14.5	0.56	39	5.1	0.2	15.6	17.3
Prepaid card	3.3	0.08	23	6.0	0.14	24	2.6	0.1	21.5	22.4
General purpose	0.3	0.01	41	1.3	0.04	32	1.0	0.0	63.4	47.8
Private label	1.9	0.03	18	2.7	0.04	16	0.8	0.0	11.8	9.0
EBT	1.1	0.03	27	2.0	0.05	26	0.9	0.0	21.4	22.6
ATM cash withdrawals	5.8	0.58	100	6.0	0.63	106	0.1	0.0	0.8	2.8
<b>Checks (written)<sup>b</sup></b>	33.1	42.30	1,277	27.5	32.05	1,167	-5.7	-10.3	-6.1	-8.8
Checks converted to ACH	2.6	0.70	267	3.1	0.69	227	0.4	0.0	5.4	-0.1
<b>Memo<sup>c</sup></b>										
Real GDP <sup>d</sup>		13.37			14.12			0.8		1.8
Real PCE <sup>e</sup>		9.07			9.15			0.1		0.3
Population		298.6			307.0			8.4		0.9
Relative prices										
GDP implicit price deflator		0.94			1.00			0.06		2.01
CPI <sup>f</sup>		0.94			1.00			0.06		2.05

Numbers in billions. Values in trillions of USD. Figures may not add due to rounding. CAGR is the compound annual growth rate.

a. Revised because the 2007 summary report debit card estimates included general purpose prepaid. Revision based on the assumption that all general purpose prepaid payments were by Signature.

b. Includes the use of checks as source documents to initiate electronic payments.

c. These figures, provided for comparison, were obtained from the Bureau of Economic Analysis (BEA), U.S. Department of Commerce, as of October 31, 2010.

d. Real Gross Domestic Product in trillions of USD.

e. Real Personal Consumption Expenditures in trillions of USD.

f. Consumer Price Index.



# Transaction Pattern - Direct Deposit



?

-	□	⊠	⊠	⊠	⊠
-	□				
-	-				
-	-	⊠		⊠	
□	□	⊠	⊠	⊠	⊠
-	-				
⊠	⊠	⊠	⊠		⊠
-	-	⊠	⊠	⊠	⊠
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⊠	⊠	⊠	⊠		⊠	⊠	⊠	⊠
⊠	⊠	⊠	⊠	⊠	⊠	⊠	⊠	⊠
-	-			⊠	⊠		⊠	
-	-						⊠	
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⊠	⊠		⊠	⊠	⊠		⊠	
⊠	⊠							
-	-		⊠		⊠		⊠	

# CU Transaction Pattern - Without Direct Deposit



⊠

⊠





### Exhibit 3 – Bank Concentration of Deposits

Institution Name 6/30/2010	Institutions	%	Cummulative %	Deposits Total	%	Cummulative %
Bank of America, National Association	1	0.013%	0.013%	\$ 828,928,319	10.8%	10.8%
Wells Fargo Bank, National Association	1	0.013%	0.026%	\$ 719,242,000	9.4%	20.2%
JPMorgan Chase Bank, National Association	1	0.013%	0.038%	\$ 633,131,000	8.2%	28.4%
Citibank, National Association	1	0.013%	0.051%	\$ 254,534,551	3.3%	31.7%
PNC Bank, National Association	1	0.013%	0.064%	\$ 177,348,420	2.3%	34.0%
U.S. Bank National Association	1	0.013%	0.077%	\$ 169,153,019	2.2%	36.2%
TD Bank, National Association	1	0.013%	0.090%	\$ 121,794,304	1.6%	37.8%
SunTrust Bank	1	0.013%	0.102%	\$ 118,808,539	1.5%	39.4%
Branch Banking and Trust Company	1	0.013%	0.115%	\$ 103,460,055	1.3%	40.7%
Regions Bank	1	0.013%	0.128%	\$ 95,794,707	1.2%	42.0%
<b>TOTAL USA DEPOSITS</b>	<b>7,820</b>	<b>100%</b>		<b>\$ 7,675,516,000</b>	<b>100%</b>	

FDIC, June 2010, Summary of Deposits -

<http://www2.fdic.gov/sod/sodSumReport.asp?barItem=3&sInfoAsOf=2010>

FDIC, June

2010, Summary of Deposits - <http://www2.fdic.gov/sod/sodSumReport.asp?barItem=3&sInfoAsOf=2010>

## Exhibit 4 – Bank Checking Account Pricing

### Bank of America

Bank of America Essentials	Bank of America eBanking	Bank of America Enhanced	Bank of America Premium
Simple, straightforward banking to meet your basic needs.	Banking to fit your schedule, through ATMs, online or mobile— wherever you are.	Multiple accounts available to help you organize your money, plus our most popular checking features at no extra cost.	Multiple interest-bearing accounts to help you organize your money, plus expanded banking services at no extra cost.
<b>How to pay for this account:</b>			
<b>Pay \$9 monthly</b>	<b>Pay \$12 monthly</b> Or Make all deposits and withdrawals online or at an ATM (not at a teller) and sign up for paperless statements	<b>Pay \$15 monthly</b> Or Deposit at least \$2,000 per monthly statement cycle into any linked checking account Or Maintain a minimum daily combined deposit balance of \$5,000 or more per monthly statement cycle in linked deposit accounts Or Use your linked Bank of America credit card at least once each credit card statement cycle <sup>1</sup>	<b>Pay \$25 monthly</b> Or Maintain a combined balance of \$20,000 or more in linked personal deposit accounts <sup>2</sup> with Bank of America and/or eligible linked investment accounts with Merrill Lynch. Or Have an eligible linked Bank of America mortgage <sup>3</sup>

Source: <https://www.bankofamerica.com/deposits/checking-accounts/compare-checking-accounts.go>



**Pricing Packages at-a-glance**

**About Basic Banking**

There is no minimum deposit required to open a **Basic Checking** account. The fees vary by state:

	NY, NJ, CT, DE, MA, PA and TX	IL, DC, MD, VA	FL	CA, NV
<b>Minimum Opening Deposit</b>	• None	• None	• None	• None
<b>Monthly Fee</b>	• 1-8 debits: \$3.00 • 9+ debits: \$9.50	• \$7.00	• \$10.00	• \$3.50
<b>Per Check Fee</b>	• 1-8 free per statement period • 9+, \$-.50 each	• 1-6 free per statement period • 7+, \$1.50 each	• 1-6 free per statement period • 7+, \$1.50 each	• 1-8 free per statement period • 9+, \$-.50 each
<b>Non-Citibank ATMs</b>	• \$1.50 per use	• \$1.50 per use	• \$1.50 per use	• \$1.50 per use.

There is \$100 minimum deposit required to open a **Basic Savings** account. The fees vary by state:

	NY, NJ, CT, DE, MA, PA and TX	IL, DC, MD, VA	FL	CA, NV
<b>Minimum Opening Deposit</b>	• \$100	• \$100	• \$100	• \$100
<b>Monthly Fee</b>	• Free, if your balance is \$300 or more • \$4.50 otherwise	• Free, if your balance is \$500 or more • \$5.00 otherwise	• Free, if your balance is \$300 or more • \$5.00 otherwise	• Free, if your balance is \$500 or more • \$6.50 otherwise
<b>Non-Citibank ATMs</b>	• \$1.50 per use	• \$1.50 each • Free, if your balance is over \$7,500	• \$1.50 each • Free, if your balance is over \$10,000	• 2 free uses, then \$1.50 each • Free, if your balance is over \$10,000

Source: <https://online.citibank.com/US/JRS/portal/template.do?ID=AboutBasicBanking>

# JP Morgan Chase

Chase Customized Checking <sup>SM</sup>	Chase Plus Checking <sup>SM</sup>	Chase Premier Plus Checking <sup>SM</sup>	Chase Premier Platinum Checking <sup>SM</sup>	Student Checking
<p><b>Benefits</b></p> <ul style="list-style-type: none"> <li>• FREE Chase ATM Card</li> <li>• FREE Online Banking</li> <li>• FREE Chase Mobile<sup>SM</sup> banking<sup>1</sup></li> <li>• FREE Account Alerts<sup>1</sup></li> <li>• FREE Access to more than 16,000 Chase ATMs and 5,100 branches nationwide</li> <li>• FREE Paperless Statements</li> </ul>	<p><b>Benefits:</b></p> <ul style="list-style-type: none"> <li>• FREE Chase Debit Card</li> <li>• FREE Online Banking and Bill Pay</li> <li>• FREE Chase Mobile<sup>SM</sup> banking<sup>1</sup></li> <li>• FREE Account Alerts<sup>1</sup></li> <li>• FREE Access to more than 16,000 Chase ATMs and 5,100 branches nationwide</li> </ul>	<p>All the benefits of Chase Plus Checking<sup>SM</sup>, plus:</p> <ul style="list-style-type: none"> <li>• Earns Interest</li> <li>• FREE Chase design checks</li> <li>• No Chase fee on first four non-Chase ATM transactions<sup>2</sup></li> <li>• FREE Safe Deposit Box<sup>4</sup></li> <li>• No fee for money orders, official checks, travelers checks and gift cards<sup>3</sup></li> <li>• Chase Plus Savings<sup>SM</sup> with no Monthly Service Fee<sup>5</sup> and higher interest rates</li> <li>• Two additional Chase Premier Plus Checking accounts with no Monthly Service Fee<sup>6</sup></li> </ul>	<p>All the benefits of Chase Premier Plus Checking<sup>SM</sup>, plus:</p> <ul style="list-style-type: none"> <li>• Earns Interest</li> <li>• FREE Personal Style checks</li> <li>• No Chase fee for non-Chase ATM transactions<sup>2</sup></li> <li>• No Overdraft Protection Transfer Fee</li> <li>• No Incoming Wire Transfer Fee</li> <li>• No Stop Payment Fee</li> <li>• Chase Plus Savings<sup>SM</sup> with no Monthly Service Fee<sup>5</sup> and higher interest rates</li> <li>• Two additional Chase Premier Platinum Checking accounts with no Monthly Service Fee<sup>6</sup></li> </ul>	<p><b>High School Checking</b> All the benefits of Chase Plus Checking<sup>SM</sup>, plus:</p> <ul style="list-style-type: none"> <li>• Minimum Deposit to Open - \$25</li> <li>• No Monthly Service Fee</li> <li>• With a qualifying linked parent/guardian<sup>7</sup> checking account.</li> <li>• OR, with monthly direct deposit Otherwise a \$5 monthly Service Fee</li> </ul>
<p><b>Minimum Deposit to Open</b> • \$25</p> <p><b>\$5 Monthly Service Fee</b></p> <p><b>Customize Your Account:</b></p> <ul style="list-style-type: none"> <li>• \$3 Debit Card Fee each month when you have selected to receive a Debit Card.</li> <li>• \$3 Paper Statement Fee each month when you have selected to receive a paper statement.</li> <li>• \$5 Bill Pay Monthly Service Fee when you have enrolled in Online Bill Payment</li> </ul>	<p><b>Minimum Deposit to Open</b> • \$25</p> <p><b>No Monthly Service Fee*</b></p> <ul style="list-style-type: none"> <li>• With a \$1,000 minimum daily balance</li> <li>• With an average daily balance of \$6,000 or more in linked deposits<sup>8</sup>/investments<sup>9</sup></li> </ul> <p><b>Otherwise</b></p> <ul style="list-style-type: none"> <li>• \$12 monthly Service Fee for Wisconsin North</li> <li>• \$15 monthly Service Fee for Georgia</li> </ul>	<p><b>Minimum Deposit to Open</b> • \$25</p> <p><b>No Monthly Service Fee</b></p> <ul style="list-style-type: none"> <li>• With an average daily balance of \$15,000 or more in linked deposits<sup>8</sup>/investments<sup>9</sup></li> </ul> <p><b>Otherwise a \$25 monthly Service Fee</b></p>	<p><b>Minimum Deposit to Open</b> • \$100</p> <p><b>No Monthly Service Fee</b></p> <ul style="list-style-type: none"> <li>• With an average daily balance of \$75,000 or more in linked deposits<sup>8</sup>/investments<sup>9</sup></li> </ul> <p><b>Otherwise a \$25 monthly Service Fee</b></p>	<p><b>College Checking</b> All the benefits of Chase Plus Checking<sup>SM</sup>, plus:</p> <ul style="list-style-type: none"> <li>• Minimum Deposit to Open - \$25</li> <li>• No Monthly Service Fee</li> <li>• If enrolled in college for up to five years.</li> <li>• OR, with monthly direct deposit Otherwise a \$5 monthly Service Fee</li> </ul>
<p>Other miscellaneous fees apply.</p> <p><a href="#">See Account Disclosures and Rates</a> for more information Account subject to approval</p> <p><a href="#">Open Now &gt;</a></p>	<p>Other miscellaneous fees apply.</p> <p><a href="#">See Account Disclosures and Rates</a> for more information Account subject to approval</p> <p><a href="#">Open Now &gt;</a></p>	<p>Other miscellaneous fees apply.</p> <p><a href="#">See Account Disclosures and Rates</a> for more information Account subject to approval</p> <p><a href="#">Open Now &gt;</a></p>	<p>Other miscellaneous fees apply.</p> <p><a href="#">See Account Disclosures and Rates</a> for more information Account subject to approval</p> <p><a href="#">Open Now &gt;</a></p>	<p>Other miscellaneous fees apply.</p> <p><a href="#">See Account Disclosures and Rates</a> for more information</p> <p><a href="#">Open Now &gt;</a></p>

Source: <https://www.chase.com/online/Checking/chase-checking-account.htm>

## Wells Fargo

	Checking Account	Checking Packages with checking and savings accounts			Relationship package
	Wells Fargo Value™ Checking	College Combo®	Wells Fargo Custom Management® Package	Wells Fargo Complete Advantage® Package	Wells Fargo PMA® Package
	<a href="#">Open Now</a>	<a href="#">Open Now</a>	<a href="#">Open Now</a>	<a href="#">Open Now</a>	<a href="#">Open Now</a>
	<a href="#">Learn More</a>	<a href="#">Learn More</a>	<a href="#">Learn More</a>	<a href="#">Learn More</a>	<a href="#">Learn More</a>
Best for you if you want:	<ul style="list-style-type: none"> <li>Checking account with easy access to your money</li> </ul>	<ul style="list-style-type: none"> <li>Checking and Savings accounts bundled for college students</li> </ul>	<ul style="list-style-type: none"> <li>Checking and Savings accounts bundled for easy access and additional value</li> </ul>	<ul style="list-style-type: none"> <li>Interest Checking plus a Savings account with bonus interest</li> </ul>	<ul style="list-style-type: none"> <li>Checking account with relationship discounts, benefits and premium rates</li> </ul>
Platinum Debit Card <sup>1,2</sup>	✓	✓	✓	✓	✓
Free access to Online Banking	✓	✓	✓	✓	✓
Free <sup>3</sup> Mobile Banking <sup>4</sup>	✓	✓	✓	✓	✓
Free <sup>3</sup> Account Alerts	✓	✓	✓	✓	✓
Optional Overdraft Protection	✓	✓	✓	✓	✓
Free Online Bill Pay		✓	✓	✓	✓
Check discounts				✓	✓
Interest-earning checking account				✓	✓
Monthly combined statement					✓
Premium relationship benefits					✓
Minimum opening deposit	\$100	Checking - \$100 Savings - 25 <sup>5</sup> with automatic savings	Checking - \$100 Savings - 25 <sup>5</sup> with automatic savings	Checking - \$100 Savings - \$100	Checking - \$100
Monthly service fee	\$5 or Waived <a href="#">when requirements are met</a>	\$3 or Waived <a href="#">when requirements are met</a>	\$10 or Waived <a href="#">when requirements are met</a>	\$15 or Waived <a href="#">when requirements are met</a>	\$30 or Waived <a href="#">when requirements are met</a>
Access	<ul style="list-style-type: none"> <li>Convenience: Over 12,000 Wells Fargo and Wachovia ATMs and 3,300 stores</li> <li>All accounts include secure 24/7 account access, <a href="#">mobile banking</a>, transfers, <a href="#">online statements</a>, <a href="#">balance alerts</a>, and more ways to manage your account online.</li> </ul>				

Source: <https://www.wellsfargo.com/checking/>

## Exhibit 5 – Reloadable Prepaid Card Prices

### AccountNow

Regular Fees	Gold Card with Direct Deposit	Gold Card without Direct Deposit	Pay As You Go
GOLD Privilege Fee (One time only - applied at first Card load event) (FIRST LOAD)	\$9.95; one time	\$9.95; one time	n/a
Activation Fee	\$0.00	\$0.00	\$4.95
Monthly Fee (SVC CHG-MONTHLY)	\$0.00 (If you load \$3000.00 or more on your Card in a month, \$9.95 per month otherwise)	\$0.00 (If you load \$3000.00 or more on your Card in a month, \$9.95 per month otherwise)	\$0.00
Adding Money by Direct Deposit	FREE	FREE	FREE
Adding Money by Cash	FREE (third party load partners may charge a fee)	FREE (third party load partners may charge a fee)	FREE (third party load partners may charge a fee)
Transferring money from one Card to another	FREE	FREE	FREE
Managing your Card Account online, online statements	FREE	FREE	FREE
Paying your bills online with Bill Pay	FREE	FREE	FREE
Deposit alerts, balance, and other account information sent to your cell phone with Mobile Text Alerts	FREE (Carrier fees may apply)	FREE (Carrier fees may apply)	FREE (Carrier fees may apply)
U.S. Card purchases when using your PIN	FREE	FREE	\$1.00 per transaction
U.S. card purchases when using your signature	FREE	FREE	\$1.00 per transaction
Calls to a Customer Service Agent (DR ADJ LIVE SPRT FEE)	FREE	\$1.00 per call	\$1.00 per call
Automated phone system (IVR)for account information (DR ADJ BALINQ FEEREV)	FREE	\$0.50 per call	\$0.50 per call
Using ATM to obtain balance (SVC CHG BALANCE INQ)	\$1.00 per transaction	\$1.00 per transaction	\$1.00 per transaction
Using a U.S. ATM to withdraw money (SVC CHG ATM WITHDRAW)	\$2.50 per transaction	\$2.50 per transaction	\$2.50 per transaction
ATM decline fee (SVC CHG NSF ATM)	\$0.40 per transaction	\$0.40 per transaction	\$0.40 per transaction

Source: <http://www.accountnow.com/secure/shortapp2.aspx> - Click Terms & Conditions

**SCHEDULE OF FEES**

Fee Type	Fee
Initial Purchase	Free
Monthly Charge	Waived in any monthly billing cycle when you load at least \$1,000 to your Card or have 30 posted purchase transactions (excludes all ATM declined withdrawals, ATM balance inquiries, teller cash advances and online bill payments at <a href="http://www.greendot.com">www.greendot.com</a> ).  Otherwise, \$5.95.
ATM Withdrawal & Teller Cash Advance	Free at in-network* ATMs All other ATM withdrawals: \$2.50** Teller cash advance: \$2.50
Balance Inquiry at Non-Network ATMs	\$0.50
Lost/Stolen Card Replacement	\$4.95
Reload at Retail Location	Varies by retailer, up to \$4.95
Second Card	\$4.95
Foreign Transactions (see paragraph titled "Foreign Transactions")	3% of total transaction amount

Source:

<https://www.mygreendot.com/greendot/getacardnow/cardholderagreement#fees>

## NetSpend

### Fees Related to the Service:

Refunds are at par. None of the fees shown are assessed by MetaBank or the Card Association. ATM withdrawals may be subject to varying daily limits at the ATM owner's discretion.

Three Simple Plans:	Pay-As-You-Go Plan	FeeAdvantage™ Plan	NetSpend Premier™ FeeAdvantage™ Plan
Cost to open account	Free	Free	Free
Monthly Fee	--	\$9.95	\$5.00
Signature Purchase Transaction Fee	\$1.00 each	Included	Included
PIN Purchase Transaction Fee	\$2.00 each	Included	Included
Bill Payment Fee	\$0.00 to \$1.00 depending on method		
Stop Payment Fee for Preauthorized Payment	\$10.00 each		
Domestic ATM Cash Withdrawal	\$2.50 per withdrawal, plus ATM owner fees, if any		
International ATM Cash Withdrawal	\$4.95 per withdrawal, plus ATM owner fees, if any		
ATM Transaction Decline Fee	\$1.00 each		

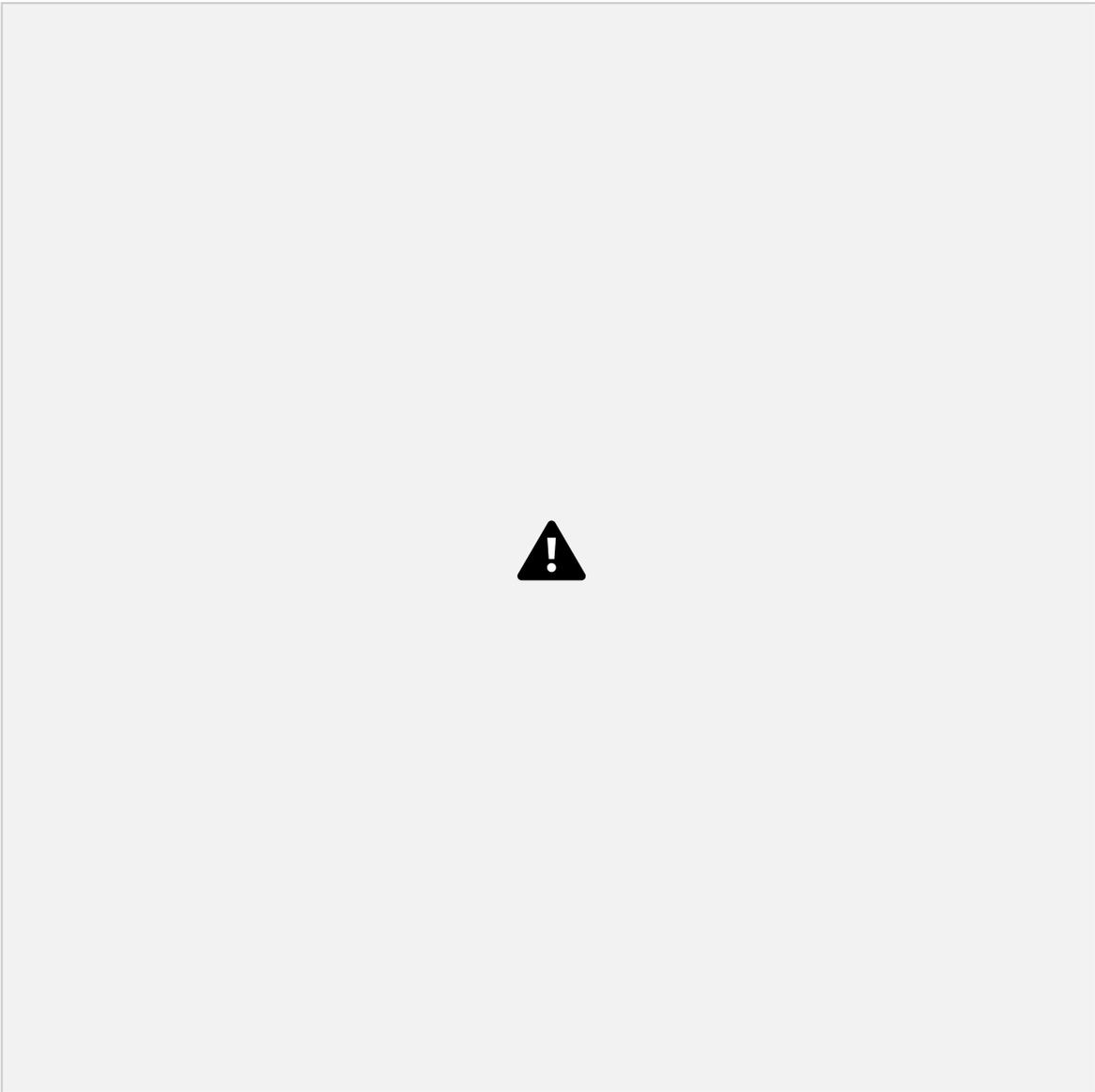
**Tip:** To avoid the ATM fees, you can get cash back when making purchases using your PIN at many retailers, such as grocery stores.

Add Money To Your Account:	
Direct Deposit	Free
Add cash or checks at a NetSpend Reload Network location	Convenience fee determined by location
Instant Bank Transfer	\$5.95 each (deducted from the transferor's debit card account)
Bank Wire Transfer	Free; transfer fees from the originating bank may apply
Account-to-Account Transfer via website or text message	Free
Account-to-Account Transfer via automated phone system	\$1.00 each
Account-to-Account Transfer via live agent	\$4.95 each

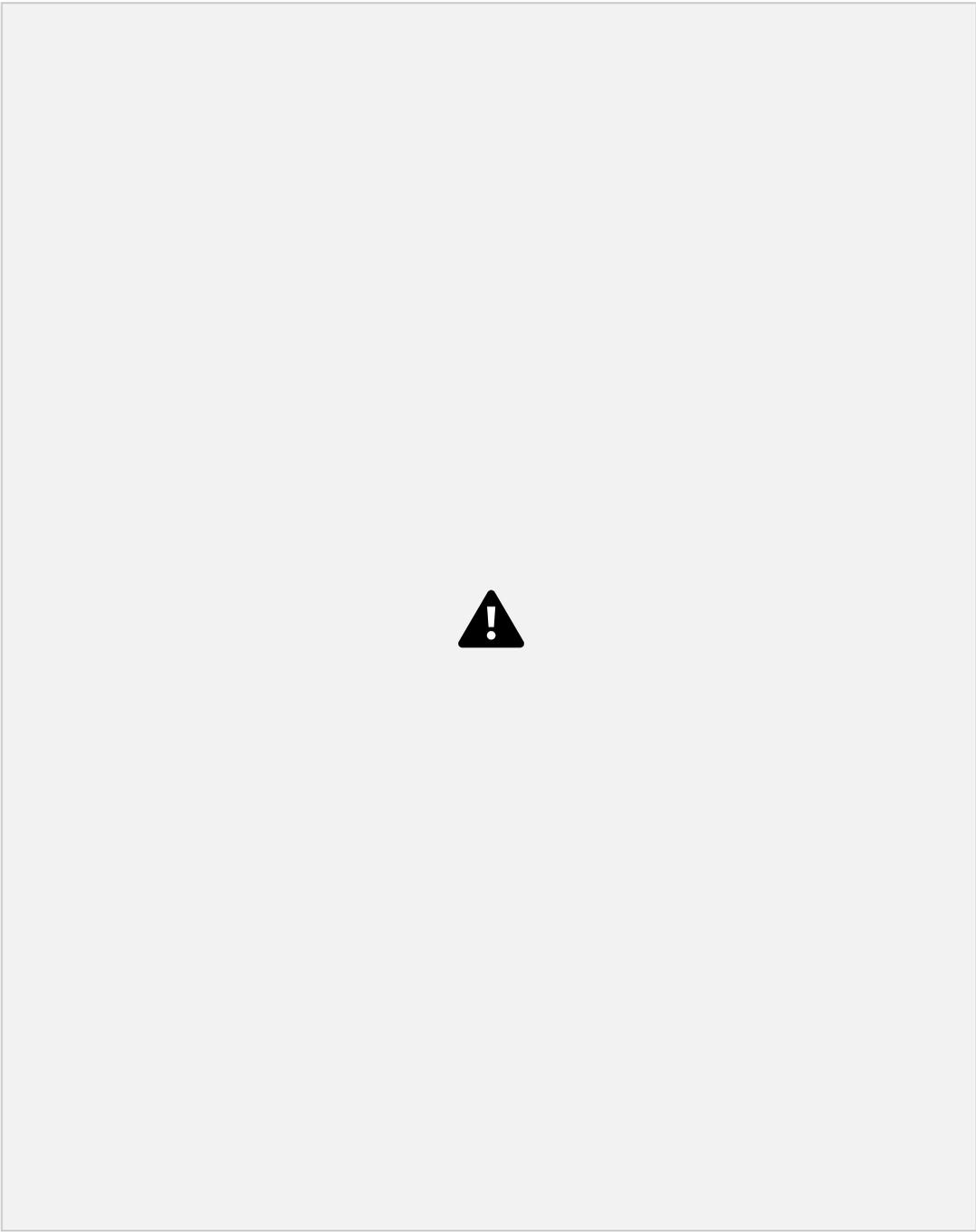
<b>Manage Your Account:</b>	
Online Account Center	Free
Mobile Phone AnytimeAlerts™	Free; standard text message rates may apply
Telephone Access Customer Service	Free for NetSpend Premier™ cardholders, otherwise \$0.50 per call
Balance Inquiry at ATM	\$0.50 each
Check or Additional Statement Mailing Fee	\$5.95 each
Additional Card Fee	\$9.95 each
Lost or Stolen Card Replacement Fee	\$9.95 each
Account Maintenance Fee	\$5.95 per month (waived if Card has debit or credit transaction and/or balance inquiry within 90 days)

Source:

[https://www.netspend.com/prepaid-debit-card/prepaid\\_visa\\_card\\_terms.m#popmast](https://www.netspend.com/prepaid-debit-card/prepaid_visa_card_terms.m#popmast)

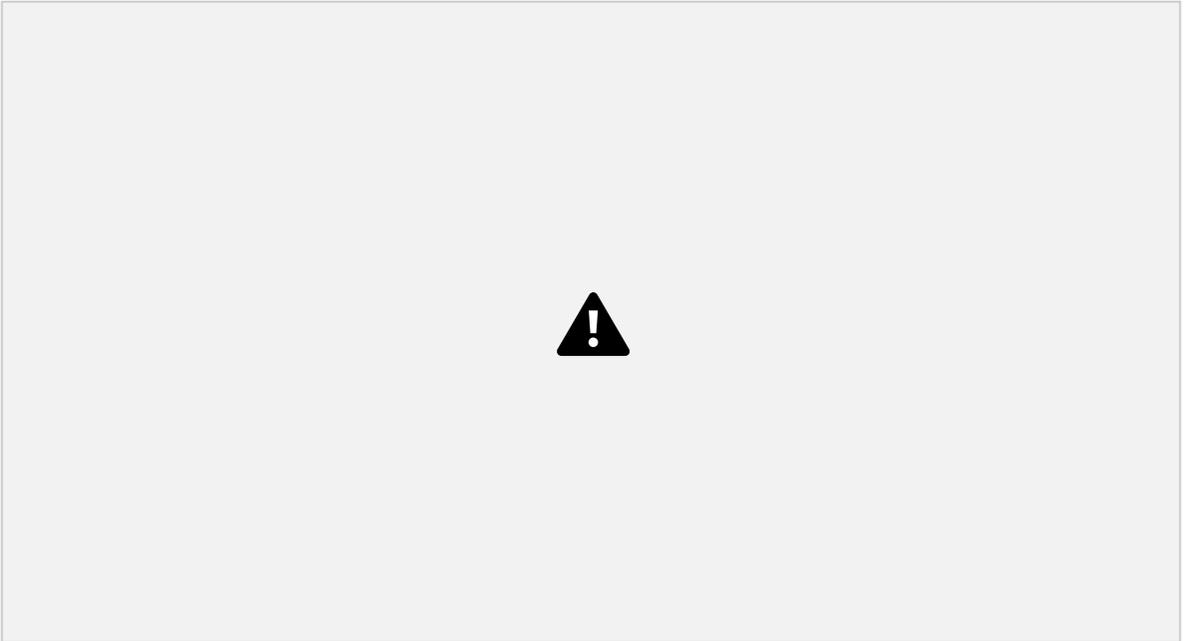


Source: <https://www.myreadycard.com/aboutcard.aspx?node=fees>



Source: <http://www.rushcard.com/whyrushcard/scheduleOfFees.aspx>

## WalMart Money Card



Source:

<https://www.walmartmoneycard.com/AcctMgmt/Controls/Walmart/Support/CardholderAgreement.aspx?siteid=walmart>