



FOR IMMEDIATE RELEASE

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### **Youth Cards Present a Marketing Opportunity, says Auriemma Consulting Group**

WESTBURY, N.Y. — Prepaid cards that carry network brands, like Visa or MasterCard, are gaining in popularity, but primarily as gift cards, according to Cardbeat<sup>®</sup>, a syndicated market research report published by Auriemma Consulting Group (ACG). In a recent Cardbeat survey, 42% of respondents said they'd received a network-branded (or open-loop) gift card, compared to 67% who had received a store-specific card. "That's a big increase since our 2005 Cardbeat survey of the gift card market, when only 26% of shoppers received open-loop cards," says Nancy Stahl, editor of Cardbeat.

Ironically, this success is occurring at a time when prepaid issuers are trying to distance themselves from gift cards. The language of the CARD Act legislation that regulates fees and expiration dates on gift cards does not apply to general-purpose prepaid cards, and marketers of network-branded cards are working to reposition the product in the consumer's mind. However, issuers have not yet made much headway, said Stahl. "General-purpose stored-value cards have the potential to replace traveler's and payroll deposit checks in the same way that gift cards replaced paper gift certificates, but fewer than 10% of our consumers have used a prepaid travel or payroll card."

Another product variation of the general-purpose reloadable card is directed at teens and young adults, and that market may be poised for growth. Although familiarity and usage of these prepaid youth cards were low, parents in the survey were relatively receptive to the concept. About one-third were quite positive, and another third were willing to consider the product, Stahl said. "Prospect parents liked the idea of their child having a card to use in an emergency (64%) and felt the card offered greater security for their child than carrying cash (59%)." American Express has just re-entered this market with a new product, PASS, which will compete with current market leader Visa Buxx, Stahl noted. "Issuers should emphasize the security benefits, and position the product as a prepaid debit card, which many consumers perceive as safer than a credit card."

The information in this release includes data from a survey of 528 cardholders conducted in April 2010.

### **About Auriemma Consulting Group**

Auriemma Consulting Group (ACG) is a full-service management consulting firm serving the payments and lending industries since 1984. Cardbeat is ACG's syndicated market research study of credit card holders, conducted monthly in the U.S. and quarterly in the U.K. With offices in New York and London, ACG consultants are experienced practitioners, drawn from the credit card, private label, auto finance, mortgage, and retail banking industries that we serve. For more information, contact Nancy Stahl at 516-333-4800 or [nancy.stahl@acg.net](mailto:nancy.stahl@acg.net).