

## INFORMATION SHEET

ACCA intends to maximise the rate of online services available to customers. However it recognises that some customers will experience difficulty in making payments online if they do not have access to credit cards. This information sheet aims to provide information on prepaid cards that will enable such customers to transact with ACCA online.

### **What is a prepaid card?**

A prepaid card is a payment card that offers the same ability as credit/debit cards to purchase products and services but only allows the user to spend the balance that has been preloaded onto the card. It is not linked to a bank account and credit checks are not required because no credit is given. Identity checks are still required.

A prepaid card can be used like any credit/debit card online or in a shop. Many of the cards are backed by major card schemes such as Mastercard and Visa and are accepted by most retailers. In most cases the card can be used to withdraw money from ATM cash machines but it is only possible to withdraw funds that have been pre-loaded.

Preloading can be done with cash at banks, Post Offices, Payzone or PayPoint terminals or via a bank transfer. The availability of preloading options will depend on the prepaid card provider.

### **Considerations in selecting a prepaid card**

In selecting a prepaid card, a user should choose one that has lower fees given how it is likely to be used. For example, if the user will be using the card to make a high number of transactions then it is important to look at the transaction fees charged by a provider. Conversely if the card will be used infrequently then a Pay As You Go card would be more cost-effective than one with a monthly fee. The variety of preloading options may also be a consideration.

In general, the providers with the lowest charges require the least in terms of identity checks and also offer the lowest maximum load amounts.

### **Charges**

There are costs and fees associated with using prepaid cards including set-up/application fees, monthly service charges, reloading/top-up fees, ATM withdrawal fees and transfer fees. Each provider will charge differently for each

of these fees or may offer some of them for free. Where a monthly service change is made, this may include free reloading or other services for free.

There are other possible charges that you should be aware of such as transaction charges, account termination fees, card replacement fees, card renewal fees and inactivity fees.

### **Providers**

There are a huge number of providers in the market place – many backed by Mastercard and VISA. There are comparison websites that may assist you in making a choice such as [www.moneysupermarket.com](http://www.moneysupermarket.com). Offers are constantly evolving and improving so it is not possible to recommend any particular provider.

Popular cards include *Cashplus Gold Mastercard*, *Virgin Prepaid Mastercard*, *ClearCash Mastercard*, and *Tuxedo Mastercard*. Many of these providers offer a range of cards to suit different requirements. *Cordoba Gold Cashplus Mastercard* is Sharia compliant.

One last potential source of prepaid cards is through membership benefits. For example, *O2 Load & Go* is a prepaid card exclusively for O2 customers and has no set-up, monthly, reload, ATM or transfer fees. O2 customers should certainly consider whether this prepaid card would suit their needs.

**July 2010**