



VISA GOVERNMENT DISBURSEMENT CARD SUCCESS STORY

State significantly reduces unemployment insurance disbursement costs and achieves 99.5% e-pay

Since implementing a U.S. Bank ReliaCard® Visa® Government Disbursement card program in late 2006, this state has successfully grown electronic disbursement of unemployment insurance benefits from 45% to 99.5%, saved more than \$32 million and issued over 470,000 ReliaCards to unemployment benefit recipients.

AT A GLANCE

OBJECTIVE:

Reduce state UI benefit distribution costs and streamline payment processes.

SOLUTION:

Introduce the U.S. Bank ReliaCard Visa Government Disbursement card to deliver an e-payment solution to all recipients.

RESULTS:

- 99.5% e-pay
- \$32 million in savings since program introduction

The Situation

In 2006, the state began exploring ways to cut administrative costs and optimize unemployment insurance (UI) payment processes. They had introduced direct deposit to a bank account in 2004 but over 55% of payments were still made by check. State executives calculated that it cost approximately \$4 to issue a check (bank fees, paper-handling, reconciliation, and postage costs), and they were issuing 1.3 million checks each year.

The Solution

The state selected U.S. Bank as a partner to help them migrate their remaining UI recipient payments from checks to electronic deposit. The bank's ReliaCard Visa Government Disbursement card became the payment method for UI recipients who did not have bank accounts—enabling all recipients to be eligible for electronic deposit.

In September 2006, the state notified existing benefit recipients about the new payment option—encouraging them to switch from paper checks to the prepaid debit card. New claimants were offered a choice between receiving payments on the ReliaCard or direct deposit to their bank account—checks were no longer an option. The conversion was very successful and only a handful of claimants called to request a check.

Today, check volume is less than 0.5% of the 2.3 million monthly recipient payments made by the state. Savings to the state since the ReliaCard conversion total more than \$32 million. Checks are only issued temporarily if a recipient's bank routing number is incorrect or if an account is closed. A ReliaCard is immediately issued to the recipient after the check payment and subsequent payments are made to the card.



KEYS TO SUCCESS

- A project team focused on results
- Dedicated resources from U.S. Bank
- State mandated e-payment policy
- Ongoing cardholder usage education and outstanding service
- Easy enrollment process

Program Implementation

State Government Support

A cross-functional implementation team from the state and U.S. Bank designed an e-payment card program to achieve aggressive state cost savings goals while providing optimal support and service to UI recipients. The teams' plan to quickly eliminate check payments, beginning with new recipients in September 2006, was strongly supported by state leadership. Mandating e-payment* has proven to be a fortuitous decision as recipient volumes have spiked during the current recession and savings have been significantly higher than planned.

Training

State personnel received in-depth program training and were well prepared to respond to recipient questions about e-payments. There have been very few requests for checks and almost all positive reactions to the card option since program launch.

Program Introduction

During the first few months of the program, benefit recipients received educational material with their checks encouraging them to switch to the card if they did not have traditional direct deposit. Recipients could easily request a card by calling the state's UI agency or by visiting their website.

Beginning in September 2006, new claimants were given the choice of traditional direct deposit or e-payment to the ReliaCard. Today less than 0.5% of the agency's funding transactions are paper-based.

Cardholder Education and Support

Recipients enrolled in the program receive a personalized ReliaCard in the mail along with instructions for activation, a card usage guide, and terms and conditions. Payment and card usage information is also available on the agency's web site. All materials and online information emphasize the recipient benefits of the ReliaCard, including:

- Enables faster receipt of benefit payments
- Is easy and convenient to use
- Saves cardholders check cashing costs and hassles—average check cashing fees range from a flat fee of \$3 to 2-6% of the check value**
- Provides multiple ways to access cash without a fee
- Increases safety by eliminating the need to carry large amounts of cash
- Enables cardholders to make purchases or pay bills anywhere Visa debit cards are accepted—eliminating the cost of money orders

Benefit recipients now receive their monthly statements online. Balance and account information and assistance is available 24/7 via the ReliaCard website, the bank's IVR, and from bilingual Customer Service Representatives.

Future Plans

The state has been very pleased with the cost savings and recipient advantages the program provides. The state and U.S. Bank are working together to further improve the cardholder value proposition. Two-way text alerts for balance and transaction information are available. U.S. Bank's online bill payment service will also be offered—providing even greater convenience and cost savings to all cardholders.

1. Savings figures based on Bank and Agency-supplied data.

* There are many states that mandate electronic deposit of benefits. Under this scenario, state benefit recipients must choose to be paid by direct deposit to a bank account or a prepaid government disbursement card as check payments are not offered.

**Source: Alpha Group Check Cashing Study, 2/2010

PROGRAM RESULTS

Pre-implementation - September 2006

| | |
|--------------------------------|-----|
| Percentage paid by check: | 55% |
| Percentage electronic payment: | 45% |

Post-implementation - December 2009

| | |
|---------------------------------------|----------|
| Percentage paid by check: | 0.5% |
| Percentage electronic payment: | 99.5% |
| Recipients with prepaid cards: | 28% |
| Totals cards since program inception: | 470,000+ |
| Current number of active cards: | 315,000 |

Savings since program inception:¹

Over \$32 million

VISA GOVERNMENT DISBURSEMENT CARD

The Visa Government Disbursement card provides government agencies with a cost-effective solution for payments to unbanked recipients and allows agencies to achieve 100% e-payment mandates. Recipient cardholders have immediate access to their funds, increased convenience and security, and a tool for tracking and budgeting spending.

Interested in having your agency achieve 100% e-payment?

Learn more about the Visa Government Disbursement Card:

- Email prepaidprograms@visa.com
- Contact your Visa representative

