

UNDERSTANDING THE NEED FOR AND THE ADVANTAGES OF PAYCARDS



In 2012, **\$34 billion** in gross dollar volume was loaded on 4.6 million active payroll cards, according to Aite Group, a financial services consulting firm. The firm expects gross dollar volume for loads to grow to **\$68.9 billion** and active payroll cards to reach 10.8 million by 2017.

WHY THE INCREASE IN USAGE?

There are a rising number of people without traditional checking accounts, limiting the option of direct deposit into a bank account or requiring employers to issue paper checks.

The Underbanked

68 Million consumers in the U.S. are considered underbanked and live their financial lives mainly in a "cash" economy.

The Unbanked

8.2 percent of US households are unbanked. This represents 1 in 12 households in the nation, or nearly 10 million people in total.



More than 30 percent of these households have an annual family income of \$25,000 or less. Unbanked and Underbanked workers can be found in all industry segments. The greatest concentration can be found in industries such as construction, staffing, hospitality and franchise businesses.

WHY ARE PAYROLL CARDS BETTER THAN CASH OR CHECKS?



While many underbanked employees are accustomed to a financial life revolving around cash, the fact remains that using cash is expensive and can be risky.

For employees:

- Unbanked employees earning \$26,000 a year spend approximately \$750 in check-cashing and money order fees to pay their bills, or about 2.8 percent of their annual earnings.
- Payroll cardholders are protected against lost or stolen cards and unauthorized transactions, and have the freedom to conduct online commerce and biller-direct pay options.
- Cardholders have easy, safe access to their wages – without fee or discount – and without having to carry all of it in cash.

For employers:

- Each electronic payroll payment is less expensive than a paper check payment by \$2.50.
- 100 percent electronic.

