

PREPAID = EASILY PAID

Prepaid cards are probably the most flexible form of payment. Not only can they be used for a huge variety of payments, but they offer unrivalled consumer sales and marketing benefits. Here we give a brief background on prepaid cards, and focus on how they can be used successfully by sales promotion companies.

By Jay Hershman,
EMEA Sales Manager,
Citi Prepaid Services

Organisations make payments in many ways – by credit transfer, online banking, cheque, cash and payment card. Plastic cards have long been our flexible friends, but one type in particular – the prepaid card – is gaining in popularity among various public and private sector organisations. Prepaid cards can be used to pay refunds, rewards and compensation to customers; expenses and sales commission to staff; and benefits to claimants.

Prepaid cards have been a success story in the US for some years. Now they are catching on in other countries. Their benefits? They are faster, more dependable, more secure and cheaper than many other methods of payment, especially cheques. From a sales and marketing point of view, they are a great way to make incentive payments to customers and sales staff.

Prepaid Cards: The Essential Characteristics

A prepaid card is a payment card issued by a bank and loaded with a specific value on behalf of a paying organisation, to a payee. The payee can withdraw cash or pay for purchases up to the value loaded. The paying organisation can be any private company or public sector organisation. Like a debit or credit card, withdrawals and payments are made using standard card technology, are typically Visa or Maestro branded and may be chip-and-pin enabled.

Once the money has been spent, the card is thrown away or reloaded. The value is stored on a remote server, not on the card itself, so if the card is lost the value is not, unless the card is used fraudulently.

Citi Prepaid Services began offering prepaid programmes to private and public sector organisations in the EMEA (Europe, Middle East, Africa) region in 2008, allowing these organisations to make payments to payees



(consumers, beneficiaries) through prepaid cards as an alternative to other types of cards, electronic transfers or cheques.

Through Citi Prepaid Services, any type of payment can be made, such as consumer rewards and refunds, sales agents commissions, social security benefits, staff expenses, customer incentives and compensation.

In the EMEA region, Citi issues Visa prepaid cards, which can be fully customised with the organisation's name and logo, and the recipient's name. Cardholders simply use their cards as they would any other type of plastic – to make purchases in a shop, over the phone or online; to withdraw cash from ATMs; or to obtain cash from a bank branch.

Prepaid Cards for Promotional Marketing:

An innovative, cost-effective payment solution

Promotional marketing agencies have found prepaid cards very useful in a number of ways. The Visa prepaid card, provided through Citi Prepaid Services and branded with the name of the company supplying the promoted goods or services, is not only an effective payment tool, but also a valuable method of communication.

The benefits of prepaid cards for a promotional marketing activity are several. Prepaid cards provide a competitive edge in a consumer promotions market that is crowded and highly competitive. Branded prepaid cards are still relatively new in the EMEA region, so they add an element of excitement for consumers who receive one. The branding ensures there is no question in the minds of consumers where the reward has come from,

and why; it clearly promotes the company providing the financial reward, as opposed to promoting the third-party providers of rewards paid in the form of holidays or vouchers.

Communicating with consumers is easy and proves effective in brand reinforcement. Cards can be posted to cardholders in branded envelopes, and there can be a branded cardholder website, both with messaging that is integrated with the sales and marketing campaign. The cardholder website contains highly visible links to the company's online store, which makes consumers more likely to spend their rewards with the company. An enquiry facility on the website cuts down on the number of consumer telephone enquiries relating to the reward. And finally, prepaid cards require far less administration than payments by cheque.

The consumer also benefits in a number of ways. Visa prepaid cards can be used around the world everywhere Visa is accepted, in shops and online. Cash-equivalent rewards are highly preferred over gifts or vouchers which limit choice and do not appeal to everyone. Reward payments by card are more visible than credit transfers into a bank account, which are often not noticed, especially if all they do is reduce an overdraft.

Receiving payment by prepaid card means there is no need to visit a bank, unlike cheques which have to be physically presented at a bank. Funds on a card are immediately accessible, whereas payments by credit transfer and cheque need time to clear. Queries can be answered 24-hours-a-day, seven-day-a-week, by a multi-lingual customer service call centre.

