



# The Roadmap to Payroll Card Success

Best Practices for Selling, Launching and Growing Payroll Card Programs for Commercial Customers



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## Market Overview

Congratulations on your decision to offer payroll cards to your commercial customers. Payroll cards can reduce costs and increase productivity for your commercial customers, deliver great value to their employees who are still being paid by check, and produce fee income, interchange and free deposits for your financial institution.

Payroll cards are filling a void for consumers who do not want a bank account – either because they have a bad experience in the past (typically involving overdraft fees) or because of negative information in their ChexSystems® report. Payroll cards must be registered to employees but no credit check or other qualifying process occurs. As long as the employee's identity is confirmed and the individual is not on the OFAC list, the employee can be issued a payroll card.

Employers can achieve savings estimated at over \$100 per employee by moving from paper paychecks to direct deposit, but without a solution for the unbanked, these savings can't be obtained. Payroll cards fill this void. Aite Group reported about \$20 billion in payroll loads to payroll cards in 2009, and projected these deposits will triple to over \$60 billion by 2014, as employers aggressively drive paper out of their paydays.

### Competitive Environment

Until recently, not many financial institutions offered payroll cards to their corporate customers. The product was often viewed as a bit of an anomaly, being in essence a consumer product sold through businesses. It did not fit cleanly into financial institution organizational structures. As a result, an industry of payroll card specialists developed who now offer payroll cards to companies on a nationwide basis. While state payment of wage laws related to paycards vary, the national focus of these payroll card specialists helped the industry evolve to a fairly standard product that meets regulatory requirements in most states.

The common thread of state wage payment laws is the requirement that employees must have full access to their pay without decrement after each pay period. While your compliance team will want to weigh-in, as a practical matter, this can be achieved by offering one free over-the-counter cash withdrawal after each pay period, and offering the card with no monthly fee as long as the card is actively receiving payroll deposits. And, though not technically a "to-the-penny" transaction, one free ATM withdrawal after each pay is also common, as it is more convenient for employees. Even if your financial institution operates in states where it is not required, to be competitive with the payroll card specialists, you may want to consider matching this structure.

Financial institutions have advantages over the payroll card specialists. First and foremost, you already have relationships with corporate and small business customers. In fact, your institution may already house their payroll account. The payroll card specialists have the expense and challenge of managing a distribution channel for a single-product sale. Additionally, financial institutions offering ACH services to corporate clients can easily make the value proposition for the corporate customer tangible by asking how many paper paychecks the business is still issuing. And not only will the financial institution benefit from the payroll cards issued, but your ACH volumes will increase as well.

### Targeting the Opportunity

Employer interest in payroll cards will vary by industry. Generally, about 75% of the population already receives their pay by direct deposit. The percentage of direct deposit employees is highest in industries with higher wages, more educated and longer-tenured employee bases (e.g., financial services, business services, professional services). In contrast, direct deposit usage is lower in industries with a high proportion of

**Aite Group reported about \$20 billion in payroll loads to payroll cards in 2009, and projected these deposits will triple to over \$60 billion by 2014, as employers aggressively drive paper out of their paydays\*.**

\*Prepaid Debit and Payroll Cards: Winning in the Void," Aite Group, 9/15/2010



entry level, younger or lower income workers, such as retail, restaurants, hotels, telemarketing and agriculture. Additionally, industries with dispersed or remote workforces – such as transportation, home health care, security services and temporary services – have a high interest in payroll cards due to the higher cost of distributing paper checks.

TransCard's Insights Data Analytics tool can help you create prospect lists for each of your branches or commercial offices. This proprietary tool can map all businesses within a specified number of miles or drive-time minutes of each banking office, and create a list of each employer with the number of employees, industry classification and address. With this information you can prioritize your calling based on the industry segment and size of each business. TransCard has some proprietary algorithms we can share with you to help with prioritization.

## Sales Process

TransCard has developed a customizable sales presentation for your commercial representatives to use in discussing payroll cards with corporate clients and small businesses. Your marketing team can brand these materials. Additionally, you can tailor the presentation to the specific commercial customer's needs.

TransCard provides three different payroll offers: Xpress Paycard, Standard and Custom.

- The Xpress Paycard Program is the standard payroll card program offered by your financial institutions. It is appropriate for small businesses or larger employers who do not have many employees remaining on paper paychecks. Employers will obtain an inventory of instant issue cards from you and hand them to employees. Employees will be instructed by their employers to go online to register the payroll card. If the card is successfully registered (i.e., passes identity validation) the employee will hand the pre-filled deposit slip that came with the card to the employer who will enter the direct deposit information into the company's payroll system. The employer has no online tools for ordering or managing cards.
- The Standard Payroll Card Program is for employers with a large number of employees being paid by

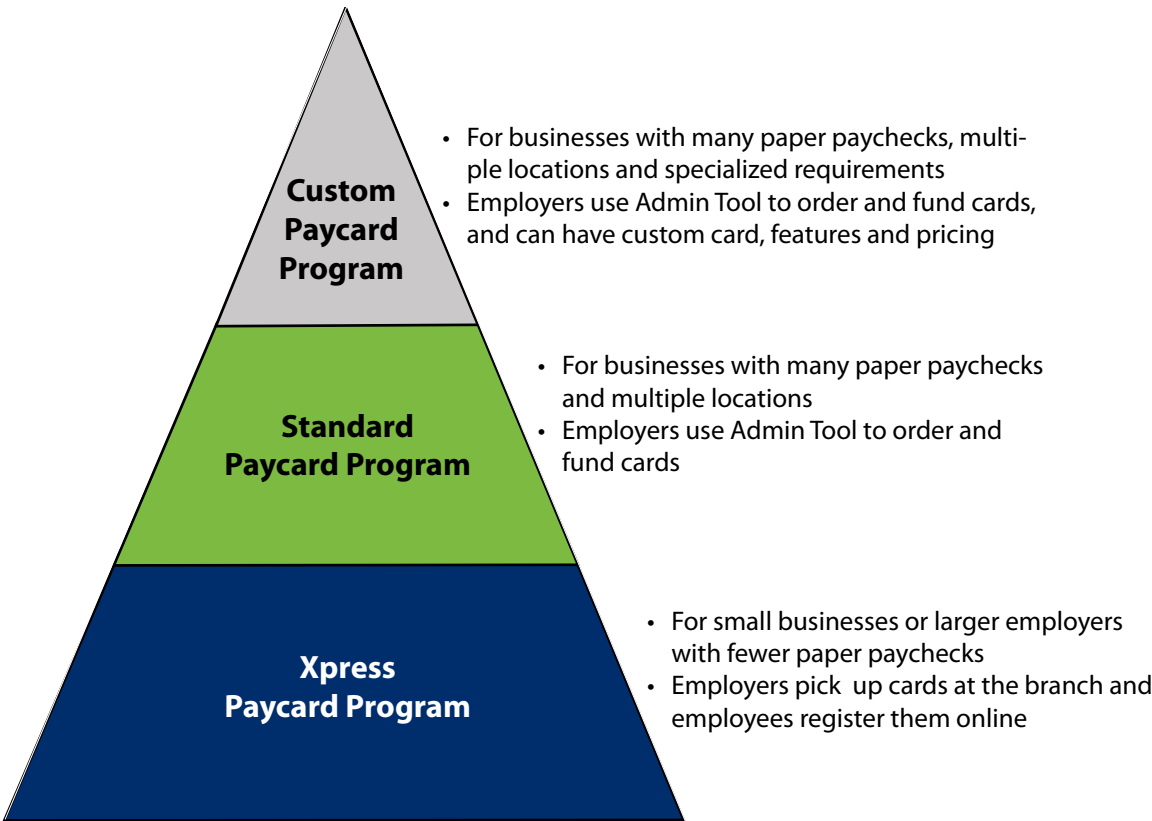
paper check, or who require more robust functionality. A sub-program identical to the Xpress Payroll Card Program will be set-up for each employer to allow the employer to use TransCard's Admin Portal to order and manage cards. Employers with Standard Payroll Card programs can also maintain an inventory of instant issue stock and register these cards to employees via the Admin Portal. Employers can fund cards directly through the Admin Portal, essentially performing a card-to-card transfer from a funding account they maintain at your institution.

- The Custom Payroll Card Program has the same Admin Portal and instant issue features of the Standard Payroll Card Program, and allows for customization of card features or pricing at the employer level. Typically, only large employers would have Custom Payroll Card programs.





# TransCard Payroll Card Programs



	Target Customer	Employer Offer	Instant Issue Cards	Card Registration	Card Loads	Card Features	Cardholder Pricing
<b>Custom</b>	Mid Market or Large Corporate	- Paycards - Electronic Paystubs	Employer Manages Inventory	<i>Employer</i> - Admin Tool - APIs	- Direct Deposit - Admin Tool - APIs	Custom	Custom
<b>Standard</b>	Mid Market or Large Corporate	- Paycards	Employer Manages Inventory	<i>Employer</i> - Admin Tool - File Uploads	- Direct Deposit - Admin Tool	Standard	Standard
<b>Xpress</b>	Small Business	- Paycards	Bank Manages Inventory	<i>Employee</i> - Online	- Direct Deposit	Standard	Standard



## Insights - Market Intelligence

Insights is the business intelligence tool from TransCard that helps our clients understand the prepaid opportunity within their markets. With Insights, TransCard clients can quantify the number of employers in each market. A market can be defined in terms of either a radius from a banking location (i.e., 5-mile radius) or Insights can create a drive-time polygon from a banking location. For each employer Insights contains information on the total number of employees and the SIC code of the employer. Using this information, TransCard applies its proprietary algorithms to project the number of employees using direct deposit (since this varies by industry and size of employer). From this, we size the potential opportunity for payroll cards within the market.

TransCard can also create a prospect list with the names and addresses of employers who are top prospects for paycards in each market. Your commercial sales team can use this prospect list as a starting point for their payroll card sales plans. Things to consider in developing the sales plan are:

- Is the employer an existing client? If so, are they cur-

rently using ACH services? If yes, existing employees being paid by paper checks are a low-hanging-fruit opportunity for payroll cards. If they are not using ACH services, this represents an opportunity to discuss both ACH and payroll cards with the prospect.

- Is the employer part of a franchise or chain? If so, understanding the decision-making structure of the organization is important. Many franchises still do not have payroll cards, or leave decisions regarding payroll cards to franchisees. If you create the opportunity for a discussion of payroll cards with a major franchise or chain, TransCard would be happy to assist you in the sales process.

To learn how to obtain payroll card prospect lists for your business, or obtain assistance in selling to a large employer, please reach out to your Business Leader to request assistance.



COMPANY_NAME	ADDRESS	SIC DESCRIPTION	NUM_EM PLOYEES	Est. Paycard Oppty
TRU GREEN CO LLC	860 RIDGE LAKE BLVD	LAWN & GARDEN SERVICES	1900	760
FEDEX WORLD SVC CTR	3131 DEMOCRAT RD # 1	BUSINESS SERVICES NEC	2000	800
NIKE	5151 E SHELBY DR	SHOE STORES	1200	480
ISS FACILITY SVC	3043 BROAD AVE	BUILDING CLEANING/MAINTENANCE SVCS NEC	600	240
ABM JANITORIAL SVC	4181 SENATOR ST	BUILDING CLEANING/MAINTENANCE SVCS NEC	600	240
PEABODY	149 UNION AVE	HOTELS & MOTEL	500	200
SYSO MEMPHIS LLC	PO BOX 18847	GROCERY STORE	500	200
HOSTESS BRANDS INC	400 MONROE AVE	RETAIL BAKERIE	500	200
METHODIST ALLIANCE HOME MED	6400 SHELBY VIEW DR # 101	MISCELLANEOUS	500	200
TRADESMEN INTERNATIONAL	5115 COVINGTON WAY # 1	EMPLOYMENT AG	500	200
INTERIM PERSONNEL	5118 PARK AVE	HELP SUPPLY SE	500	200
HILTON RESERVATIONS WORLDWIDE	755 CROSSOVER LN	BUSINESS SERV	500	200
MARRIOTT-MEMPHIS DOWNTOWN	250 N MAIN ST	HOTELS & MOTEL	500	200
DESOTO COUNTY SCHLS-TRANSPRTN	2211 CENTRAL PKWY	TRANSPORTATION	500	200
FEDEX TRADE NETWORKS	3800 FOREST HILL IRENE RD	ARRANGEMENT (	500	200
SCHNUCKS	275 NEW BYHALIA RD	GROCERY STORE	500	200
GRAND SLAM TENNIS SHOP	600 GOODWYN ST	SPORTING GOOD	500	200
BASS PRO SHOPS	6140 MACON RD	SPORTING GOOD	500	200
DESOTO CIVIC CTR	4560 VENTURE DR	GIFT NOVELTY &	500	200
HILTON HOTEL OPERATIONS CTR	785 CROSSOVER LN	HOTELS & MOTEL	500	200
DOUBLETREE-MEMPHIS DOWNTOWN		HOTELS & MOTEL	500	200
KROGER		GROCERY STORE	500	200

Employer Prospects List



Drivetime Polygon



## Prospect Qualification

Based on the characteristics of the employer, your account rep can use the appropriate sales deck to present your payroll card program. TransCard has developed

the table below to assist your account representatives in determining which payroll program is the best fit for the corporate customer.

PROBING QUESTION	ANSWER	IMPLICATIONS
Do you offer Direct Deposit Today?	Yes	Discuss ACH Services
	No	Move to Payroll Card Questions
How many employees do you have?	<25	Likely Xpress Payroll Card Program Suspect
	>25	Need to probe percent on direct deposit
How many employees receive their pay on paper paychecks?	<25	Likely Xpress Payroll Card Program Suspect
	25 - 100	Xpress or Standard Payroll Card Prospect
	>100	Standard or Custom Payroll Card Prospect
At how many locations are your employees paid?	1	Less Complicated Pay Distribution
	2 - 5	Paycheck distribution somewhat of an issue
	>5	Need for paycards higher
How often do you issue pay off-cycle for emergency or termination pay?	Rarely	No need for instant funding with Admin Tool
	Sometimes	Some value to instant funding with Admin Tool
	Frequently	High value to instant funding with Admin Tool
How often do you stop payment on paychecks that are lost or stolen?	Rarely	Less Payroll Card value add for employer
	Sometimes	Some Payroll Card value add for employer
	Frequently	High Payroll Card value add for employer
How frequently do you have uncashed checks that require escheatment?	Rarely	Less Payroll Card value add for employer
	Sometimes	Some Payroll Card value add for employer
	Frequently	High Payroll Card value add for employer



## Commercial Client Sales Presentation

Once your representative has determined whether the employer is a candidate for the Xpress Payroll Program, the Standard or Custom Payroll Card Program, it's time to schedule a sales call. For employers appropriate for the Standard or Custom Payroll Card Program, you may wish to include TransCard on the sales call to perform demonstrations of the cardholder experience and Admin portal.

It is helpful for your account representatives to have

their own payroll cards and a portion of their pay deposited to the card for demonstration purposes. This way your representative is presenting the card features and benefits from firsthand experience and can demonstrate the cardholder portal or mobile app.

TransCard has developed two draft powerpoints that you can edit to fit your program and your prospects.

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## Presentation for Xpress Payroll Card Clients



This presentation is for prospective Xpress Payroll Card Clients. A separate presentation is available for prospective Standard and Custom Payroll Card clients.



The following pages present a customizable presentation that your commercial sales team can use to discuss payroll cards with your commercial customers and prospects. We've provided detail in the notes to help your representatives develop their payroll card market knowledge. We will provide you with an editable powerpoint version of these slides so you can tailor the presentation and notes to your program.



## Payday Pain Points



- Cost of printing & distributing paper paychecks & paystubs
- Productivity impact in workplace on paydays
  - Off-duty shift employees visiting with staff
  - Manager disruption to retrieve checks for employees throughout the day
- Risk of theft or fraud if checks not picked up on payday
- Administrative costs
  - Escheatment
  - Replacing lost/stolen checks



There are hard and soft costs of distributing pay by paper paycheck. The hard costs can be calculated but the soft costs can be even more significant for an employer. Particularly in businesses such as restaurants and retail stores, when employees on shift work come in “off the clock” to pick up their paychecks, it is disruptive to operation of the business. Employees need to interrupt the manager so he/she can retrieve paychecks, and employees off-duty visit with working staff, disrupting their focus on customers. These soft costs can be dramatically reduced even if an employer gets all pay moved to direct deposit but continues to deliver pay stubs by paper. That’s because employees will make a special trip to their work site to pick up their pay, but there is no urgency to do so to pick up a pay stub...that can wait until their next work shift.

Employers have risks with paper paychecks that they do not have when pay is direct deposited. There is the risk of theft or loss and cost of stopping payments and reissuing checks. Moreover, when an employee is paid via direct deposit (to a bank account or payroll card) the responsibility for escheatment is transferred from the employer to the financial institution where the funds were deposited.

## Employer Perspective



Paper paychecks are significantly more expensive for employers than direct deposit

ESTIMATED COST TO SMALL EMPLOYER (100 employees)		
	Paper Paycheck	Direct Deposit to Bank Account or TransCard MasterCard Payroll Card
Cost per payment	\$4.00	\$0.60
Annual cost	\$254.80	\$31.20
Estimated annual cost savings, per payment		<b>\$223</b>

Towers Watson, "MasterCard Pre-Paid Payroll Card Business Case," May 2010

MasterCard commissioned a study to understand the costs of paper paychecks vs. direct deposit. They found that for employers with less than 100 employees, the annual cost of distributing pay via paper check is just under \$5.00. On an annual basis that equates to an average of \$250 per employee. In contrast, paying with direct deposit reduces this cost by about 90% to 60-cents a pay period.

A lot of the costs associated with payroll distribution via paychecks are soft costs. Employers may not focus on them but through discussion you may be able to help employers draw out their own recollections of lost paychecks, workplace disruptions on payday – the very soft costs that a payroll card program would help them eliminate.



## Payroll Card Basics



- MasterCard reloadable prepaid debit card
  - Works for employees like a checkless checking account
    - No credit approval required
  - Works for employers like direct deposit to a bank account



Also important is to explain to employers that there is no qualification process for employees to obtain payroll cards. Explain that your institution has a responsibility to verify the employee's identity (in compliance with federal regulations) but there is no credit check involved. Also explain to employers that from their perspective, direct depositing pay to a payroll card is no different than direct depositing funds to an employee's bank account. Each payroll cardholder will receive a direct deposit form to bring to the employer. This form will have an RTN and account number – and the account number is not the same as the 16-digit number on the front of the payroll card.

## Employee Perspective



- Reasons employees still get paper paychecks
  - Employer does not offer direct deposit – especially for businesses with very few employees
  - Believe a paper paycheck is more convenient
  - Never got around to setting up direct deposit
  - Don't have a bank account
- Industry experience during "direct deposit" campaign
  - About half of employees with paper paychecks will sign-up for direct deposit
  - The other half will accept a payroll card if it is the default option



PaytGreen® Survey 2010

The number one reason employees are still receiving paper checks is because their employer doesn't offer direct deposit. If this is the case for your corporate customer, this is a great opportunity for you to sell ACH services and payroll cards to your clients.

Where employers offer direct deposit, the primary reason employees with bank accounts continue to receive paper paychecks is inertia: the employee simply never got around to gathering up the RTN and account number for their bank account and taking it to their employer. Sometimes employees specifically do not want their full pay deposited to their bank account (typically in the situation of joint accounts) and their employer does not offer the ability to split the payroll direct deposit between multiple accounts. This causes the employee to continue to use paper paychecks.

The segment of the population that truly prefers pay via paper paycheck is very small. This is born out of roll-out of direct deposit and payroll card programs at large companies where only 1-2 percent of employees choose to remain on paper paychecks during voluntary direct deposit with payroll card campaigns.

Industry experience is that when an employer announces a move to direct deposit with payroll cards, about half of the employees receiving paper paychecks will sign-up for direct deposit, and the other half will opt for a payroll card. Either way the employer wins!



## Employee Perspective



- Lower cost than cashing a paycheck at a check casher
- Immediate availability of funds - no "bank holds"
- Low cost – no monthly fees and several ways to access cash free of charge
- No minimum balance requirements
- No opportunity to overdraft and face high overdraft charges
- Money management tools
  - Text alerts, online bill payment, budgeting tools
- Safer than carrying cash – funds FDIC insured and protected in case of fraud

Most employers want to make sure that the payroll card will represent a good value for their employees. You can confidently show your commercial clients how much better the payroll card is than the inconvenience, expense and security issues associated with cashing a paycheck and walking around with cash and paying bills through money orders.

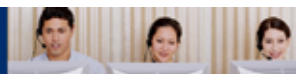
Employees will like that the funds are immediately available on payday and that they can access their funds without charge each pay period.

Another convenient aspect of the payroll card is the low cost of the card: there are no monthly fees with the card, no minimum balance requirement, and no chance for overdraft charges to appear. Also, employees can obtain full access to payroll funds without decrement at least once per pay period.

The payroll card comes with all the features of the TransCard cardholder website, including text alerts, budgeting tools, online bill payments, card-to-card transfers between TransCard cardholders, and free credit scores.

All funds on payroll cards are FDIC insured and protected from fraud. Carrying a payroll card is safer than carrying cash, adding to the list of conveniences associated with the payroll card.

## Employee Perspective



Payroll cards are a good value for employees without bank accounts

- Average cost to employees of \$83 per year vs. \$256 if alternative financial service providers used (e.g., check cashing, bill pay, and money order stores)



Bretton Woods 2011 "Analysis of Network Branded Pay Cards"

You can confidently assure your employers that your payroll card is a great value for their employees.

Cashing paychecks and paying bills with money orders can cost employees over \$250 a year, on average. A payroll card in contrast, will cost about \$50 a year with typical usage. Rather than spending almost twice as much on payroll checks through alternative financial service providers, employees can take more of their earnings home each month with a payroll card.



## Launch Approach



- Offer employees a choice of direct deposit to a bank account or a payroll card
  - You get rid of the paycheck either way!
  - Even if you continue to deliver paper pay stubs, you will experience significantly less disruption on payday because pay information is less urgent than access to funds

Launching a payroll card program is easy. You should tell your commercial clients that they are not really launching payroll cards so much as launching a direct deposit campaign. The payroll cards are available to employees who don't have a bank account for direct deposit.

## Payroll Card Laws



- Our payroll card program is compliant with wage payment laws in most states
  - Allows employees to access full pay without any fees
    - We make the first ATM transaction free even though we don't have to, because it is the most convenient way for employees to access cash
  - Allows employees to choose between direct deposit to a bank account or the payroll card
  - Is compliant with banking regulations

[PLEASE REVIEW THIS SLIDE WITH YOUR COMPLIANCE TEAM AND DETERMINE APPROPRIATE CONTENT FOR YOUR PROGRAM.]

## Employee Eligibility



- No credit approval but employees must have valid documentation of identity
  - Automated validation if employee has a SSN
  - Validation in bank branch when SSN is not available (by presenting other government-issued ID)

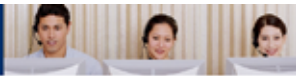


Employers may be concerned when they see the MasterCard logo and think that the payroll card is a credit card. It is important to assure them that there is no credit line associated with the card, and that the card is very much like a debit card linked to a checking account – only the account doesn't have checks. Remind employers that since most consumers don't write many checks any more, the payroll account is really a modern day version of a primary bank account.

[Customize this slide based on how your FI handles exceptions when automation validation fails.]



## Launching Your Program



- Announce “paperless paydays” and have open enrollment period for employees to provide a bank account for direct deposit
  - We have materials to help you promote payroll cards to your employees



The scope of the employer roll-out of a payroll card will vary based on the number of employees still on paper paychecks and the number of work locations. It could be as simple as an employer individually discussing direct deposit and payroll cards with employees still on paper paychecks, putting stuffers in with existing paychecks, or a formal pay selection open enrollment period akin to an employee benefits open enrollment period. TransCard will work with you and your clients using Standard or Customized Payroll Programs to help plan the employee launch.

Keep in mind as you discuss this slide that the employer wins from a direct deposit campaign even if the employee signs-up for direct deposit to a bank account rather than a payroll card.

## Launching Your Program



- At end of open enrollment, order a payroll card for all employees not opting for bank account direct deposit
- You receive cards and insert them in last paper paycheck to employees
  - Alternatively cards can be mailed to employees' homes
- Prior to the next pay cycle, update your payroll system with new direct deposit account information for employees with payroll cards

[See notes on previous slide.]

## New Hires



- Hand-out instant issue payroll cards to new employees at time of hire if they do not specify a bank account for direct deposit
  - We provide you with an inventory of instant issue cards
  - It is your responsibility to store the card stock in a secure place
- Enter the account number on the card carrier into your payroll system and pay will automatically be deposited to the card

Employers will acquire instant issue cards from you through whatever process you have put in place. When the employer hands the instant issue card to the employee, the employee will call to activate the card and complete the direct deposit form attached to the card carrier and hand it back to the employer. The employer enters the direct deposit RTN and account number from the form into the payroll system, just as he would for direct deposit to a bank account.



## Lost or Stolen Cards



- When an employee loses their card, give them an instant issue replacement card
  - Employee calls customer service to activate the card and we transfer the balance from the old card to the replacement
  - Employee can order a personalized card that will be mailed to his home
- Employer does not have to change payroll system direct deposit account information
  - Account information is linked to the employee, not the card



Employers acquire instant issue cards from you and maintain them in a secure place at each work location. When an employee loses a card, he or she can call Customer Service and we can mail a replacement card to the employee. Alternatively, and for faster access to the card, the employer can hand the employee a new instant issue card with instructions to call customer service. When the employee calls customer service we will transfer the funds from the previous card to the new card. The employee can continue to use the Instant Issue card or order a new personalized card. Importantly, the employer will not have to change the account information in its payroll system, as the direct deposits account number is linked to the employee, not to the card.

## Employee Fee Schedule



### Highlights *(must be completed by FI)*

- Monthly maintenance fee
- Minimum balance
- Purchases in stores and online
- Customer service calls
- Text alerts
- ATM Withdrawals
  - First withdrawal after a pay period
  - All other ATM withdrawals
  - ATM Balance Inquiries or Declines
- Bill Payment
  - Electronic
  - Paper
- Transfers to a bank account



It is important that employers are comfortable with the cost of the payroll cards to their employees. They will want to know that the card is delivering a good value to their employees.

[Based upon your fee schedule, you can complete this slide to your fee schedule.]

## Getting Started



- Sign application or execute contract
- Set electronic payroll campaign calendar
- Order paycard promotional materials
- Launch open enrollment period



[Customize this slide based on your specific employer launch process.]



# Presentation for Standard or Custom Payroll Card Clients



[Customize this slide based on your specific employer launch process.]

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## Payday Pain Points



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- Risk of theft or fraud if checks not picked up on payday
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## Employee Perspective



- **Reasons employees still get paper paychecks**
  - Employer does not offer direct deposit – especially for businesses with very few employees
  - Believe a paper paycheck is more convenient
  - Never got around to setting up direct deposit
  - Don't have a bank account
- **Industry experience during "direct deposit" campaign**
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The number one reason employees are still receiving paper checks is because their employer doesn't offer direct deposit. If this is the case for your corporate customer, this is a great opportunity for you to sell ACH services and payroll cards to your clients.

Where employers offer direct deposit, the primary reason employees with bank accounts continue to receive paper paychecks is inertia: the employee simply never got around to gathering up the RTN and account number for their bank account and taking it to their employer. Sometimes employees specifically do not want their full pay deposited to their bank account (typically in the situation of joint accounts) and their employer does not offer the ability to split the payroll direct deposit between multiple accounts. This causes the employee to continue to use paper paychecks.

The segment of the population that truly prefers pay via paper paycheck is very small. This is born out of roll-out of direct deposit and payroll card programs at large companies where only 1-2 percent of employees choose to remain on paper paychecks during voluntary direct deposit with payroll card campaigns.

Industry experience is that when an employer announces a move to direct deposit with payroll cards, about half of the employees receiving paper paychecks will sign-up for direct deposit, and the other half will opt for a payroll card. Either way the employer wins!



## Employee Perspective



- Lower cost than cashing a paycheck at a check casher
- Immediate availability of funds - no "bank holds"
- Low cost – no monthly fees and several ways to access cash free of charge
- No minimum balance requirements
- No opportunity to overdraft and face high overdraft charges
- Money management tools
  - Text alerts, online bill payment, budgeting tools
- Safer than carrying cash – funds FDIC insured and protected in case of fraud

Most employers want to make sure that the payroll card will represent a good value for their employees. You can confidently show your commercial clients how much better the payroll card is than the inconvenience, expense and security issues associated with cashing a paycheck and walking around with cash and paying bills through money orders.

Employees will like that the funds are immediately available on payday and that they can access their funds without charge each pay period.

Another convenient aspect of the payroll card is the low cost of the card: there are no monthly fees with the card, no minimum balance requirement, and no chance for overdraft charges to appear. Also, employees can obtain full access to payroll funds without decrement at least once per pay period.

The payroll card comes with all the features of the TransCard cardholder website, including text alerts, budgeting tools, online bill payments, card-to-card transfers between TransCard cardholders, and free credit scores.

All funds on payroll cards are FDIC insured and protected from fraud. Carrying a payroll card is safer than carrying cash, adding to the list of conveniences associated with the payroll card.

## Employee Perspective



Payroll cards are a good value for employees without bank accounts

- Average cost to employees of \$83 per year vs. \$256 if alternative financial service providers used (e.g., check cashing, bill pay, and money order stores)



Bretton Woods 2011 "Analysis of Network Branded Pay Cards"

You can confidently assure your employers that your payroll card is a great value for their employees.

Cashing paychecks and paying bills with money orders can cost employees over \$250 a year, on average. A payroll card in contrast, will cost about \$50 a year with typical usage. Rather than spending almost twice as much on payroll checks through alternative financial service providers, employees can take more of their earnings home each month with a payroll card.



## Launch Approach



- Offer employees a choice of direct deposit to a bank account or a payroll card
  - You get rid of the paycheck either way!
- Provide electronic paystubs or continue to deliver paper paystubs
  - We offer electronic paystubs for all employees
  - If you continue to deliver paper pay stubs, you will experience significantly less disruption on payday because pay information is less urgent than access to funds

Launching a payroll card program is easy. You should tell your commercial clients that they are not really launching payroll cards so much as launching a direct deposit campaign. The payroll cards are available to employees who don't have a bank account for direct deposit.

If your commercial customer is a prospect for a Custom Payroll Card Program, you may want to discuss electronic paystubs with them. This is a service that is available from TransCard and TransCard will work with the employer to implement it with the Custom Payroll Card Program.

## Payroll Card Laws



- Our payroll card program is compliant with wage payment laws in most states
  - Allows employees to access full pay without any fees
    - We make the first ATM transaction free even though we don't have to, because it is the most convenient way for employees to access cash
  - Allows employees to choose between direct deposit to a bank account or the payroll card
  - Is compliant with banking regulations

[PLEASE REVIEW THIS SLIDE WITH YOUR COMPLIANCE TEAM AND DETERMINE APPROPRIATE CONTENT FOR YOUR PROGRAM.]

## Employee Eligibility



- No credit approval but employees must have valid documentation of identity
  - Automated validation if employee has a SSN
  - Validation in bank branch when SSN is not available (by presenting other government-issued ID)

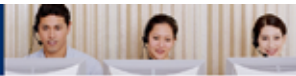


Employers may be concerned when they see the MasterCard logo and think that the payroll card is a credit card. It is important to assure them that there is no credit line associated with the card, and that the card is very much like a debit card linked to a checking account – only the account doesn't have checks. Remind employers that since most consumers don't write many checks any more, the payroll account is really a modern day version of a primary bank account.

[Customize this slide based on how your FI handles exceptions when automation validation fails.]



## Launching Your Program



- Announce “paperless paydays” and have open enrollment period for employees to provide a bank account for direct deposit
  - We have materials to help you promote payroll cards to your employees



The scope of the employer roll-out of a payroll card will vary based on the number of employees still on paper paychecks and the number of work locations. It could be as simple as an employer individually discussing direct deposit and payroll cards with employees still on paper paychecks, putting stuffers in with existing paychecks, or a formal pay selection open enrollment period akin to an employee benefits open enrollment period. TransCard will work with you and your clients using Standard or Customized Payroll Programs to help plan the employee launch.

Keep in mind as you discuss this slide that the employer wins from a direct deposit campaign even if the employee signs-up for direct deposit to a bank account rather than a payroll card.

## Launching Your Program



- At end of open enrollment, order a payroll card for all employees not opting for bank account direct deposit
- You receive cards and insert them in last paper paycheck to employees
  - Alternatively cards can be mailed to employees' homes
- Prior to the next pay cycle, update your payroll system with new direct deposit account information for employees with payroll cards
- If you use our electronic paystubs, integrate your payroll system to our paystub application and send us pay information electronically

[See notes on previous slide.]

## New Hires



- Hand-out instant issue payroll cards to new employees at time of hire if they do not specify a bank account for direct deposit
  - We provide you with an inventory of instant issue cards
  - It is your responsibility to store the card stock in a secure place
- Enter the account number on the card carrier into your payroll system and pay will automatically be deposited to the card

Employers will acquire instant issue cards from you through whatever process you have put in place. When the employer hands the instant issue card to the employee, the employee will call to activate the card and complete the direct deposit form attached to the card carrier and hand it back to the employer. The employer enters the direct deposit RTN and account number from the form into the payroll system, just as he would for direct deposit to a bank account.



## Lost or Stolen Cards



- When an employee loses their card, give them an instant issue replacement card
  - Employee calls customer service to activate the card and we transfer the balance from the old card to the replacement
  - Employee can order a personalized card that will be mailed to his home
- Employer does not have to change payroll system direct deposit account information
  - Account information is linked to the employee, not the card



Employers acquire instant issue cards from you and maintain them in a secure place at each work location. When an employee loses a card, he or she can call Customer Service and we can mail a replacement card to the employee. Alternatively, and for faster access to the card, the employer can hand the employee a new instant issue card with instructions to call customer service. When the employee calls customer service we will transfer the funds from the previous card to the new card. The employee can continue to use the Instant Issue card or order a new personalized card. Importantly, the employer will not have to change the account information in its payroll system, as the direct deposits account number is linked to the employee, not to the card.

## Exception Pay



- Our Admin Tool is available for employers requiring immediate payment ability
  - Instant card loading for termination pay, advances, emergencies
  - Employer pre-funds a reserve account for exception pay and funds move in real-time



Larger employers, or employers with specialized requirements, may want to take advantage of the Admin Tool to manage the ordering and funding of cards. To take advantage of immediate funding, the employer will need to establish a reserve funding account at your institution.

## Employee Fee Schedule



### Highlights *(must be completed by FI)*

- Monthly maintenance fee
- Minimum balance
- Purchases in stores and online
- Customer service calls
- Text alerts
- ATM Withdrawals
  - First withdrawal after a pay period
  - All other ATM withdrawals
  - ATM Balance Inquiries or Declines
- Bill Payment
  - Electronic
  - Paper
- Transfers to a bank account



It is important that employers are comfortable with the cost of the payroll cards to their employees. They will want to know that the card is delivering a good value to their employees.

[Based upon your fee schedule, you can complete this slide to your fee schedule. ]



## Getting Started



[Customize this slide based on your specific employer launch process.]

- Sign application or execute contract
- Set electronic payroll campaign calendar
- Order paycard promotional materials
- Determine whether or not to offer electronic paystubs
  - Integrate with paystub application if desired
- Launch open enrollment period





## Sales Administration

Based on the relationship you already have in place with your commercial customer, you may choose to execute a separate agreement or order form for the payroll card program. Also, dependent upon your current relationship, you may need to perform due diligence on the corporate client.

If the client is requesting a Custom Paycard Program, you'll also want to work with TransCard and the client to define and scope the customization requirements.

## On-Boarding Commercial Customers

This section outlines best practices for on-boarding

payroll cards programs to commercial customers. TransCard will provide assistance as needed for any of the processes identified below.

## On-Boarding Process

To set-up a commercial customer with payroll cards, it is important to understand the on-boarding process. The following matrix provides an overview of the scope of the implementation for each type of payroll card program.

	XPRESS PAYROLL CARD PROGRAM	STANDARD PAYROLL CARD PROGRAM	CUSTOM PAYROLL CARD PROGRAM
TRAINING	✓	✓	✓
STANDARD CARD PRICING	✓	✓	
CUSTOM CARD PRICING			✓
STANDARD CARD COLLATERAL	✓	✓	
CUSTOM CARD COLLATERAL			✓
INSTANT ISSUE CARDS		✓	✓
PERSONALIZED CARDS	✓	✓	✓
CLIENT SPECIFIC REPORTING		✓	✓
ADMINISTRATIVE SITE ACCESS	<b>BANK USE ONLY</b>	✓	✓
PROJECT MANAGEMENT		✓	✓
CUSTOM COMMUNICATION MATERIALS			✓
API INTEGRATION			✓
SET-UP TIMELINE	<b>IMMEDIATE</b>	<b>1-2 WEEKS</b>	<b>30-60 DAYS</b>
TRANSCARD SET-UP	<b>NOT APPLICABLE</b>	<b>COMMUNITY BANK PAYCARD SET-UP FORM</b>	<b>PROGRAM SCHEDULE</b>



## Xpress Payroll Card Program On-Boarding Process

**Overview:** The Xpress Paycard Program is for small businesses that want to get cards in the hands of their employees quickly, or larger employers with fewer employees still receiving paper checks. Employers obtain instant issue cards from you. Employees register their cards at [www.mytranscard.com](http://www.mytranscard.com) and provide the employer the direct deposit form attached to the card carrier. There is no employer set up required.

### Implementation

- 1) Complete application (if bank requires)
- 2) Determine how many instant issue cards are needed.
  - Check plastic out of inventory from bank and give to employer
  - Personalized cards available upon request.
- 3) Schedule employee orientation sessions (bank or employer)
  - Review card benefits and functionality with employees
  - Review Xpress Pay registration process with employees
    - Employees to register card at [www.mytranscard.com](http://www.mytranscard.com)
    - Employer to receive direct deposit form from employees
- 4) Employer enters direct deposit information into payroll system
  - Begin paying employees electronically.

### Standard Payroll Card Program

**Overview:** The Standard payroll card program on-boarding process assumes the bank has an existing Xpress paycard program established with set cardholder fees, card materials, etc. The key difference from the Xpress paycard program is that the employer will have access to the payroll card Admin Site for real-time funding options, card registration, and reports. Set-up for the employer takes 1-2 weeks.

### Set-up:

- 1) Complete application (if bank requires)
- 2) Execute contract between bank and employer (recommended)
- 3) Complete client paycard set-up form and email to [banksupport@transcard.com](mailto:banksupport@transcard.com)
- 4) Schedule training on paycard Admin Site
- 5) Develop communication plan for employees
  - New Hires Packets – Include instant issue card and update direct deposit form provided by TransCard
  - Existing Employees – Order personalized card, establish a communication plan
- 6) Employer enters direct deposit information into payroll system
  - Begin paying employees electronically

### Custom Payroll Card Program

**Overview:** The Custom Payroll Card Program on-boarding process is for larger businesses that require a custom set-up (i.e., pricing, cards, functionality, etc). TransCard will assist its clients in establishing program requirements and will complete a new Program Schedule. Set-up for the Custom Program may take between 30-60 days depending on the specific business requirements.

### Set-up:

- 1) Execute Program Schedule which defines business requirements
- 2) Complete Application (if you require one)
- 3) Execute contract between you and employer (recommended)
- 4) Schedule training on Admin Site, etc.
- 5) Develop communication plan for employees
  - New Hires Packets – Include instant issue card and update direct deposit form provided by TransCard
  - Existing Employees – Order personalized card, establish a communication plan
- 6) Employer enters direct deposit information into payroll system
  - Begin paying employees electronically



## Employer Program Launch

Once your commercial client has agreed to launch a payroll card program, there is one final step to make the program a success: employees must adopt and use the paycard. This is going to take some effort on the part of employers as they need to break long established processes and employee behavior. But with an employer motivated by cost savings and productivity improvement, and a payroll card that offers good value to employees, high levels of employee adoption can be obtained.

The optimal roll-out approach will vary by the size of the company, the number of locations, and the number of employees still on paper paychecks. We'll cover below a recommended roll-out plan for a simple roll-out and a complex roll-out.

### SIMPLE ROLL-OUT

A simple payroll card program roll-out would likely consist of a small business with one or a few locations, where the owner or Human Resources manager is in di-

rect contact with all of the employees. In such a situation, the Xpress Paycard Program would be offered and the employer would obtain instant issue payroll cards from your branch office or treasury representative. The steps involved in the roll-out include:

- Telling employees receiving paper paychecks that a change is coming and they will need to specify a bank account for direct deposit of their pay or they will receive a paycard. This notification can be in the form of a letter inserted in the employees paystub or can be shared verbally. It is important that immediately after being notified of the elimination of paychecks that employees receive information about payroll cards and the benefits they deliver to employees. This can be accomplished with a brochure or buckslip inserted with the letter, or with posters and brochures in company breakrooms. TransCard provides print-ready materials for you to provide to employers. Copies of these materials are shown below.



Brochure cover/  
outside

This customizable brochure can be used to explain the benefits and features of payroll cards to employees. It could be included with paper paycheck distribution.



Brochure inside



These buck slips can be used during roll-out. They can be included in employee paychecks or distributed in break rooms.

**If you're still getting paid by check, your money isn't working as hard as you are.**

Introducing the Company Name Bank Name Here MasterCard Payroll Card

Talk to your manager or HR representative today!

Company LOGO Financial Institution LOGO FDIC MasterCard

Front

**Get your pay on the Company Name Bank Name Here MasterCard Payroll Card**

- No waiting in line
- No check cashing fees
- Instant access to your pay
- Email and text alerts
- Easy online bill pay
- Automated electronic check register
- FREE credit scores
- Simple card-to-card and card-to-bank money moves

Talk to your HR representative today!

Company LOGO Financial Institution LOGO FDIC MasterCard

Back

**Score Free Credit Scores and More!**

A fantastic free service that comes with every Company Name Bank Name Here MasterCard Payroll Card

Talk to your manager or HR representative today!

Company LOGO Financial Institution LOGO FDIC MasterCard

Front

**Along with receiving Free credit scores, cardholders can also:**

- View their scores in relation to national averages
- Monitor their scores to ensure they improve
- Access an array of credit-building tools and advice

Talk to your HR representative today!

Company LOGO Financial Institution LOGO FDIC MasterCard

Back

**Take the headache out of paying bills with our MasterCard payroll card.**

Take advantage of EchoPay: one of the many fantastic benefits that comes with every Company Name Bank Name MasterCard Payroll Card (see reverse for details)

Talk to your manager or HR representative today!

Company LOGO Financial Institution LOGO FDIC MasterCard

Front

**Pain-free payments in 3 easy steps.**

EchoPay is the easy way to manage recurring payments.

**Quickly and easily:**

- Pay bills
- Send money to a bank account
- Send money to another card

Talk to your manager or HR representative today!

Company LOGO Financial Institution LOGO FDIC MasterCard

Back

**Control your budget and easily track spending**

Check out the awesome free financial management tools that come with every Company Name Bank Name Here MasterCard Payroll Card

Talk to your manager or HR representative today!

Company LOGO Financial Institution LOGO FDIC MasterCard

Front

**Built in tools to simplify your financial life.**

- Electronic Check Register
- Budgeting Tool
- Transaction Tracker
- Digital Safe Deposit Box
- Dashboard

**The card also offers:**

- Easy online bill pay
- Free credit scores
- Freedom from check cashing
- Instant access to funds

Talk to your manager or HR representative today!

Company LOGO Financial Institution LOGO FDIC MasterCard

Back



These customizable posters can be displayed during and after roll-out at locations throughout the company.

**If you're still getting paid by check, your money isn't working as hard as you are.**

Introducing the  
Company Name Bank Name  
MasterCard Payroll Card

- No waiting in line
- No check cashing fees
- Instant access to your pay
- Email and text alerts
- Easy online bill pay
- FREE credit scores
- Simple card-to-card and card-to-bank money moves

Contact your manager or HR representative today about a payroll card.

YOUR LOGO

Company LOGO Financial Institution LOGO FDIC MasterCard

Poster

**If you're still getting paid by check, your money isn't working as hard as you are.**

Introducing the Company  
Name Bank Name Here  
MasterCard Payroll Card

- No waiting in line
- No check cashing fees
- Instant access to your pay
- Email and text alerts
- Easy online bill pay
- FREE credit scores
- Simple card-to-card and card-to-bank Money Moves

Ask your manager or HR representative about a payroll card today.

YOUR LOGO

Company LOGO Financial Institution LOGO FDIC MasterCard

Poster

**If you're still getting paid by check, your money isn't working as hard as you are.**

Introducing the  
Company Name  
Bank Name  
MasterCard Payroll Card

- No waiting in line
- No check cashing fees
- Instant access to your pay
- Email and text alerts
- Easy online bill pay
- FREE credit scores
- Simple card-to-card and card-to-bank money moves

Contact your manager or HR representative today about a payroll card.

YOUR LOGO

Company LOGO Financial Institution LOGO FDIC MasterCard

Poster



- This communication should be delivered one or two pay cycles prior to the first pay period when payroll cards will be loaded. The communication should include specific instructions for employees about the process they need to follow to provide direct deposit account information to the employer, as well as the process that will occur to get the employee a payroll card if no direct deposit information is provided. A deadline should be specified after which payroll cards will be ordered for all employees who did not specify a bank account for direct deposit.

Note: In states where employers must continue to offer an option of a paper paycheck, the default option for the employee who does not specify a bank account should be the paycard, and employee action to request to continue receiving a paycheck should require a proactive request from the employee. This approach “nudges” the employee in the direction that is best for the employer and employee, while still providing the employee choice.

- When the deadline for employees to specify bank information for direct deposit arrives, the employer should update its payroll system with direct deposit information for each employee who provided their bank account information. The employer must then register and hand-out a payroll card to every other employee still not on direct deposit. There are two effective ways to do this:

- The most effective approach is for the employer to schedule a brief meeting with each employee who will be receiving a paycard. During this meeting the employer will register a payroll card to the employee, enter the direct deposit information from the card carrier into the payroll system, and hand the card to the employee with instructions to call the number on the card to activate it. This face-to-face approach allows the employer to answer any questions the employee may have. [If employees are remote, the employer can call the employee to register the card and then mail the card to the employee using registered mail or express delivery with tracking.]

- A second option is for the employer to use information in its human resource files (i.e., employee name, address, date of birth and SSN) to register the card to the employee. The employer can open the Instant Issue card envelope, find the direct deposit account information on the card carrier, and enter it into the payroll system. Then at least a few days prior to the next pay period, the employer should hand the card to the employee with instructions to promptly call the number on the card to activate it. Employers should exercise due care to make sure the cards are distributed correctly and in a timely manner to allow employees to activate the cards prior to the next payday. [Note: Not all employees may pass the ID validation – for example, if the employer does not have a current address. The employer should consult with the employee to update the employee information on file and then try again to register the card to the employee.]

- On the first payday after payroll cards have been distributed, the employer should expect some questions from employees. The employer should encourage employees to call the customer service number on the back of the card so a TransCard customer service agent can provide information to answer the employees’ questions and help them become comfortable with their new payroll card.

## COMPLEX ROLL-OUT

A complex payroll card program would likely be for a mid-size or large company with multiple work locations or a remote workforce. For these employers, a Standard or Custom payroll card program would have been deployed. The recommended roll-out approach will vary based on the geographical footprint of the employer and wage payment laws in those states. In general, the steps for rolling-out a large payroll card program are the same as for an Xpress Card Program. However, the logistics are more complicated because of the number of employees and their disbursed locations. Consequently, TransCard recommends a roll-out approach similar to the Open Enrollment Period for company benefits.



As part of the implementation of a Standard or Custom Payroll Card Program, TransCard will work directly with you and the employer to implement the program. One of the steps in the implementation process is discus-

sion and development of the launch plan. This starts with review of the “MasterCard Payroll Card Rollout Calendar” to assist employers in understanding the roll-out process. A copy of the rollout calendar is shown below.



The payroll roll-out calendar can help your clients effectively plan and launch their payroll programs to achieve the results they are expecting. A well-planned payroll card launch should be able to drive nearly all employees off of paychecks through effective marketing and promotion of direct deposit and payroll cards by employers.

Additionally, for large programs, TransCard will recommend that human resources personnel and front-line managers obtain payroll cards as part of the implementation process, and put a portion of their pay onto the card. This provides first-hand experience with the card to the people who employees will most likely be looking to for information and advice about pay selection and the payroll card.

## NEW HIRES

It's not enough to make payroll card launch a one-time event as the industries with greatest use of payroll

card also have the highest level of staff turnover. Thus, incorporating payroll cards into the new hire process at the employer is critical. This is best accomplished by changing the employer's existing "Direct Deposit Form" into a "Pay Selection Form." This new form will ask employees to choose between pay via direct deposit or a payroll card. [In states that require an option of pay via paycheck, a paper paycheck should be a third option.] If the employee selects the payroll card, or fails to provide direct deposit account information, the employer would register a payroll card to the employee, enter the direct deposit information into the payroll system and hand the employee the card.

In states where direct deposit can be mandated, we recommend employers make acceptance of direct deposit a condition of employment. Where direct deposit must be voluntary, we recommend issuance of payroll cards be the default option when direct deposit account information is not provided, and the employee has not requested a paper paycheck.