



Employee Benefits & Adoption Rates for a Successful Paycard Program

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Agenda and Discussion Topics



Overview of Current Payroll Card Space



Employer and Employee Benefits



Additional Considerations of Implementing Paperless Payroll



Sample Case Study



Next Steps: An Action Plan



Key Objectives: What You'll Learn



How implementing a paycard program can bring savings to your company's bottom line



How paycards can take your company's payroll 100% paperless



Learn the process for choosing and implementing a successful paycard program



Payroll Card Overview





Global Cash Card

Payroll Card Overview



How is prepaid used today?



Consumers

- Helps consumers budget spending more effectively
- Offers a more secure, convenient, and cost-effective alternative to cash and checks
- Provides a secure access to funds
- Allows better access to funds for everyday purchases, bill payment, and receipt of deposits
- Provides access to a financial account for those who do not have/use a traditional banking account



Businesses

- Accepts electronic payments from customers who wouldn't have the ability without prepaid
- Wins new customers through rebates/loyalty programs
- Provides an efficient and cost-effective way of providing wages and healthcare benefits to employees
- Gives employees instant access to their wages vs. checks
- Provides greater reliability for the delivery of benefits



Government

- Gains efficiencies and reduces costs by transitioning to electronic payments
- Saves millions of dollars in administrative costs associated with paper-based programs such as lost or stolen check replacements, bank processing and handling fees, check fraud and check printing costs
- Provides greater reliability for the delivery of benefits



Payroll Cards – Market Awareness



Visa Payroll Card was featured as one of the most innovative new products by Business Week magazine¹



The Mayor and Treasurer of SF launches paperless pay initiative²

Over 7 ½ million prepaid cards with Direct Deposit as of 2013

¹ Business Week, 12/17/01 The Best Products of 2001: Special Report

² <http://www.currencsf.org/>

³ United States Census Bureau Supplemental Survey of Unbanked/Underbanked 2011



Cost of Paper Checks for Employees



Americans without bank accounts pay

\$8B

at check-cashing outlets, payday lenders and bill pay centers¹



Employees pay up to

3%

to cash their payroll checks with a check cashier²



Someone earning

\$26K

a year would spend approximately



\$750

in check-cashing and money order fees to pay their bills²

¹ M. Fellowes, M. Mabanta. "Banking on Wealth: America's New Retail Banking Infrastructure and Its Wealth-Building Potential." Brookings Institution. 2008. http://www.brookings.edu/~media/research/files/reports/2008/11/banking%20ofellowes/o1_banking_fellowes.pdf

² "2010 Report on Check Casher and Basic Banking Fees." Massachusetts Division of Banks. 2010. <http://www.mass.gov/ocabr/docs/checkcashreport2010.pdf>

What do Employers Have to Say About It?



Program Satisfaction

86%



Implementation Was Easier Than Expected

84%



Awareness of Payroll Card Program

78%



Currently have a payroll card program

22%

Source: Results based on an online employer survey by an independent research firm, Decision Analyst, Inc., as a commissioned agent of Visa, among business executives who make payroll decisions for their business. See appendix for details.



Reasons for Implementing a Payroll Card Program



Ease/Convenience

41% vs. **37%**

2011

2013



For the Employees

17% vs. **30%**

2011

2013



Cost Savings

17% vs. **14%**

2011

2013

"Some employees don't have or prefer not to have bank accounts."

"Easy and convenient for those who don't have bank accounts."

"Payroll cards make it easier for business to pay employees who can't or won't use direct deposit."

"It became easier for employees that don't want or have a bank account to use the card. Some prefer it over a check because they do not have to go to the bank and cash it. It's more convenient."

"We wanted to give our employees without bank accounts the opportunity to have direct deposit."

"Employees express the desire to have this option."

"Over 90% of our employees agreed to participate voluntarily."

"Request of employees due to convenience of using the card."

"Some of the employees suggested it."

"People in our job love the idea and how it works so we got this card."

"There are some employees who prefer this method."

"Employees need it."

"It was strongly requested by our employees."



Drive Cardholder Excitement and Usage

SWIPE YOUR WAY TO EXTRA PAY



Make 10 purchases with a Visa Global Cash Card from 4/1/14 – 12/31/14 and you could

WIN \$3,500, \$1,000 or \$500

NO PURCHASE OR OBLIGATION NECESSARY TO ENTER OR WIN. [CLICK HERE FOR DETAILS.](#)

VISA

SWIPE YOUR WAY TO EXTRA PAY



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VISA



Paycard Benefits





Current Payroll Card Environment



- Programs will be Visa
 - Beware, not all are branded, some are PIN networks only
 - Signature and PIN usage
 - Provides fraud protections that come standard with these brands
 - Accounts are FDIC Insured and Protected by Regulation E
 - Some states even allow mandating pay, and these cards are an accepted





Current Payroll Card Environment

Successful models include the first transaction free each pay period which can be used as follows:

- Free ATM
- Free Convenience Check Option
- Free Bank Teller Transaction
 - The convenience check and bank teller transactions meet the “pay to the penny” requirement that all states have



Does the paycard provider help train employees how to use the card correctly?

- Customer Services should work with employees and refund fees to help them learn to use the card correctly



Current Payroll Card Environment

- Other key features to be concerned about
 - Customer Service – can make or break a program.
 - Ensure it is always FREE, 24X7X365 and multi-lingual
 - Ensure it is in house and not outsourced
 - Implementation
 - Must be delivered by an experienced staff
 - Technology capabilities
 - Texting
 - Email Notification
 - Mobile Applications
 - Other associated programs
 - Online mall / discount center
 - Expense Manager





Current Payroll Card Environment

■ Fee structures

- Employees should be able to use the cards free of any fees if you utilized properly (FREE pay to the penny access)
- No start up fees or load fees for the employers
- No start up, activation, or monthly fees for the employees
 - Some programs still have these fees





Compliance

- Important items to consider
 - FDIC Insured
 - Regulation E
 - VISA Zero Liability
 - PCI Level 1 Certified
 - SSAE 16 Audited
 - Call Center CISSP Certification



Compliance

■ State Regulations

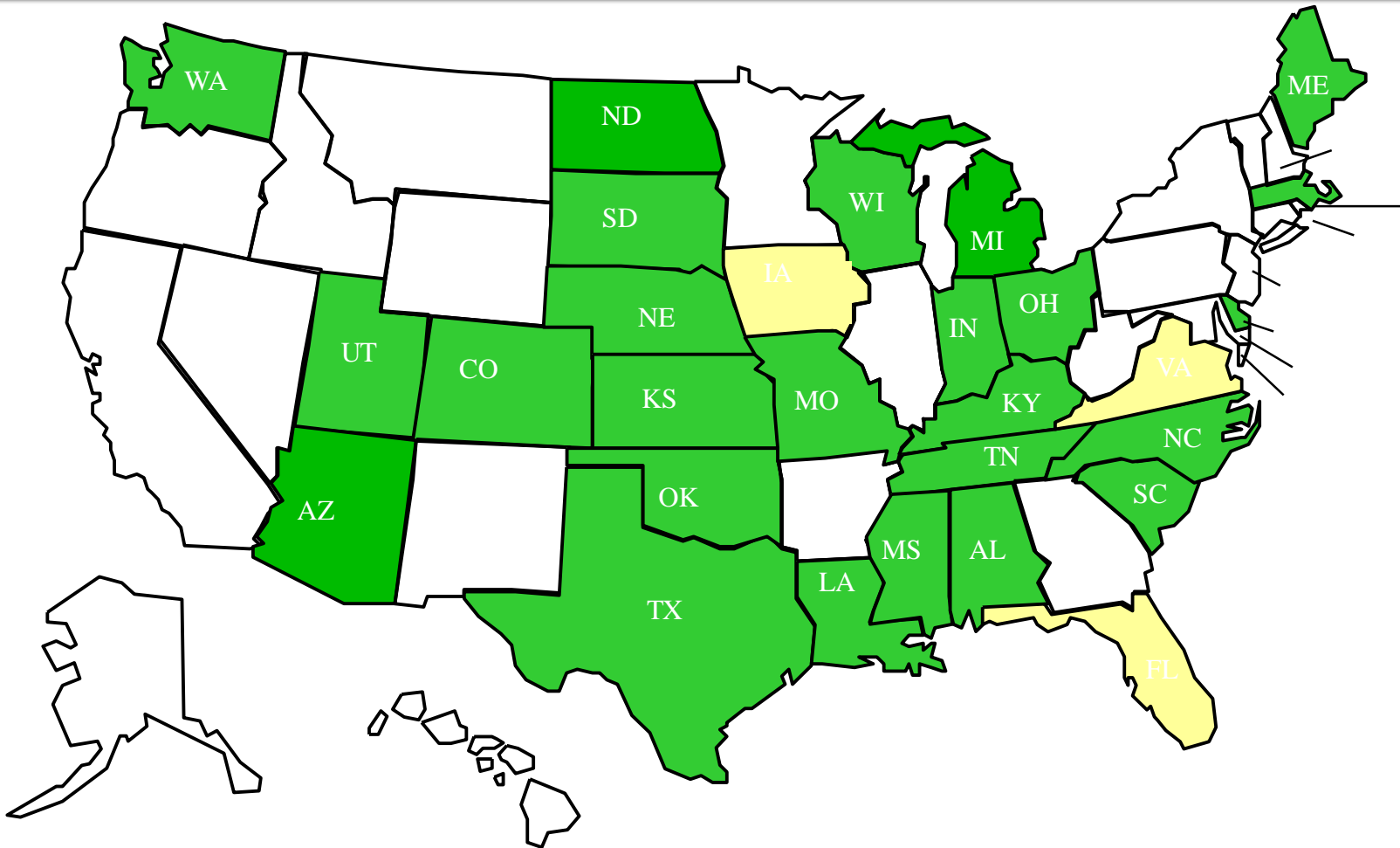
- How does the provider advise you regarding compliance?
- What advice do they provide and is it for the life of the program?
- Legal
- Professional Associations (American Payroll Association, Association of Financial Professionals, American Staffing Association, etc.)
- Quarterly Newsletter
- Monthly Tidbits



Where you can Mandate Paperless Pay

- Alabama
- Arizona
- Colorado
- Delaware
- Indiana
- Kansas
- Kentucky
- Louisiana
- Maine
- Massachusetts
- Michigan
- Mississippi
- Missouri
- Nebraska
- North Carolina
- North Dakota
- Ohio
- Oklahoma
- South Carolina
- South Dakota
- Tennessee
- Texas
- Utah
- Washington
- Wisconsin

- “Green” states permit Paperless Pay
- “Yellow” states with restrictive Paperless Pay
- “White” states require voluntary participation



*The laws or enforcement positions in the “Green” states can be interpreted as allowing paperless pay through direct deposit and payroll cards



State Regulations in “Yellow” States

- Florida – Choice of paycard or direct deposit can be a condition of hire for employees. However, already employed individuals receiving checks cannot be terminated for refusing to be paid electronically.
- Iowa – Employees hired on or after July 1, 2005 may be given the option of being paid on a paycard or by direct deposit.
- Virginia – Employees hired after January 1, 2010 may be given the option of being paid on a payroll card or by direct deposit.



Corporate Responsibility

- Initiatives
 - Reduce Paper Production/Delivery
 - Reduce Waste
 - Green Initiatives
 - Reduce Energy Consumption
 - Improve our Environment
- Eliminating the paper out of your payroll process will contribute to corporate responsibility
 - Promoting 100% direct deposit fosters corporate responsibility!





Promote Direct Deposit

- How does your disaster recovery plan impact the delivery of pay to your employees?
- Promoting direct deposit to a bank account or a paycard will ensure:
 - Employees are not at the mercy of the mail or other delivery methods when those methods are impacted by a hurricane, snow, or any inclement weather.
 - Instant funding can be done remotely (away from the impacted area) and not requiring employees to come into the office to get paid.



Food For Thought

Top 10 Considerations when evaluating a paycard provider

1. What is the cost to implement a paycard program?
2. What are the fees to the employees?
3. Is the program easy to use, both by the employer and the employee?
4. Is the program PCI level 1 & SSAE 16 Audited?
5. What is the level of customer service and is it outsourced (is the provider a reseller or a direct processor?)
6. Does the paycard provider have an effective implementation program?
7. Is the paycard provider a specialist in paycards or is it an adjunct to their primary business?
8. What level of field support does the paycard provider provide?
9. Does the paycard supplier provide state of the art technology?
10. Is a disaster recovery program built into the paycard system?



What's in it for the Unbanked Employee?

- Convenience factors
- Company obligation to minimize payroll distribution risks (uncontrollable acts)
- Purchasing power via a branded card
- Promote at least 5 ways of accessing their pay without paying a dime





Behavioral Change Initiatives

- Implement pay selection enrollment form
- Consider charging EEs for stop payments
- Where applicable, mail all paper paychecks
- If checks can't be mailed, consider changing pick-up time for payroll check distribution
- Consider one-time conversion incentive



Keys to Employee Adoption

- Promote savings account component
- Companion cards
- Competitive fee schedule
- Allow multiple EFT accounts
- Partner with ambassadors
- Utilize instant issue and signature paycards
- Make the process simple and easy (ESS)
- Consider other incentives – just ask



Marketing Efforts – Next Steps

- Employee PAYcard signage
- Employee communication plan x 3
- Frequently Asked Questions doc
- Provide locations of surcharge-free ATMs in and around business vicinity
- Consider random drawings for loaded PAYcards (\$50, \$100, \$500 increments)
- Post-implementation metric reporting – Did you get the expected results from the initial phase I rollout?



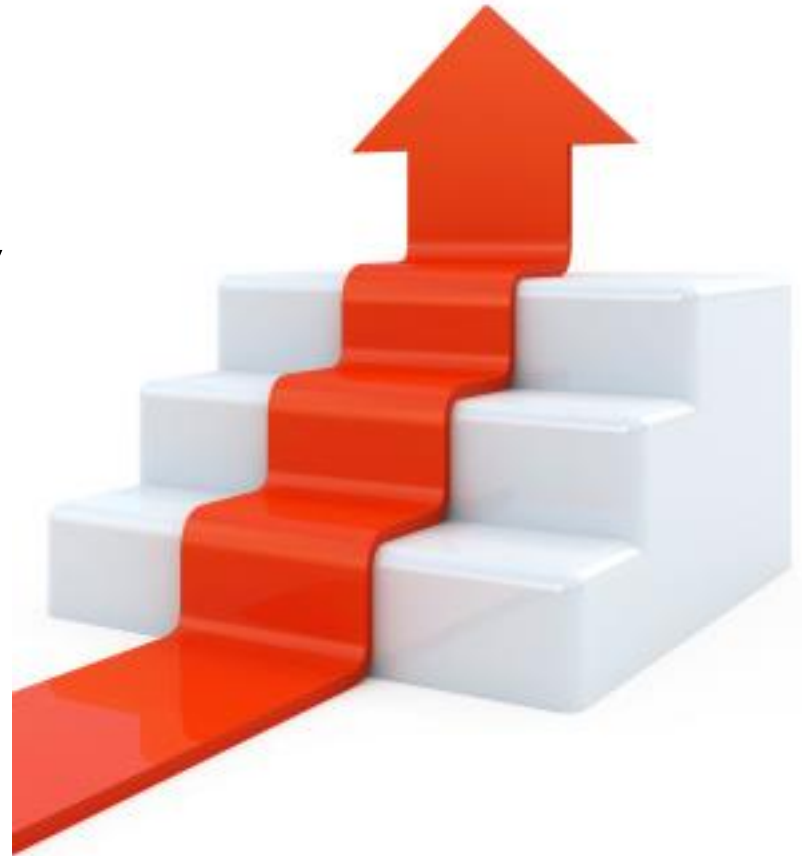
Proven Results Time Warner Cable

- Over 3,000 paycards
- 95% Electronic Payroll Participation
- Paycards utilized for CA term wage payments
- Eliminated state mandated waiting time penalties
- 30% increase in print suppression rates
- Significant component to BCP strategy
- 2012 Prism Award Winner for Overall Best Practices



Next Steps – Plan to Win

- Create a vision
- Identify pain points
- Communicate Strategy
- Prepare for Change
- Pilot Solution
- Implement Rollout
- Measure for Results
- Sustain Momentum





Key Learner Outcomes: What You've Learned



How implementing a paycard program can bring savings to your companies bottom line



How paycards can take your company's payroll 100% paperless



Learn the process for choosing and implementing a successful paycard program



Your Action Plan

Suggested “Next Steps” to use
What You’ve Learned Today:



Calculate the savings your company can realize by moving to paycards



Research your state laws regarding paycards



Schedule a demo with Global Cash Card to learn more about our paycard solution



What Will You Do Within Your Own Organization?



Q&A