



## How Visa Prepaid Cards are being used to Streamline Government Payments in the District of Columbia



Since implementing Prepaid cards in 2014 to make disbursements to its citizens, the Finance and Treasury Office of the District of Columbia (Washington, D.C.) has seen the number of paper checks decline and the volume of Prepaid cards continually grow. In 2018, 35,000 new Prepaid cards were distributed with over \$100 Million loaded on to these cards.

With approximately 700,000 residents to serve, the District of Columbia Finance and Treasury Office makes a significant number of payments each month. It is vital that they do this in the most efficient and cost-effective way, making the best use of public money, while also ensuring that the recipients can quickly and easily access their funds

Direct Deposit is the easiest and preferred method of payment for many recipients, but for those recipients who don't have a bank account, or do not want to be paid in this way, other options exist. For these constituents, Visa Prepaid cards, issued by U.S. Bank\* on behalf of the Finance and Treasury Office, provide a quick, safe and cost-efficient electronic payment option. Waiting for the check to arrive in the mail and then paying to cash it is no longer the only option "unbanked or underbanked" constituents have in the District of Columbia.

### Distributing a wide variety of payments through Visa Prepaid

The District of Columbia has found that the Visa-branded U.S. Bank Prepaid Card programs provide the perfect solution for making electronic payments, to not only its "unbanked or underbanked" constituents, but also to those who prefer an alternative to direct deposit. In fact, the District of Columbia Finance and Treasury Office manages over 16 payment distribution programs that include a Visa Prepaid card as an option.

Here are three of the most popular:

- **Unemployment Benefit Program:** Ensuring residents receive the benefits they need for everyday living on time, as they strive to get back to employment. Over 17,000 new Prepaid cards and \$38 million were distributed through Visa Prepaid in 2018.
- **Summer Youth Employment Program:** With many students who partake in this annual program not having access to a bank account, Visa Prepaid provides them a safe and secure way of being paid for their hard work. Over 11,000 students were paid this way in 2018, with for many the Prepaid card being their first introduction to banking and electronic payments.
- **Child and Family Services Agency Program:** Those carrying out the vitally important task of providing Foster Care, or looking after the older, more vulnerable residents of the District of Columbia, need quick and easy access to the financial support they are entitled to. Over 2,000 Visa Prepaid cards are being actively used, with over \$30 million distributed to these caregivers through these cards in 2018.

\*U.S. Bank Prepaid Cards are issued by U.S. Bank National Association pursuant to a license from Visa U.S.A Inc. Member FDIC.





35,000

Prepaid cards distributed  
in 2018

US \$100 Million  
loaded on to cards

"For our residents that don't have bank accounts, receiving payments through a Prepaid card allows them to receive their funds on time, access them when and how they want to and keep track of the money they have."

*Ingrid Richards, Financial Analyst,  
District of Columbia*

## How could your business benefit from Visa Prepaid?

Visa Prepaid offers innovative solutions to address new opportunities, help meet customers' needs more effectively, and capture incremental spend and revenues. To find out how your business could benefit, please contact your Visa Representative.

## Easy to load, use and track

The Visa-branded U.S. Bank Prepaid Cards provide recipients with the services they need to manage their money, regardless of the reason the card has been provided:

- **Loading:** It's easy for funds to be directly deposited by the District of Columbia onto the card, either on an ongoing basis or as a one-off payment.
- **Using:** The card can be used anywhere Visa Debit cards are accepted; purchases can be made in stores, over the phone and online. It can also be used to pay bills and get cash.
- **Tracking:** Cardholders can track their funds through the U.S. Bank Mobile App, website, over the phone, or through text/e-mail alerts; the latter when funds have been deposited or when the Prepaid card balance is getting low.

Research conducted by U.S. Bank indicates that cardholders value their District of Columbia Visa Prepaid card as it provides them with electronic banking services that they would otherwise not be able to obtain.

78% are satisfied with their Visa-branded U.S. Bank Prepaid Card

75% use their card for everyday purchases and to pay their bills

74% find that the text alerts service helps them manage their money

Source: U.S. Bank/District of Columbia Cardholder Survey, 2018.

## Easier and more cost-effective for the District of Columbia

As well as improving the service they provide to their residents, using the Visa-branded U.S. Bank Prepaid Card programs significantly improve the efficiency of the Finance and Treasury Office.

The programs deliver immediate and sustainable cost savings by reducing the operational costs associated with the issuance, postage and reconciliation of checks. And together with a reduction in fraud and check reissuance costs, resulting from checks "lost" in the mail, the use of Prepaid cards to distribute government payments provides measurable savings to District of Columbia taxpayers.

## Making a real difference to people's lives

Replacing checks with an electronic form of payment, Visa Prepaid cards, also benefits the recipients. For example, knowing with certainty when their payment will arrive is critically important as many are on tight budgets. As does receiving their payment in full and not having to pay a fee to access their money when making purchases or withdrawing cash at in-network domestic ATMs and at any bank in the U.S. that is a member of the Visa network. It also allows recipients to make purchases online, something they can't do with cash.

Combine that with the fact that their funds are safe in case their card is lost or stolen\*\* and it is no surprise that customers really like receiving their money in this way.

## Potential for further growth remains

The opportunities open to the District of Columbia with the Visa-branded U.S. Bank Prepaid Card programs are yet to be fully explored, whether that be through greater penetration of existing use cases or the development of new ones.

The District of Columbia continues to offer recipients the option of receiving payments by check and some still choose to do this. So, for each of the sixteen existing Prepaid card programs that are live, the opportunity exists for higher Prepaid volumes.

And while many ways in which a Prepaid card benefits both the District of Columbia and their residents have already been identified, work is underway to assess the attractiveness of a number of new use cases for Prepaid cards; the demand for this safe, convenient and cost effective payment option shows no sign of slowing.

\*\*Visa's Zero Liability policy does not apply to certain Commercial card and anonymous Prepaid card transactions, or transactions not processed by Visa. Cardholders must use care in protecting their card and notify their issuing financial institution immediately of any unauthorized use.