



## U.S. BANK PREPAID CARD SUCCESS STORY

# The Housing Authority of the City and County of Denver uses U.S. Bank Visa® Prepaid cards to reduce administrative expense and better serve clients

Since implementing a U.S. Bank Visa Prepaid Card program in October 2011, the Housing Authority of the City and County of Denver (DHA) issues 1,200 fewer checks per month, has saved over \$40,000\* and has empowered clients to better manage their funds.

### AT A GLANCE

#### OBJECTIVES:

- Eliminate check issuance and handling costs for utility assistance payments
- Empower clients to better manage their assistance funds

#### SOLUTION:

- Replace check payments with a Visa Government Prepaid card

#### RESULTS:

- Achieved 100% e-payment — eliminating the cost of 1,200 checks per month
- Ended handling of lost and stale dated checks
- Provided clients a safe and convenient way to receive and use their funds
- Helped clients save time and money with no checks to cash, money orders to buy, or utility bills to pay in person

### The Situation

The Authority's mission is to serve the residents of Denver by developing, owning, and operating safe, decent and affordable housing in a manner that promotes thriving communities. DHA also administers the Utility Assistance Program for qualifying Section 8 clients.

Section 8 program participants receive cash assistance to pay their utility bills based on income and other criteria. Monthly payments range from \$2-\$200. Most participants do not have a traditional bank account and many move frequently.

Prior to implementing the prepaid card program, DHA was issuing 1,200 checks each month at an estimated cost of \$3/check. Checks were frequently lost in the mail and/or never cashed, causing ongoing administrative work for DHA staff. Clients without bank accounts often faced check-cashing fees that significantly reduced their net payment amount, and then with cash in hand had to purchase money orders to pay their utility bills.

### The Solution

After hearing about the successful use of prepaid cards by another Housing Authority and reviewing the concept with their HUD Field Office, DHA asked their bank to provide a prepaid card solution for utility assistance payments. A U.S. Bank Visa Prepaid Card program was quickly developed and successfully tested internally with DHA staff.

Existing clients were notified of the change to card payments and seamlessly migrated to a U.S. Bank Visa Prepaid Card in October 2011. All new utility assistance clients were immediately set up for card payment.

Ismael Guerrero, DHA Executive Director, said, "The US Bank Visa card program is helping DHA to deliver better customer service, at a lower cost, to our clients. At the same time, many low income households are establishing first-time banking relationships and accessing low cost financial services. A real win-win story."

### DHA's Keys to Success

- Strong partnership with their bank
- Educating clients about card usage
- Direct outreach to clients who did not activate their cards



\*Savings figure based on DHA supplied data.

## Program Implementation

### HUD Approval

DHA staff began the process of eliminating checks by requesting their local HUD Field Office approve using a Visa Prepaid card for delivering utility assistance funds. Approval was quickly granted and DHA began working with their U.S. Bank team to customize a solution.

### Card Program Design

Card account funding is restricted to electronic transfers of DHA utility assistance funds. This load-control made it easy to approve clients without an application or additional identity verification.

The card used for the program has no logo or other identity marks linking it to DHA. Clients can present their DHA card for purchases and utility payments just like anyone with a bank-branded debit card.

U.S. Bank provides clients with secure card account access and support capabilities for the DHA card program. Cardholders can receive email and text alerts on deposits, card usage and low account balances. Support is available 24/7 by phone and online.

### Internal Testing and Training

The bank created and loaded test cards for DHA staff to use in certifying that all the funding and accounting worked as expected. Card purchases and ATM transactions were also tested. DHA staff were trained on the new program and fully prepared to answer client questions.

### Client Notification

Two months in advance of card issuance, U.S. Bank sent all utility assistance clients a letter on DHA stationary explaining the change. That letter, and a follow-up reminder, was co-developed with DHA. The card packet included detailed information on how to use a card and securely access customer service.

### Inactive Card Outreach

Visa and U.S. Bank were extremely impressed with the effort the Denver Housing team made to assure their clients understood the change and activated their cards.

Vincent D'Amore, Account Executive for U.S. Bank Prepaid Cards, commented, "The staff at Denver Housing Authority went above and beyond a typical new program introduction by personally contacting each individual resident that hadn't yet activated their prepaid card. By going the extra mile with over 220 clients they did everything possible to ensure and maximize the success of their Program."

### Client Reaction

DHA only received a handful of information request calls when the program was implemented. To-date, there has not been a single client complaint about the prepaid cards replacing checks.

DHA staff considers the lack of reaction or questions to be a real home run and a validation of their client notice and educational materials.

## PROGRAM IMPACT

Switching utility assistance payment delivery from mailed checks to an efficient ACH deposit to clients' U.S. Bank Visa Prepaid Cards brought multiple benefits:

- Production and mailing expenses for 1,200 checks per month were eliminated
- Handling calls and reissue requests for lost or stolen checks ended
- No more stale dated checks to process and void
- Clients no longer paid check-cashing fees
- Clients used the card to pay utility bills — saving money order expense

Karen Spruce, MIS Manager, explained an important process improvement, "We had a real issue with stale dated checks. Some of our clients never cashed their DHA check because of embarrassment and the high cashing fees on small check amounts. Before we moved to the prepaid card a staff member would spend a full day each month just voiding stale checks. Now staff can make better use of their time and our clients have their money safely on a card that looks and works like a regular banking card. "

## U.S. Bank Prepaid Card

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