

Supplemental Principles for Payroll Cards

Consumers Union and the National Consumer Law Center worked with the American Payroll Association and Electronic Payment Coalition to develop 10 jointly agreed-upon [core principles](#) for payroll cards. Those joint principles represent serious progress toward ensuring employees receive important consumer protections when they are paid using a payroll card. However, the groups did not reach agreement on certain other essential issues for consumers, such as the issue of employee consent before enrollment in a payroll card program and the number of no-fee ATM withdrawals which should be made available to an employee for each per deposit. *Consumers Union and the National Consumer Law Center recommend the following additional protections for payroll cards:*

1. **Employees must not be signed up for a payroll card without their knowledge or without their consent.** Except in emergency circumstances, such as a regional disaster, employees should be paid via payroll card only if they have affirmatively signed up for this method of pay delivery. Consent to a payroll card program must not be a condition of hire or of continued employment. The alternative should be payment by check or direct deposit into an employee's pre-existing bank account.
2. **Employees must be informed about the terms and conditions of the payroll card program, with clear and conspicuous disclosures** providing information on all methods to withdraw funds without cost. Employees should be given a printable wallet-sized card listing all fees. The card should also include the customer service phone number and web address to access account information.
3. **Employees must be permitted to withdraw funds without a fee from an ATM in the network offered by the card issuer at least twice a week.** The network must have ATMs within a reasonable geographical distance from the employee's place of employment.
4. **If charged, the following fees undermine the principle of providing employees access to the full amount of their wages:** initiation, loading and participation fees; account maintenance fees; inactivity or dormancy fees; low balance and declined transaction fees; and fees to obtain a refund by check to close out the card. All of these fees should be prohibited.

5. **Payroll cards should not be linked to any lines of credit.** Overdrafts should be prohibited, to the extent technologically possible. Fees for overdraft, shortage, cash advance, and payday loans should be prohibited.
6. **Fees to access balance or other account information online, at ATMs, by Interactive Voice Response (IVR), or through any other automated system should be prohibited** and cardholders should be provided at least three free telephone calls to a live customer service representative per pay period.
7. **Cardholders should be able to enroll easily in a plan providing monthly paper statements, at no cost to the employee, by making a one-time request at any time.** This option must be clearly disclosed to cardholders at enrollment and on the issuer's website. Transaction information should be available online for transactions in at least the previous 12 months.
8. **Cardholders who have not chosen to receive regular paper statements should be provided a paper record of any transactions in the previous 24 months, upon request.** Cardholders who have not signed up for periodic paper or electronic statements and have not accessed their electronic transaction history in the previous 12 months must be mailed notice once a year with the current balance of their account and their right to obtain ad hoc or regular annual or periodic statements.
9. **When employers offer payment on a payroll card or via direct deposit under Joint Principle #6, employers should offer direct deposit to a bank account of the employee's choosing as the first option.** Employees must have the right to receive a paper check if they so request.
10. **A payroll card must not be used for final pay when the employee has not been enrolled in the payroll card program prior to that time.**

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These principles are intended to be used in conjunction with the joint principles on which the stakeholders did reach agreement. To read the joint principles, [click here](#).