

The only newsletter dedicated to helping payroll professionals make the most out of paycards

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IN THIS ISSUE

BROOK THOMAS SELECTED AS WINNER OF VISA® PREPAID TAX SWEEPSTAKES

BEST PRACTICES FOR WORLD-CLASS PAYCARD PROGRAM

THE CFPB'S BULLETIN ON PAYROLL CARDS

EMPLOYEE SPOTLIGHT: MARCO REYNA

GLOBAL CASH CARD CARDHOLDER BROOKE THOMAS SELECTED AS THE WINNER OF A YEAR'S WORTH OF GROCERIES IN VISA® PREPAID TAX SWEEPSTAKES!

Brooke Thomas could not believe her luck when Global Cash Card called her out of the blue to tell her that she had won \$12,000, in fact, she thought that she was "being punked." Ms. Thomas was selected out of thousands of prepaid cardholders as the grand prize winner of the Visa Prepaid 2013 Tax Sweepstakes and received an entire year's worth of groceries in the form of \$12,000! Ms. Thomas was entered into the Visa Sweepstakes simply by loading her tax refund onto her Global Cash Card Visa prepaid card. She received her Global Cash Card Visa card as an employee of the Metro Atlanta YMCA.

On Friday November 8th, 2013, Katie Carstens, Vice President of Human Resources of the Metro Atlanta YMCA, Melanie Carter, Manager of Field support for Global Cash Card, and Patrick Williams of Visa, all gathered to congratulate Ms. Thomas and present her award. Ms. Thomas was

overjoyed at the generosity of a year's worth of groceries and said, "This came at the perfect time! When I first heard the news, I was sure I was being punked!"

"There are many benefits to using a Global Cash Card Paycard, but this is an unexpected one for Brooke," says Katie Carstens, YMCA of Metro Atlanta Vice President of Human Resources. "As an employer,

we appreciate the ease and security of a card like this. Employees benefit by having the use of a card. We are thrilled Brooke is receiving an additional benefit so close to the holidays."

Global Cash Card congratulates Brooke and encourages all of our cardholders to make sure that they have their tax refunds put onto their Global Cash Card. ■



BEST PRACTICES IN SUSTAINING A WORLD-CLASS PAYCARD PROGRAM



BY DR. MARTIN ARMSTRONG
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SENIOR DIRECTOR OF PAYROLL
SHARED SERVICES, TIME WARNER CABLE

Most experienced business leaders will admit that it is much easier, cheaper, and effective to retain existing customers than it is to acquire new ones. A customer's loyalty is directly related to a combination of perceived level of excellent customer service, product quality, benefits of the product, and costs to maintain the product itself. Apple, Toyota, Amazon, and Southwest Airlines are excellent examples of companies with loyal customer bases.

How does this relate to a World-Class Paycard Program? From an employer's perspective, the perfect Paycard could be defined as one that transitions the highest number of unbanked employees to receiving their pay and related pay statement electronically. Just like most product offerings, a World-Class Paycard Program should offer excellent 24 x 7 customer service, great features and functionality for its cardholders, and a fee structure that provides a competitive advantage for employees and employers.

If you have a market-leading Paycard Program that is coupled with effective marketing and promotional efforts, you have a high probability of getting both

unbanked and banked employees to take your Paycard offering for a test drive. Obtaining cardholders isn't your challenge, retaining cardholders is.

If you are serious about retaining cardholders as loyal electronically paid employees, employers must create an environment where cardholders think more than twice about transitioning back to receiving a paper paycheck. To sustain a World-Class Paycard Program, employers should incorporate what I refer to as the EAP model; making the Enrollment process simple and easy for employees, ensuring that the Administration process is simple and easy for employers, and Promoting the most innovative features of a Paycard to employees.

Enrolling Employees

After your effective marketing and promotional efforts have been deployed, it's time to strike the iron while it's still hot - there should be little time between employee excitement and employee enrollment! A best practice in this regard is to automate your employee enrollment process whereby employees can ideally log onto your company intranet and immediately request a Paycard in three (3) clicks or less. An Employee Self-Service function is the best option for this, as employees can request a Paycard without human intervention.

Your intranet should also have a dedicated Paycard portal page that contains a



Frequently Asked Questions document, a link to the surcharge-free ATMs for your Paycard program, and ways in which your Paycard can be utilized for free as nobody likes to pay to use their own money!

If an intranet page is not possible, you can utilize a manual enrollment process by physically distributing an enrollment kit (an envelope that contains a Paycard, fee schedule, legal documentation, a FAQ document, and Customer Service contact information). This distribution should take place at new hire orientation or at any time by a designated HR or Payroll representative, as applicable.

Administration Process that is Simple & Easy

After an employee requests a Paycard online (in three clicks or less), the employer should consider adopting the following or similar process:

- Run a daily report each morning to determine who has requested a Paycard the day before using your Employee Self-Service functionality

- Immediately mail Paycards to employees who requested a card online; the Paycards would come from an onsite inventory of non-personalized branded cards (Visa, Mastercard, Discover)
- Transmit an employer enrollment file to your Paycard provider so that they know which Paycards you have issued and to whom
- Once your employee receives their non-personalized Paycard in the mail and activates it, have your Paycard provider mail a personalized Paycard to the employee within 3 – 5 business days
- Request that your Paycard provider send you a report of which employees have activated their non-personalized card. Upon receipt of this notification, the employer should establish the non-personalized Paycard account as a direct deposit in its payroll system
- The employee is paid their net pay via their non-personalized Paycard on the next payroll

- After receiving their personalized Paycard via mail, your employee should activate their personalized Paycard and keep the non-personalized card as a back-up card in case their personalized card is lost or stolen
- Their personalized card will immediately become their primary Paycard and their funds will automatically be transferred without the employer changing anything in its system

It is also a best practice to establish a process where employees can be paid immediately by having an onsite inventory of cards at designated locations. This is most convenient if you are in a state that requires employees to be paid immediately based on the type of termination. Ensure that your Paycard provider has a simple and easy automated process for managing voided payments, payroll adjustments, and other pay issuances to the extent that employees can be given a Paycard on the spot, and the card can be instantly funded via the Paycard provider's website.

unique discovery or finding; innovation is making an existing product useful for other people. What good is a Paycard product if it doesn't have features that are useful to its cardholders?

The perfect Paycard provides cardholders with innovative features that can be used anytime and on any device – especially mobile devices. Integrating a perfect Paycard with today's mobile workforce is not just a convenience, but a necessity.

features of your perfect Paycard are accessible via your smart phone or web-enabled device. Does your Paycard have Mobile Bill Pay? Does it provide real-time account information on demand? Does it provide the cardholder the opportunity to view their balance, transaction history, pay statements, and locate an ATM?

In many ways, today's Paycards are arguably more functional than a traditional debit card. The key to sustaining a World-Class Paycard program is to make the process of Enrolling, Administering, and Promoting innovative features that are simple and easy for employees and employers. How do you know when you have a second to none program? When you can attract new cardholders with great customer service, product quality, and minimal costs that will keep them electronically paid from new hire to retirement. ■

According to mobiThinking.com, there are 313.9 million people in the United States and there are 345.2 million corresponding mobile subscribers (mobile subscribers refer to the number of SIM cards used and not the number of people using a mobile device). This means that 110% of the U.S. population uses a mobile device.

To this end, you should insist that the innovative

Promote Innovative Paycard Features to Employees

When companies innovate, they create competitive advantages and product differentiation between themselves and their competitors. People often confuse "invention" with "innovation". Invention is a



BY CATHY BEYDA
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PAUL HASTINGS, JANOSFSKY & WALKER LLP

A recent Bulletin issued by the Consumer Financial Protection Bureau (CFPB) has caused many employers to question whether they can still offer purely electronic wage payment programs. The answer to this question is yes, provided state law does not require employer-issued paper paychecks

THE CFPB'S BULLETIN ON PAYROLL CARDS A WELCOMED REMINDER OF EXISTING OBLIGATIONS

and employers who offer payroll cards also offer their employees at least one other payment option. Of course, employers who use payroll cards (or any other payment method for that matter) must continue to comply with all statutory and regularly requirements regarding this payment method, as well as all requirements relating to wage payment generally.

The CFPB Bulletin

On September 12, 2013, the CFPB issued a Bulletin on payroll cards. The stated

purpose of the Bulletin was to remind the public that payroll card accounts are subject to the Electronic Fund Transfer Act (EFTA) and its implementing regulation, Regulation E. The Bulletin states nothing new. Payroll cards have been covered by Regulation E since 2006.

Regulation E

Regulation E provides a number of important protections to consumers who use electronic funds transfer (EFT) services, including direct deposit and

payroll cards. For example, Regulation E limits the liability of consumers for unauthorized EFTs into their accounts. It also requires financial institutions to clearly disclose all of the terms, conditions and fees associated with an EFT service, and to offer dispute resolution procedures and access to account histories. While most of the Regulation E requirements fall on the financial institution that issues the payroll card, one provision of Regulation E is broad enough to apply to employers. That provision

is known as the compulsory use provision.

The Compulsory Use Provision

Regulation E's compulsory use provision states that no "financial institution or other person" can mandate that an employee receive direct deposit into an account at a particular financial institution. In 2006, Regulation E was amended to apply to payroll cards. Because the employer generally selects the financial institution that issues the payroll card, Regulation E prohibits employers from mandating that their employees

receive wages on a payroll card without providing at least one other payment option. Regulation E does not prohibit employers from offering employees the choice between direct deposit to an account of their choosing and payroll cards. In fact, the Director of the CFPB, Richard Cordray, stated in a letter issued on the same day as the CFPB's Bulletin that:

Regulation E does not require that employers offer employees the option of receiving wages via a paper check. Permissible alternative wage

payment method(s) are governed by state law, but may include direct deposit to an account of the employee's choosing, a paper check, cash, or other evidence of indebtedness.

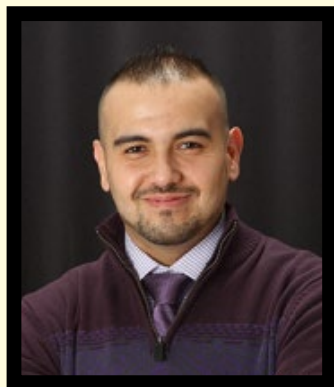
Bottom Line

An employer's obligation under Regulation E is simply to ensure that employees who receive their wages electronically are allowed to designate the financial institution that will receive their wages. This means that employees should never be required to receive

their wages on a particular payroll card, but must always be given at least one other payment option. In approximately half the states, the other payment option may be traditional direct deposit to an account of the employee's choosing. In other states, a paper paycheck is required. Recent media accounts suggest that some employers may not be aware of their obligations under Regulation E. Thus, rather than being a cause for concern, the CFPB's Bulletin should be viewed as a welcomed reminder of existing wage payment requirements. ■

EMPLOYEE SPOTLIGHT

Meet Marco Reyna,
Fraud/Risk Supervisor



Marco is responsible for managing the dispute and fraud departments at Global Cash Card. His team constantly monitors fraudulent activities on cardholder accounts as well as assists cardholders in the dispute process. Marco is responsible for enforcing the latest compliance standards, as well as ensuring a positive experience for all Global Cash Card cardholders. Marco was instrumental in the transition of the dispute department into a 24/7 operation. The transition allows cardholders to reach a member of the dispute department day or night, ensuring complete access to help at any time.

Marco joined Global Cash Card in 2009 as a customer service representative, but has been a key member of many different departments through the years. Since 2009, Marco has been a dedicated team member of the dispute department, training department, and hiring departments. In addition to his dedication at Global Cash Card, Marco has proven his dedication to a healthy lifestyle by losing over 90 pounds since 2009. ■



Disclaimer

The information provided in this newsletter should not be relied upon as legal advice or as a definitive statement of the law in any jurisdiction. For such advice, the reader should consult legal counsel.

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