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House of Representatives

COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

MEMORANDUM

To: All House Members

From: Representative J.P. Miranda

Date: July 22, 2013

Subject: Co-sponsorship: Resolution Encouraging Use of Prepaid Cards

In the near future I will be introducing a resolution to encourage the governmental use of prepaid cards in providing benefits. According to the Federal Deposit Insurance Corporation (FDIC), one in five Hispanic and Black Americans are unbanked or has limited access to financial services. Those in poverty have even worse statistics- one of three families below \$15,000 in income is unbanked.

As a solution, prepaid cards provide an efficient method for government to make electronic payments to unbanked individuals who cannot receive a direct deposit.

A government-issued prepaid card affiliated with a payments network also allows a higher level of financial inclusion and empowerment for those without bank accounts, and a simple way for the Latino community to gain greater financial control. Claimants can avoid fees related to cashing a check, and payments will be received in a predictable fashion. Prepaid cards diminish the risk of loss or theft, and allow for electronic payments to be made at the point of sale, over the telephone or online.

Prepaid cards can be of special value in the event of a natural disaster, allowing governments to rapidly put funds in the hands of victims for use in automated teller machines and at the point-of-sale to immediately purchase food, water and other essentials.

Pennsylvania makes successful use of prepaid cards in administering many of its programs. My resolution would further encourage their use to fully replace the antiquated paper-check system with an electronic payment system. Please join me in sponsoring this important resolution.