

Fees Dropping On State Prepaid Cards for Unemployed Workers

FOR IMMEDIATE RELEASE: JULY 26, 2017 (updated Aug. 15, 2017)

Contacts: Lauren Saunders lisaunders@nclc.org || Jan Kruse jkruse@nclc.org, 617-542-8010

Fees Dropping On State Prepaid Cards for Unemployed Workers

WASHINGTON □ More and more states are offering low-fee prepaid cards as a way of paying unemployment compensation benefits, according to a new report by Prosperity Now done in conjunction with the National Consumer Law Center (NCLC). Out of the 45 unemployment prepaid cards currently offered (44 states and the District of Columbia (DC)), the 2017 Prosperity Now Scorecard rates 35 cards (34 states plus DC) as offering “strong” or “very strong” unemployment prepaid cards, compared to 26 cards in 2016 and 18 cards in NCLC’s last comprehensive report in 2013. The number of “very strong” cards has gone up from three in 2013 to 11 in the current Scorecard.

“Unemployed workers need every penny. Prosperity Now’s new Scorecard shows that states are continuing to improve the prepaid cards used to pay unemployment benefits to workers who do not have bank accounts,” said Lauren Saunders, associate director at the National Consumer Law Center.

The *Prosperity Now Scorecard* assesses how residents in states, counties and cities across the nation are faring when it comes to their financial health, as well as on state-level policies that could be enacted to put all U.S. households on stronger financial footing. The measures span five distinct issue areas, including Financial Assets & Income, with several components within each area, including whether states provide unemployment benefits via a prepaid card with low and straightforward fees.

The latest *Scorecard* found fees on state unemployment prepaid cards have dropped in recent years by a number of measures:

- Only 6 of the 45 cards now charge any fees for withdrawing cash at an ATM in the card’s network; 18 did do in 2013, though usually after some free transactions.
- Only 10 cards now charge any fees for balance inquiries at ATMs, compared to 22 in 2013.
- Customer service fees are especially rare: only 7 cards now charge those fees (usually after some free calls); 19 did so in 2013.
- Only 8 cards charge for denied transactions, down from 21 in 2013

Eleven cards received the Scorecard’s top “very strong” ranking: Alaska (Key Bank); Arizona, California, Iowa, Maryland, New Jersey (all five issued by Bank of America); and Colorado, Oregon, Pennsylvania, Utah and Wisconsin (U.S. Bank). To be rated as “very strong,” a card must have:

- Unlimited free withdrawals at network ATMs and some free withdrawals out of network;
- No fees for ATM balance inquiries, in or out-of-network
- Unlimited free withdrawals at bank tellers
- No fees for calls to customer service, whether live or automated
- No fees for requesting an occasional transaction history
- No fees at the point-of-service
- No denied transaction fees
- No inactivity fees, or several months before

“Eliminating ATM withdrawal fees is especially important,” said Saunders. **“While every card has an option for cashing out each payment to the penny at a bank teller window, in reality, workers, like everyone else, use ATMs to get cash, which are much more convenient.”**

Twenty-four cards were rated as “strong” and seven as “neutral.” Only three cards got the bottom “weak” rating: Connecticut (Chase), Indiana (Xerox and PNC Bank) and Missouri (Central Bank). Those cards had multiple fees, including for ATM withdrawals, teller withdrawals, ATM balance inquiries, customer service, denied transactions and inactivity.

“States can be role models for the broader prepaid card market,” Saunders noted. **“We are pleased to see an increasing number of states step up to that challenge and hope that more will follow.”**

###

Since 1969, the nonprofit National Consumer Law Center® (NCLC®) has used its expertise in consumer law and energy policy to work for consumer justice and economic security for low-income and other disadvantaged people, including older adults, in the United States. NCLC’s expertise includes policy analysis and advocacy; consumer law and energy publications; litigation; expert witness services, and training and advice for advocates. NCLC works with nonprofit and legal services organizations, private attorneys, policymakers, and federal and state government and courts across the nation to stop exploitive practices, help financially stressed families build and retain wealth, and advance economic fairness.