

# How Are U.S. Consumers Using General Purpose Reloadable Prepaid Cards? Are They Being Used as Substitutes for Checking Accounts?

Claire Greene and Oz Shy

**Abstract:**

Owners of general purpose reloadable prepaid cards (GPR) who do not have checking accounts comprise 4.8 percent of U.S. adults, according to the 2012 Survey of Consumer Payment Choice. This report explores two important aspects of prepaid card use: Do owners of GPR prepaid cards who lack checking accounts use these cards differently than those who have checking accounts? Are these cards substituting for payment services that have traditionally been provided only via traditional checking accounts?

Holding income and demographic factors constant, U.S. consumers without checking accounts (those who are “unbanked”) are significantly more likely to own a GPR card than consumers with checking accounts (those who are “banked”). In addition, among GPR card holders a larger fraction of unbanked consumers than banked consumers receive their income directly to their GPR card.

Controlling for the number of payment instruments they adopt, unbanked consumers are not more likely than banked consumers to use a prepaid card.

**Keywords:** prepaid cards, nonbank payment services, bank-like services, Survey of Consumer Payment Choice, Diary of Consumer Payment Choice

**JEL codes:** G23

---

Claire Greene is a payments analyst in the Consumer Payments Research Center in the research department of the Federal Reserve Bank of Boston. At the time of this writing, Oz Shy was a senior economist in the Consumer Payments Research Center in the research department of the Federal Reserve Bank of Boston. Their e-mail addresses are [claire.m.greene@bos.frb.org](mailto:claire.m.greene@bos.frb.org) and [ozshy@ozshy.com](mailto:ozshy@ozshy.com). This paper, which may be revised, is available on the web site of the Federal Reserve Bank of Boston at <http://www.bostonfed.org/economic/rdr/index.htm>.

We thank Mingzhu Tai, David Zhang, and Xiaojia (Lizzy) Zhang for excellent research assistance. Suzanne Lorant, Scott Schuh, and Robert Triest provided helpful comments. The authors are responsible for any errors.

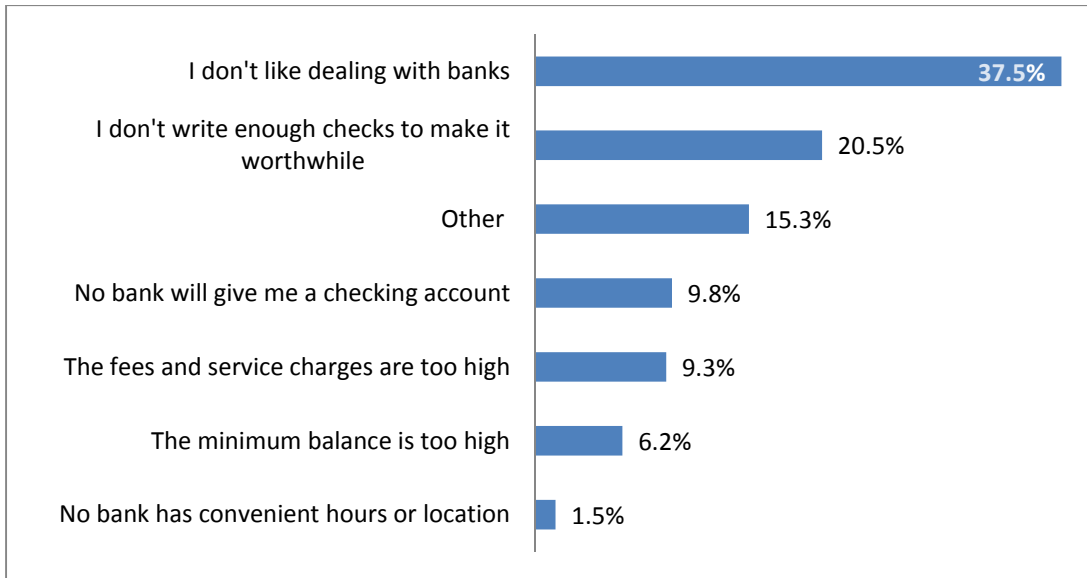
The views expressed in this paper are those of the authors and do not necessarily represent the views of the Federal Reserve Bank of Boston or the Federal Reserve System.

**This version: June 1, 2015**

## **1. Introduction**

In recent years, a growing number of consumers have chosen to use general purpose reloadable prepaid (GPR) cards that provide services previously limited to a bank checking account. These services include nationwide access to cash via ATMs, direct deposit of a paycheck, online account management, online bill payment, and a general purpose payment card bearing a major network logo. Such prepaid users include both banked consumers (for purposes of this analysis, consumers with checking accounts) and unbanked consumers (those without checking accounts) who find prepaid cards to be convenient or cost-effective.

Those who are unbanked, whether by choice or because no bank will give them a checking account, could obtain a prepaid card either from a bank or from a nonbank provider that provides access to the most needed payment functions. Some consumers choose to be unbanked simply from personal preference; in 2012, two in five who had no checking account said they “don’t like dealing with banks” (Figure 1). Others may be unable to open a checking account (15.5 percent of the unbanked in 2012). Anyone who has had excessive overdrafts or has had a savings or checking account closed by a financial institution might find it very difficult to open a new checking account. Others say checking account fees and service charges are too high (5.9 percent of the unbanked in 2012).



Source: 2012 SCPC, Federal Reserve Bank of Boston.

**Figure 1: Among the unbanked, reasons cited for not having a checking account**

In this report, we compare checking account owners with people who do not own a checking account to see to what degree people without checking accounts may be using GPR prepaid cards as a substitute for a checking account. We look at their ownership of GPR prepaid cards and then at their use of the following services, here called “bank-like services,” traditionally available via a checking account:

- **Withdrawing from an ATM.** With many prepaid cards, one can make cash withdrawals from an ATM (some cards provide free-of-charge ATM access via national ATM chains like MoneyPass and AllPoint).
- **Making deposits** (reloadability) via direct deposit of wages, salary, or government benefits, using cash or a check or via a direct transfer from a bank account.
- **Making payments** using a card with a major network logo (Visa, MC, Discover, Amex). GPR prepaid cards can be used to make purchases and payments anywhere major credit and debit cards are accepted. Some GPR prepaid cards enable owners to automate recurring payments and to pay bills via the card’s online account.

We focus on the 4.8 percent of U.S. adults who do not own a checking account and who do own a GPR prepaid card. The remainder of this report is organized as follows: Section 2 summarizes relevant research. Section 3 describes our data sources. Section 4 characterizes the ownership of GPR prepaid cards by U.S. consumers. Section 5 analyzes the use of bank-like services via GPR prepaid cards. Section 6 summarizes.

## **2. Prior research**

To examine the attitudes of prepaid card holders toward using prepaid card services versus using traditional banking services, Herbst-Murphy and Weed (2014) summarize surveys on the use of prepaid cards and report some striking results on how prepaid card users view the service as a substitute for a checking account. On page 25, they write:

More than half (53 percent) of current GPR owners agreed with the statement, ‘For your household, do you think owning a prepaid card or account is a good alternative to having a checking account?’ Only 9 percent of nonowners agreed, but younger, aware nonowners were somewhat more open to this concept. Among Millennials, 16 percent view prepaid cards as a checking alternative for themselves, as do 14 percent of Generation Xers.

Other research using account-level data provided by card processors or issuers has shown that socio-demographic characteristics significantly influence the load and debit activities and the average number and value of fees paid per month (Hayashi and Cuddy 2014). Using county characteristics, Hayashi and Cuddy find that the share of unbanked and underbanked households is positively correlated with the rate of prepaid card penetration (page 11). They also note that both account characteristics (for example, the presence or absence of direct deposit) and demographic characteristics based on zip code influence card life span, load and debit activities, and average monthly fees. The authors find a large difference in the number of debit transactions depending upon type of reloads: for cards that are reloaded “occasionally,” there were on average 2.3 debit transactions per month, while for cards that receive a “nongovernment direct deposit,” there were 21 debit transactions per month.

Similarly, researchers at the Federal Reserve Bank of Philadelphia and the Center for Financial Services Innovation found that prepaid cards, unlike checking accounts, are short-

lived products, but that cards with direct deposit remain active at least twice as long as similar cards without direct deposit and have “10 times or more purchase and other activity than other cards in the same program category” (Wilshusen et al. 2012).

Additional research relies on surveys of prepaid card funders or issuers, but not transaction-level data. For example, a survey of government offices that disburse funds via prepaid cards and issuers of government-funded prepaid cards found that, for 186 programs, 13 percent of funds overall were disbursed through prepaid cards (Board of Governors of the Federal Reserve System 2012). This survey found that prepaid cards were more commonly used in “programs with a large number of unbanked payment recipients, such as TANF” (Temporary Assistance for Needy Families).<sup>1</sup>

The evidence presented here extends this research because it puts prepaid card use in the context of bank account ownership and the use of other payment instruments. In this way, it provides a more comprehensive picture of all the instruments that are in a consumer’s wallet and the choices the consumer has available at the time of making a payment. The downside of this approach is that it provides less detail on prepaid card use than transaction-level data can provide. In addition, consumers may report inaccurately.

### **3. Data sources**

We use data from three surveys of U.S. consumers aged 18 and older: the 2012 Survey of Consumer Payment Choice (SCPC), the 2012 Diary of Consumer Payment Choice (DCPC), and the 2013 Prepaid Card Experiment (PCE). Table 1 shows characteristics of these three data sources. Figure 2 shows how the samples overlap.

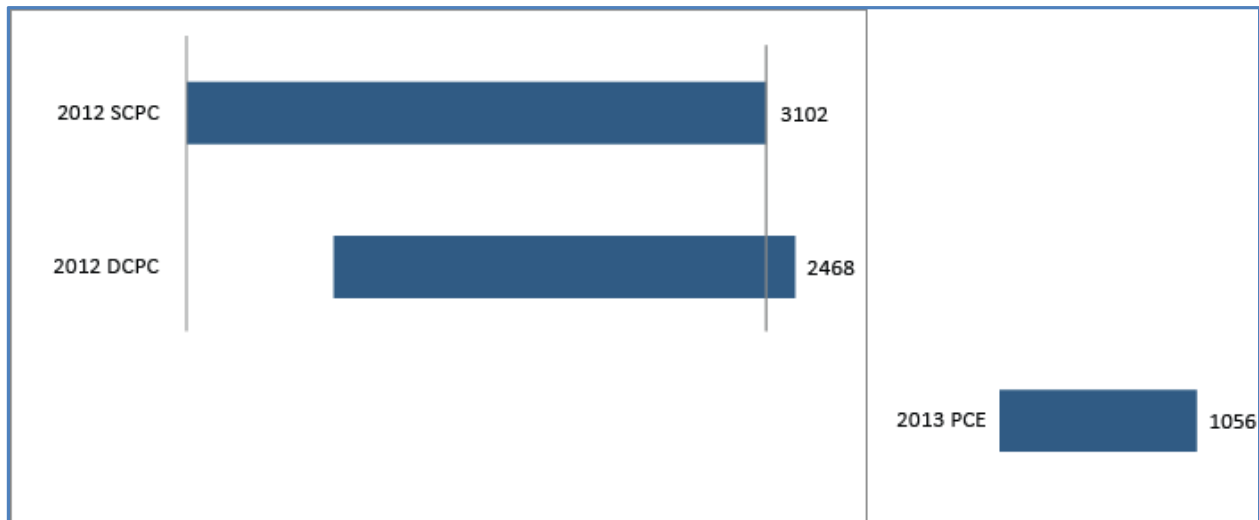
---

<sup>1</sup> Board of Governors of the Federal Reserve System. 2012. Report to the Congress on Government-Administered, General-Use Prepaid Cards (July): 4.

	2012 SCPC	2012 DCPC	2013 PCE
observations	3,102	2,468	1,056
Time period	October 2012	October 2012	August 2013
% female	51.9	51.9	51.9
% nonwhite	24.0	23.7	24.7
% some college or less	70.6	71.7	71.0
% Hispanic or Latino	17.2	17.6	19.1
% born in U.S.	91.5	91.3	91.2
% age < 35	30.1	30.5	30.2
% income < \$25,000	23.3	23.8	23.0
% married	63.1	62.4	58.9

Source: Federal Reserve Bank of Boston.<sup>2</sup>

**Table 1: GPR prepaid cards: data sources**



Note: ALP members who had never taken the SCPC or the DCPC were selected to participate in the 2013 Prepaid Card Experiment. Most respondents to the 2012 DCPC also responded to the 2012 SCPC. Source: Federal Reserve Bank of Boston.

**Figure 2: American Life Panel, sample overlap of data sources**

Data on the frequency of consumers' use of prepaid cards of all types (both GPR and other) are from the 2012 SCPC, the fifth in a series of annual studies (2008–2014) conducted by the Federal Reserve Bank of Boston (Schuh and Stavins 2014). This survey collects detailed information about the number of payments made by consumers for nine common payment

<sup>2</sup> For more information on the 2012 SCPC sample, see Marcin Hitczenko, "Estimating Population Means in the 2012 Survey of Consumer Payment Choice," which discusses differences between the SCPC longitudinal panel and the new cohort of respondents in 2012 and how those differences affect population estimates.

instruments, including prepaid cards as well as the four payment instruments associated with a checking account (checks, debit cards, online banking bill payments [OBBP], and bank account number payments [BANP]). The survey also asks consumers to assess various characteristics, such as convenience and security, of the nine payment instruments. In this data source, consumers' reported assessments, ownership, and use of prepaid cards encompass all types of prepaid cards, including both specific-purpose or specific-location cards ("closed-loop") and GPR cards ("open-loop"). There were 3,102 respondents to the 2012 SCPC (Hitzenko 2015 [forthcoming]).

Information about cash withdrawals is from the DCPC, implemented in October 2012. The DCPC collects data on the dollar value, payment instrument used, and type of expense (consumer expenditure category) of each purchase and bill payment. In the 2012 DCPC, there were 2,468 respondents who recorded their transactions over a three-day period per respondent. Respondents reported the source of their cash withdrawals, which may have included a prepaid card. The DCPC is a project of the Consumer Payments Research Center, Federal Reserve Bank of Boston; the Payment Studies Group, Federal Reserve Bank of Richmond; and the Cash Product Office of the Federal Reserve System, which is based at the Federal Reserve Bank of San Francisco (Bennett, Schuh, and Schwartz 2015 [forthcoming]).

Data about receipt of income to prepaid cards is from the PCE, a special survey that seeks to refine understanding of consumers' ownership of prepaid cards (Hitzenko and Tai 2014). The 2013 PCE was conducted by the Federal Reserve Bank of Boston in August 2013; its survey design makes it possible to isolate ownership of GPR cards from that of other types of prepaid cards. To improve understanding of consumers' responses to the SCPC—specifically, their ownership of prepaid cards, the PCE asked a series of questions about prepaid card ownership, beginning with the most general (Do you own a prepaid card?) and then expanding to more detailed questions about, first, four categories of prepaid cards and, finally, 14 categories of prepaid cards.

The 1,056 respondents to the PCE are relatively new members of the American Life Panel (ALP), selected because they had not previously responded to the SCPC or the DCPC in

any years. Therefore, they are more likely to be members of groups that were underrepresented in the ALP and are more likely to be young and nonwhite, and have low incomes.<sup>3</sup>

#### **4. Ownership of checking accounts and GPR prepaid cards**

To determine checking account ownership, the 2013 PCE asked “Do you have any checking accounts? Please report all accounts of your own and all accounts held jointly with your spouse or partner.” A relatively high proportion of survey respondents—16.5 percent—answered that they had no checking account.<sup>4</sup> As noted above, the sample for the 2013 PCE was limited to individuals who had not previously taken the SCPC. Respondents were relatively new to the RAND American Life Panel (ALP), so they were likely to be younger and have lower incomes. This may be a factor in the number of respondents to the 2013 PCE who are unbanked. For this research, however, the higher number of unbanked participants is useful for comparative purposes. (Payment instruments owned and used by the “underbanked” as defined by the FDIC are outside the scope of this report.<sup>5</sup>)

For purposes of this research, consumers who answered “yes” to whether they have a card in any of the following categories of cards are presumed to be owners of one or more GPR prepaid cards:

(1) General purpose prepaid card (has a logo from Visa, MasterCard, Discover, or American Express),

(2) Government benefit card including Direct Express; EBT, WI, SNAP, or TANF; or other federal state, or local government benefit card,

(3) Payroll card,

---

<sup>3</sup> Hitzenko 2015 (forthcoming).

<sup>4</sup> In comparison, just 7.4 percent of respondents to the 2012 SCPC reported having no checking account. Members of the 2012 SCPC sample are generally older and have higher incomes than members of the 2013 PCE sample.

<sup>5</sup> FDIC (2014) classifies as “underbanked” households that have used at least one of the following alternative financial services from nonbank providers in the last 12 months: money orders, check cashing, remittances, payday loans, refund anticipation loans, rent-to-own services, pawn shops loans, or auto title loans.



(4) NetSpend, Green Dot, or Bluebird card.<sup>6</sup>

This limited list was selected to ensure that cards included in this analysis are both accepted everywhere that network cards are accepted and also reloadable. This definition may lead to understating the ownership of GPR prepaid cards, because some other types of cards are *sometimes* accepted everywhere that network cards are accepted and also reloadable—but *not always* (Table 2 lists categories of prepaid cards included in the 2012 SCPC and the 2013 PCE).

Yes	Sometimes	No
Direct Express	Rebate card from store, merchant, or website	Gift card from a store, merchant, or website (e.g., Home Depot, Target, Starbucks, iTunes)
EBT, WIC, SNAP, or TANF	Employee incentive card (for bonus pay, awards, or recognition from your employer)	Public transportation card (subway, bus, train or ferry)
Other federal, state, or local government benefit card		Benefit card (FSA, HRA, HSA, health care, day care)
Payroll card (for wages or salary)		Location specific card (for spending in shopping malls or university campus)
NetSpend, Green Dot, Bluebird		Phone card
Other general purpose prepaid card (has a logo from Visa, MasterCard, Discover, or American Express)		Remittance card (for sending money overseas)

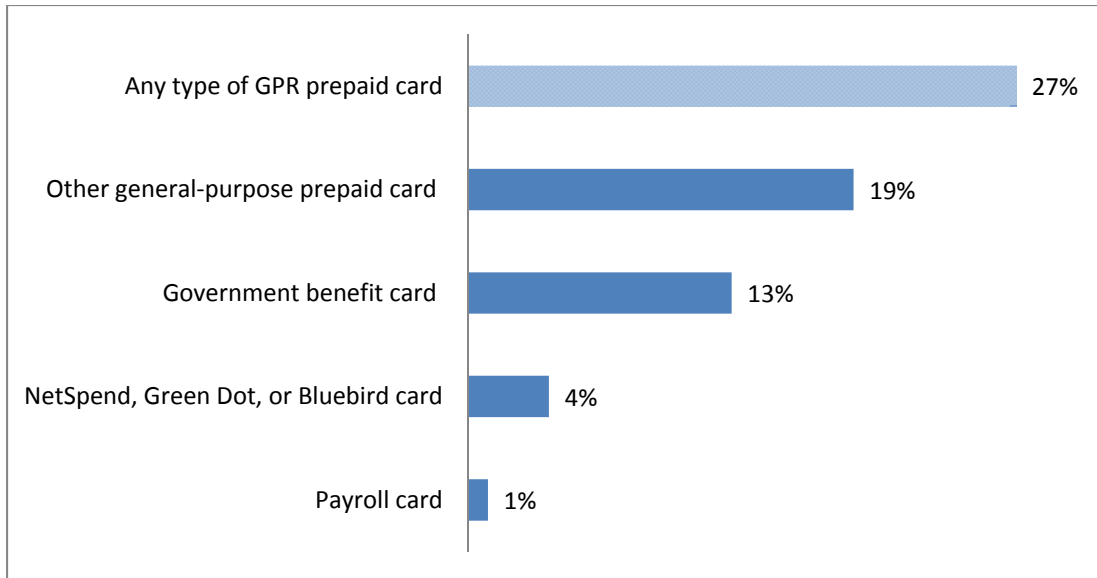
Note: Based on 13 categories of prepaid cards used in the questionnaire for the 2012 SCPC (excluding NetSpend, Green Dot, and Bluebird) and 14 categories used in the questionnaire for 2013 PCE. Source: Federal Reserve Bank of Boston.

**Table 2: GPR prepaid cards defined**

According to the PCE, in August 2013, 27 percent of U.S. consumers said they owned a GPR prepaid card (Figure 3), as defined above.<sup>7</sup>

<sup>6</sup> The PCE (August 2013) asked respondents specifically about whether they owned NetSpend, Green Dot, or Bluebird cards. The 2012 SCPC did not include this response item.

<sup>7</sup> 2013 PCE. Closed-loop and some special-purpose prepaid cards are excluded. Some of these cards, for example, gift cards, can be used wherever network branded cards are accepted but cannot necessarily be reloaded, so they are not considered GPR cards for purposes of this analysis. In October 2012, 25.6 percent of respondents to the 2012 SCPC reported owning a GPR prepaid card; this is not significantly different from the 2013 PCE result.



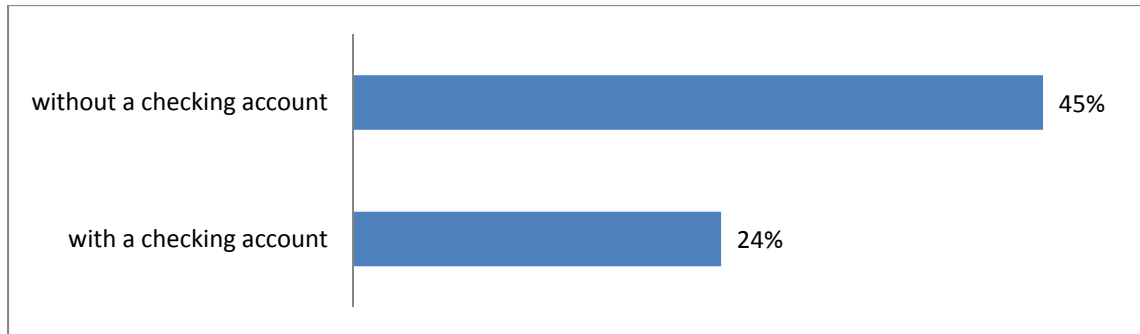
Source: 2013 PCE, Federal Reserve Bank of Boston.

**Figure 3: Percentage of U.S. consumers holding a GPR prepaid card**

People without checking accounts were more likely to own a GPR prepaid card (Figure 4). Among 2013 PCE respondents who said they had a checking account (banked), 24 percent owned a GPR prepaid card. Among those who said they did not have a checking account (unbanked), 45 percent owned a GPR prepaid card.<sup>8</sup> In regression analysis taking into account income and demographic variables, not owning a checking account was found to be significantly correlated with owning a GPR prepaid card.<sup>9</sup>

<sup>8</sup> These 2013 PCE results lie between two other estimates of GPR prepaid ownership according to banked or unbanked status. The 2013 PCE results are higher than estimates cited in Hayashi and Cuddy (2014) and are based on 2012 data. Using data from the 2013 Federal Reserve Payments Study, Hayashi and Cuddy calculated that 17 percent of unbanked and 22 percent of underbanked consumers held GPR prepaid or reloadable payroll cards in 2012, as compared with 6 percent of banked consumers. The 2013 PCE results are lower than the results from the 2012 SCPC, which found that 21 percent of those with a checking account and 62 percent of those without a checking account owned a GPR prepaid card. These results are statistically significant differences. In the case of the 2012 SCPC, 65 percent of respondents had taken the survey in at least one prior year, so behavior change due to survey experience might be influencing the result.

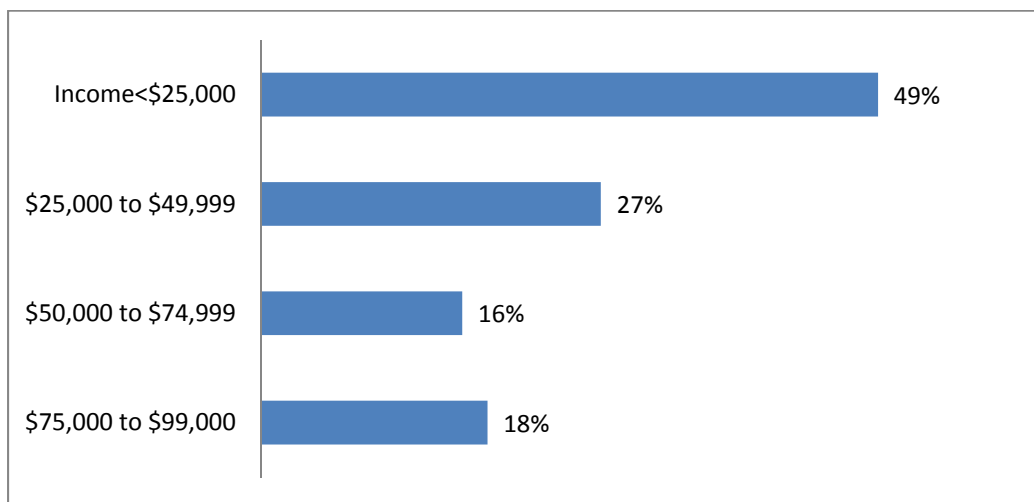
<sup>9</sup>Analysis in this report is based on concepts described in Schuh and Stavins (2012). Regression tables are available upon request.



Source: 2013 PCE, Federal Reserve Bank of Boston.

**Figure 4: Percentage of U.S. consumers who own a GPR prepaid card**

The 2013 PCE found that GPR prepaid owners differ from nonowners on a few demographic variables. In an analysis that controlled for demographic factors, people with lower household income were more likely than others to own GPR prepaid cards. More people with household income below \$25,000 owned a prepaid card than others (Figure 5). Forty-nine percent of people with household income below \$25,000 owned a GPR prepaid card, compared with just 18 percent of people with household income between \$75,000 and \$99,000.



Source: 2013 PCE, Federal Reserve Bank of Boston.

**Figure 5: Ownership of GPR prepaid cards, by household income**

Income and other demographic factors being equal, people younger than 34 years old were less likely to own a prepaid card than were older people. Holding income and other demographic factors equal, individuals living in larger households were slightly more likely to own a prepaid card; men were less likely; and African-Americans were more likely. We did not

find any statistically significant effects on GPR prepaid card ownership of education, marital status, or employment status.

## 5. Use of bank-like services via GPR prepaid cards

As noted above, we focus on prepaid cards that typically offer the following bank-like services<sup>10</sup>: ATM withdrawals, deposits, and a payment card. We examine differences among four groups of consumers based on ownership (or nonownership) of a GPR prepaid card and adoption (or nonadoption) or a checking account (Table 3).

	Consumers who own GPR prepaid card		Consumers who do not own GPR prepaid card	
	CheckGPR	NoCheckGPR	CheckNoGPR	NoCheckNoGPR
2012 SCPC share	19.2%	6.1%	71.0%	3.7%
2013 PCE share	20.0%	7.5%	63.5%	9.1%

Note: Behavior change due to survey experience (in the case of 2012 SCPC) or some other unobservable differences in the samples could be influencing different results among people who do not own GPR prepaid cards. Source: Federal Reserve Bank of Boston.

**Table 3: Segmentation of respondents according to adoption or nonadoption of GPR cards and checking accounts**

### 5.1 ATM withdrawals

The DCPC asked consumers about the type of card they use to make ATM withdrawals and obtain cash back at a store. Unfortunately, we lack sufficient observations to display the frequency of ATM withdrawals via prepaid cards by ownership of checking account. Instead, we compare the overall use of ATM withdrawals and obtaining cash back at a store across two consumer groups, both of whose members own a checking account: those with a GPR card (CheckGPR) and those without a GPR card (CheckNoGPR). We find no statistical difference in their average number of withdrawals per month between these two groups. This is evidence that, for the purpose of getting cash, consumers may not be substituting prepaid cards for a checking account. For consumers with a checking account, ATM withdrawals via a GPR card are too rare to enable further analysis.

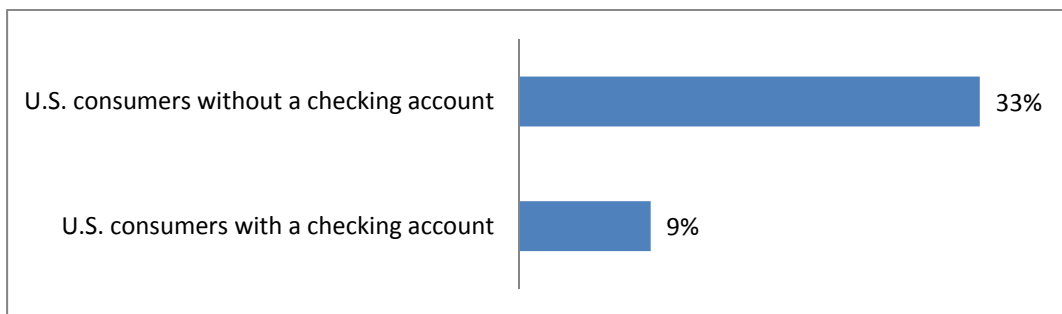
---

<sup>10</sup> EBT cards, included in this analysis, have some restrictions on their use. They are included because they satisfy the requirement that they can be reloaded (in this case, by a government entity).

## 5.2 Direct deposit of salary or wages

Next, we examine two consumer groups, both of whose members own a GPR prepaid card: those with a checking account (CheckGPR) and those without a checking account (NoCheckGPR).

Proportionally a larger proportion of GPR card owners without a checking account receive income via a prepaid card (Figure 6): 33 percent, compared with 9 percent of those with a checking account. Looking at the subset of those who own a GPR card specially designed for receiving income (that is, the government benefit and payroll card owners), this ratio is similar: 42 percent of those without a checking account receive income via the card, compared with 14 percent of those with a checking account. These results may indicate that some GPR holders are using these cards instead of a checking account.



Source: 2013 PCE, Federal Reserve Bank of Boston.

**Figure 6: Percentage of GPR owners receiving income via a GPR prepaid card**

## 5.3 Payment card

A notable feature of GPR prepaid cards is that they can be used anywhere that cards with a network logo can be used to make a payment. As a percentage of the number of their payments, GPR card holders without a checking account make a larger share of their payments with a prepaid card than do GPR card holders with a checking account. However, respondents who have a bank account adopt a larger number of payment instruments than respondents who do not have a bank account (that is, paper checks, a debit card, OBBP, and BANP are not available to respondents who lack a bank account). Therefore, the effect of not having a bank account on

the share of GPR card payments is likely influenced by the difference in the number of payment instruments available to respondents with and without a bank account.<sup>11</sup> The median number of payment instruments for respondents with and without a bank account is 6.1 and 2.7, respectively. Note that the availability of data on the use of GPR cards for payments is limited because the data include payments made by all types of prepaid cards (not exclusively GPR prepaid cards).<sup>12</sup>

In addition, the larger share of payments made with prepaid cards by GPR card holders without a checking account appears to have been partially driven by these consumers' low payments activity (Table 4). Taking into account age, education, other demographic variables, and income, we find that people without a checking account make far fewer payments than checking account owners. In addition, people without a checking account make few online payments.

	Consumers who own GPR prepaid card		Consumers who do not own GPR prepaid card	
	CheckGPR	NoCheckGPR	CheckNoGPR	NoCheckNoGPR
Number of payment instruments adopted	6.1	2.7	5.4	1.8
Number of payments/month	72.5	35.7	72.5	20.5
Number of online transactions/month	18.7	2.7	18.4	1.2
Number of prepaid card transactions/month*	1.9*	6.1*	0.3*	0.3*

Note: \*including all types (GPR and other). Source: 2012 SCPC, Federal Reserve Bank of Boston.

**Table 4: Payments activity of U.S. consumers**

Bill payments give additional insights into the use of prepaid cards, because they tend to be made from payment instruments linked to checking accounts. According to the 2012 SCPC, 67 percent of bill payments were made by check, BANP, OBBP, or debit card. Among GPR card

<sup>11</sup> In a two-stage Heckman regression analysis, available upon request, we found that while GPR prepaid card adoption is positively correlated with the lack of a checking account, GPR prepaid card use was not significantly correlated with checking account ownership after controlling for the number of payment instruments the respondent adopted.

<sup>12</sup> For use of payment instruments, the SCPC does not distinguish between payments made with GPR prepaid cards and payments made with other types of prepaid cards (for example, closed-loop merchant cards, public transit cards, flexible benefit cards).

owners, those without checking accounts made proportionally more of their bill payments with a prepaid card (Table 5). As noted above, this difference relates to the limited number of payment instruments adopted by those without checking accounts, not directly to their nonadoption of a checking account.

For all payments, GPR card owners without checking accounts also differ from those with checking accounts on other measures related to bill payment. Taking into account age, education, other demographic variables, and income, we find that those GPR card holders who lack checking accounts made fewer bill payments and were more likely to use cash and money orders to pay bills.

	Consumers who own a GPR prepaid card	
	CheckGPR	NoCheckGPR
<b>Bills</b>		
Number of bill payments/month	22.7	7.3
Share of bill payments/month with prepaid card	1.3%	13.4%
Share of bill payments/month with cash	12.5%	63.0%
Share of bill payments/month with money order	1.4%	15.4%
<b>Purchases of goods and services</b>		
Number of nonbill payments/month	49.8	28.5
Share of nonbill payments/month with prepaid card	3.2%	18.2%
Share of nonbill payments/month with cash	35.9%	70.6%
Share of nonbill payments/month with money order	0.5%	3.3%

Source: 2012 SCPC, Federal Reserve Bank of Boston.

**Table 5: Payments by GPR prepaid card owners**

GPR card holders with checking accounts made 49.8 nonbill payments per month, while those without checking accounts made 28.5 nonbill payments per month. Even when taking into account age, education, other demographic variables, and income, people in these two groups differ based on their ownership (or not) of a checking account. For purchases of goods and services, GPR card holders without checking accounts used a prepaid card proportionately more often than those with checking accounts (Table 5) and also used cash and money orders proportionately more often. This difference appears to relate to having a limited choice of payment instruments, rather than directly to nonadoption of a checking account.

## 6. Summary

The vast majority of U.S. consumers have checking accounts: 90.2 percent had one or more in 2012, according to the 2012 SCPC. People who owned a checking account owned an average of 5.6 payments instruments in 2012. The payment choices of people who did not have a checking account were more limited; they owned an average of 2.3 payment instruments.

People without checking accounts may be using GPR cards to obtain bank-account-linked services. The 2012 SCPC found that 4.8 percent of U.S. adults did not own a checking account and did own a GPR prepaid card.<sup>13</sup>

- People without a checking account are more likely to own a GPR prepaid card.
- Among GPR prepaid card owners, those without a checking account are more likely than those with a checking account to receive income to these cards.
- Among GPR prepaid card owners, those without a checking account made proportionately more payments per month with some kind of prepaid card than did those with a checking account. This larger share of payments, however, appears to have been due to their limited choice of payment instruments rather than to their lack of a checking account.

For consumers without a checking account, prepaid cards could be way of opening access to online purchases and payments. Beginning in 2015, planned modifications to the SCPC will make it possible to look specifically at the use of prepaid cards online and for bill payments and also at the use of GPR prepaid cards as a subset of all prepaid cards.

---

<sup>13</sup>The 2013 PCE found that 7.5 percent of U.S. adults did not own a checking account and did own a prepaid card; the discrepancy with the 2012 SCPC is probably due to the sampling differences noted above.



## References

- Bennett, Barbara, Scott Schuh, and Scarlett Schwartz. 2015 (forthcoming). "The 2012 Diary of Consumer Payment Choice." Federal Reserve Bank of Boston Research Data Report 15-x.
- Board of Governors of the Federal Reserve System. 2012. "[Report to the Congress on Government-Administered, General-Use Prepaid Cards](#)." (July 2012).
- Federal Deposit Insurance Corporation. 2014. "[2013 FDIC National Survey of Unbanked and Underbanked Households](#)."
- Hayashi, Fumiko, and Emily Cuddy. 2014. "[General Purpose Reloadable Prepaid Cards: Penetration, Use, Fees, and Fraud Risks](#)." Federal Reserve Bank of Kansas City Research Working Paper 14-01 (February 2014).
- Herbst-Murphy, Susan, and Greg Weed. 2014. "[Millennials with Money: A New Look at Who Uses GPR Prepaid Cards](#)." Federal Reserve Bank of Philadelphia Payment Cards Center Discussion Paper (14-3).
- Hitzenko, Marcin. 2015 (forthcoming). "Estimating Population Means in the 2012 Survey of Consumer Payment Choice." Federal Reserve Bank of Boston Working Paper 15-x.
- Hitzenko, Marcin, and Mingzhu Tai. 2014. "[Measuring Unfamiliar Economic Concepts: The Case of Prepaid Card Adoption](#)." Federal Reserve Bank of Boston Working Paper 14-9.
- Schuh, Scott, and Joanna Stavins. "[How Consumers Pay: Adoption and Use of Payments](#)." Federal Reserve Bank of Boston Working Paper 12-2.
- Schuh, Scott, and Joanna Stavins. 2014. "[The 2011 and 2012 Surveys of Consumer Payment Choice](#)." Federal Reserve Bank of Boston Research Data Report 14-1.
- Wilshusen, Stephanie M., Robert M. Hunt, James van Opstal, and Rachel Schneider. 2012. "[Consumers' Use of Prepaid Cards: A Transaction-Based Analysis](#)." Federal Reserve Bank of Philadelphia Discussion Paper 12-02 (August 2012).