

BEST PRACTICE GUIDE

Prepaid Cards: Financial Control in Challenging Times

A guide to help public sector organisations understand how prepaid cards can support their service users, suppliers and staff during challenging times.





Prepaid cards are being increasingly adopted as a means of securely and efficiently distributing payments to end users. The cards are being used in a variety of ways, from paying suppliers, supporting school lunch provision, and helping to distribute emergency payments whilst avoiding physical contact and cash handling.



Michael Murray, Category Specialist at NEPO

What is a Prepaid Card?

A prepaid card is an alternative banking card that allows the cardholder to access funds that are preloaded onto the card account. Like a debit card, a prepaid card works at any merchant that accepts its payment network (e.g. Visa, Mastercard). Prepaid cards do not have a credit facility, meaning the end user cannot access an overdraft or incur debt.

How can Prepaid Cards support the public sector?

Prepaid cards can support public sector organisations and their diverse stakeholders; covering requirements such as paying suppliers to providing emergency payments to vulnerable residents.

Procurement Policy Note ([PPN 03/20](#)) highlighted how cards can assist with prompt payment to suppliers, saving time and money by removing processes such as purchase order creation and adding suppliers to finance systems. The PPN cited the National Audit Office's estimate that using cards save around 35% in transaction costs or £5 per transaction compared with traditional methods.

COVID-19: Prepaid Cards Checklist

COVID-19 presented the public sector with a unique and varied set of challenges. This checklist provides some considerations for organisations implementing prepaid cards:



Card delivery

With the majority of staff home working, think about where your cards are being sent to. Are they coming to your offices for service users to collect or for staff to send onward to cardholders? Do you want to make temporary arrangements for cards to be delivered direct to your cardholders?



Contingency funds

Consider holding a level of contingency funds within each e-wallet to enable additional or emergency payments. As an example, Appointee or Court of Protection cardholders may need extra monies if carer visits are reduced, by having additional funds ready and available in the e-wallet you will have the capability to self-manage the disbursement of these as required.



Enabling online purchases

Many prepaid cards feature security protection that triggers the issue of a security code prior to authorising online transactions. Therefore, it is important that a card is associated with the end-user's mobile number or email address to enable completion of online transactions.



Go contactless

Consider enabling the contactless payment option. Many retailers insisted on contactless payments for small (<£45) transactions to reduce keypad use. Some cardholders may not have capacity to remember a PIN for ATM cash withdrawals, but may be able to purchase via contactless.



Allow ATM usage

While you may normally create cards with 'ATM Off' (i.e. for a Direct Payments programme) you may need to think whether particular cardholders may face extraordinary circumstances that require ATM access.

Expert View: The rise of prepaid cards

Colin Whitehouse, Chair of the National Prepaid Cards Network, describes how 2020 has been a turning point for prepaid card usage.

“At the beginning of 2020 prepaid cards were being used on a regular daily basis by around 75% of the UK local authorities delivering social care. The onset of the COVID-19 pandemic has served to accelerate the take up across local government and enabled existing users to look at different ways in which cards could solve some of the new problems they are facing.

One of the main uses of prepaid cards since the outset has been to replace the use of cash and this requirement has never had a higher profile as we look to reduce the amount of travel and face-to-face contact. Clearly there has also been a rise in the number of emergency cases where funds need to be transferred in a timely, efficient and risk-free manner. Funds can be transferred to prepaid cards instantly with no personal contact risk whatsoever.

One of the perhaps unexpected consequences of the pandemic has been the rise of the use of contactless cards as the only acceptable means of payment in supermarkets and other retailers which were allowed to remain open. As of 2019 all prepaid cards have contactless functionality as standard which can be switched on or off as necessary.

As a new ‘normal’ emerges it would be very surprising if some of these new methods of delivering support were shelved. In terms of shaping future service delivery it will be vital for decisions to be made on hard data demonstrating shifting patterns of spend. Analysing the spend data available from prepaid cards suppliers will be one of the few ways in which detailed analysis of shifting patterns can be made to enable effective decisions to be made.

Prepaid cards have become the norm for making direct payments for many years now and the indications are that their use will only be increasing.”

The National Prepaid Cards Network was established in May 2011 in order to discover, capture and disseminate best practice in the use of prepaid cards in the public sector.



Colin Whitehouse
Chair of the National Prepaid Cards Network



Get in touch with NEPO

Since 2017, NEPO505 Prepaid Cards has been used by UK public sector organisations to meet their diverse requirements. The compliant solution was developed in consultation with the National Prepaid Cards Network and features two suppliers Prepaid Financial Services (PFS) and allpay.



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