

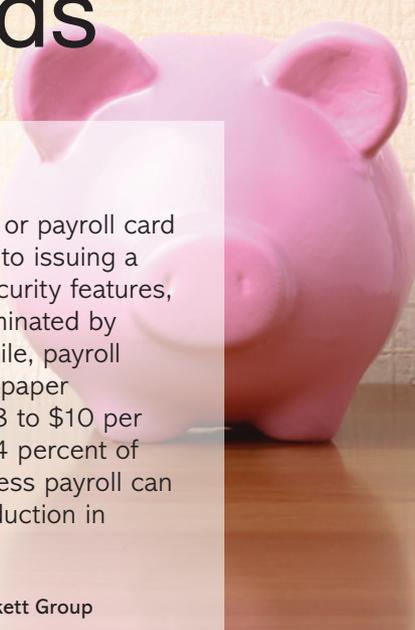


SNAPSHOT: Payroll Cards

DID YOU KNOW?

Each electronic payment (direct deposit or payroll card load) saves employers \$2.75 compared to issuing a paper check. Paper check stock with security features, printing and mailing costs all can be eliminated by moving to electronic payments. Meanwhile, payroll cards eliminate the risk of lost or stolen paper checks—which can cost an employer \$8 to \$10 per check to replace. Overall, shifting just 14 percent of employees from paper checks to paperless payroll can translate to an estimated 50 percent reduction in overall payroll costs for a company.

SOURCE: American Payroll Association and The Hackett Group



BEHIND THE BOOM

Employers are adopting payroll card platforms because they:

- **REDUCE** payroll costs by enabling employers to convert up to 100 percent of employees to electronic wage payments
- **ENABLE** employers to quickly and efficiently pay employees who don't have a bank account, new hires and terminated employees who are owed wages.
- **INCREASE** security, convenience and financial empowerment for underbanked and unbanked employees.

FEATURES TO BOOST EMPLOYEE PARTICIPATION

Basic payroll cards offer employees substantial benefits, including automatic load of wages, in-store and online acceptance, and to-the-penny cash withdrawal of funds. But adoption increases when additional features are added. Key consumer-friendly payroll card features include:



PORTABILITY
Employees can keep their cards—sometimes with the same fee structure—even after they leave a job.



SIGNATURE & PIN POS CAPABILITY
Employees have access to both options when making purchases.



CASH RELOAD
Cardholders can load cash onto their cards at retail locations, money transfer providers and other locations.



ATM CASH WITHDRAWALS
Especially surcharge-free withdrawals from networks, such as Allpoint and MoneyPass.



FUNDS TRANSFER & REMITTANCE
Cardholders can transfer funds between the payroll card and other accounts.



COMPANION CARD
Employees can obtain cards for use by their spouses or children.



ONLINE & MOBILE APP ACCOUNT MANAGEMENT
Cardholders can check balances, review purchase history and update account information from a computer or mobile device.

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Elite PaychekPLUS! from FSV. Image courtesy of The Bancorp.

HONING THE PITCH



How a payroll card is presented to employees can have a major effect on adoption. The following tips are important for employers to keep in mind:

- **SPEAK FROM EXPERIENCE.** Have HR staff and other executives use the card for at least several weeks to kick the tires of the platform and demonstrate that the employer believes in the program.
- **GAIN THE SUPPORT** of management and engage high-level executives in communicating the benefits of the card to employees.
- **PRESENT THE PROGRAM** in the language employees are most comfortable with.
- **SIMPLIFY ENROLLMENT** by composing enrollment documents and including promotional materials in new-hire packets.

SOURCE: Network Branded Prepaid Card Association and Consumer Action, "An Employer's Guide to Payroll Cards" (2014).

GETTING THE BALL ROLLING

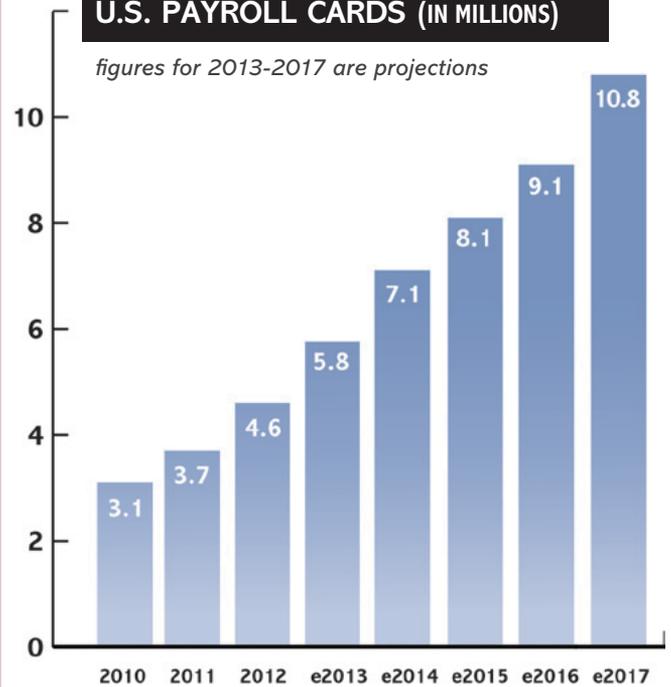


When implementing a payroll card program, an employer is responsible for:

- **DESIGNATING** someone to manage the program.
- **DISTRIBUTING** information and educating employees about the program.
- **KEEPING** records of wage payment elections.
- **ANSWERING** questions about wage payment options.

NUMBER OF ACTIVE U.S. PAYROLL CARDS (IN MILLIONS)

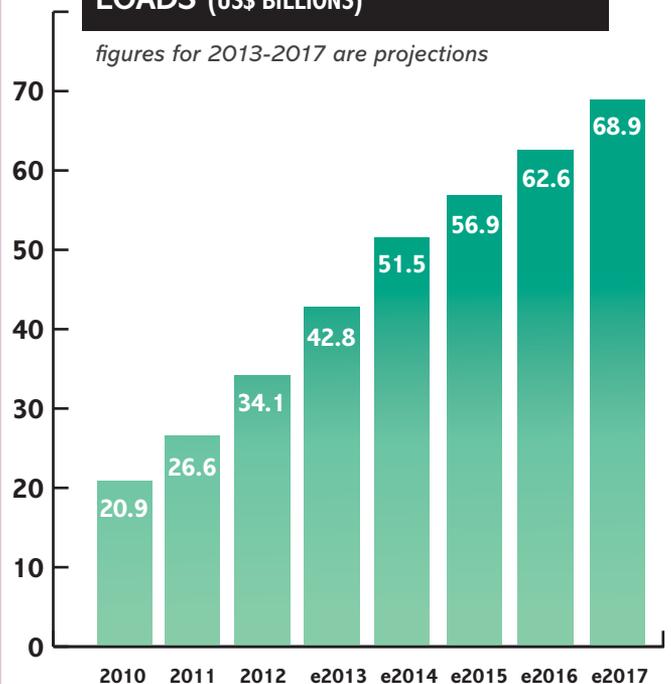
figures for 2013-2017 are projections



SOURCE: Aite Group, "U.S. Payroll Card Programs: Paving the Path for New Revenue" (2013).

U.S. PAYROLL CARD LOADS (US\$ BILLIONS)

figures for 2013-2017 are projections



SOURCE: Aite Group, "U.S. Payroll Card Programs: Paving the Path for New Revenue" (2013).

WHAT EMPLOYERS SHOULD CONSIDER

Among the most important factors to consider for a company evaluating a payroll card program are:

MAJOR NETWORK ACCESS

Cards with payment network branding are widely accepted and have enhanced security features. Major network access also enables cardholders to pay bills electronically—a key benefit for employees who previously had to pay bills via cash or money orders—and typically offers cardholders no-fee cash withdrawals at member banks.

50-STATE COMPLIANCE

Wage laws vary drastically from state to state, so it's incumbent upon employers to ensure their programs are in compliance with laws and regulations in all states in which their cards could conceivably be issued. Top payroll card programs feature multistate regulatory compliance and offer employers inquiry, risk mitigation and indemnification support.

FREE ACCESS TO WAGES

Employees are legally required to be able to access their wages at no cost. Free ATM withdrawals alone aren't considered sufficient because ATMs can't provide cash "to the penny." Instead, many payroll card programs offer free to-the-penny cash withdrawals through branch or retail networks.

COSTS AND FEES

Payroll card setup costs for employers tend to be low—limited to card production and distribution and integration. Many providers offer free setup. However, it's important to consider whether cardholder fees are offsetting the low cost for employers. A card with high or many fees could deter employees from enrolling.

MARKETING AND EMPLOYEE OUTREACH

Some companies offer on-site corporate trainers, dedicated Websites and ongoing marketing support. Customer service, including bilingual telephone and Web assistance, also is vital to cardholder retention.

Payroll cards =
\$119 billion
 global opportunity
\$68.9 billion
 in the U.S. alone.

SOURCES: MasterCard-commissioned research & Aite Group data



INSTANT ISSUE

Many leading payroll programs offer an instant-issue card, a non-personalized card that the employer can provide an employee and load funds onto instantly. The employee activates the card online or over the phone. Instant-issue cards are useful for newly hired employees whose permanent card won't be produced in time for his or her first pay cycle. Terminated employees can also be given an instant-issue card for immediate payment of owed wages upon termination.

THE GREENER CHOICE

Eliminating paper payroll checks saves money—and trees. Walmart's Paybefore Award-winning payroll card program alone helps save up to 250,000 pounds of paper each year, according to the company.



Madeline K. Aufseeser, senior analyst, Aite Group, contributed to this analysis of payroll cards. 