

Stored Value Cards: Challenges and Opportunities for Reaching Emerging Markets

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Purpose:

- Explore potential for stored value cards (SVCs) to allow consumers to build assets and improve credit records;
- Highlight policy issues related to SVCs

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State of the SVC Industry

- Products have not reached full potential in combining different types of functionality
- Consumer education & customer service are huge need and very costly
- Asset- & credit-building features are not on industry's radar
 - Innovation mostly occurring in other areas
- However, some innovations in asset- & credit-building are occurring
 - Linkages with savings vehicles
 - Reporting of repayments of small extensions of credit

Barriers to Asset- & Credit-Building Features

- Lack of market research on SVC users
- Need for intensive consumer education
- Need for adjustments to structure of credit-reporting system
- Lack of data on value of SVC data in predicting creditworthiness

Policy Implications

- FDIC Insurance
- Regulation E
- Money Service Business Laws
- Patriot Act, BSA, KYC
- Payroll Card Issues
- Preemption of State Laws