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**Contact:** Michael McCauley, Consumers Union – 415-431-6747, ext 126, [mccami@consumer.org](mailto:mccami@consumer.org) or Lauren Saunders, National Consumer Law Center, 202-452-6252 x 105, [lsaunders@nclc.org](mailto:lsaunders@nclc.org)

**Consumers Union and National Consumer Law Center Develop  
“Core Principles for Payroll Cards” With Electronic Payroll Coalition**

***Core Principles Aim To Help Ensure Payroll Cards Offer  
a Fair, Safe, & Convenient Way to Deliver Wages to Employees***

Consumers Union and the National Consumer Law Center issued a set of [core principles](#) today developed jointly with the Electronic Payroll Coalition to help ensure that employees who receive wages on payroll cards are treated fairly.

The principles were released as payroll cards have become an increasingly popular method for employers to deliver wages to their workers. The consumer groups also highlighted some [additional payroll card safeguards](#) that employees should receive to more fully protect their hard earned wages.

“Payroll cards can be a convenient way to receive your pay but not if they come with too many fees, like charges for using an ATM, checking your balance, or talking to customer service,” said Gail Hillebrand, director of Consumers Union’s Defend Your Dollars campaign ([www.defendyourdollars.org](http://www.defendyourdollars.org)). “Employers who are using payroll cards and states that are thinking about authorizing them should adopt these principles to prevent workers from getting nickel and dimed.”

Millions of employees are paid by payroll card. For example, Wal-Mart, the largest private employer in the U.S., announced that it was moving to “100% paperless payroll” for its 1.4 million employees using a combination of direct deposit to bank accounts and payroll cards. An estimated 17.5 million payroll cards were expected to be in circulation in 2010 according to the American Payroll Association. The Aite Group estimated that there will be almost \$60 billion loaded onto payroll cards in 2014.

While payroll cards offer many benefits to employers, they can create problems for workers if the cards have high and numerous fees or offer payday-loan type credit features, which let a creditor take funds from a paycheck as soon as those funds are available through the card. For instance, payroll cards, like other general purpose reloadable cards, can come with a range of fees that may cut into the employee’s net earnings.

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To help protect workers from these potential problems, Consumers Union, the National Consumer Law Center and the Electronic Payroll Coalition developed the “[Joint Core Principles for Payroll Cards](#),” including:

- Employees must be able to access their full wages, at least once per pay period, without cost.
- Employees should be provided an option to check account balances via an automated telephone system and at least one additional electronic option. These should be offered at no cost to the employee.
- Payroll cards should not be linked to abusive forms of credit, credit practices and fee-based overdraft programs.
- Employees should not be assessed a fee for a replacement card unless they have already received one free replacement card during the calendar year.
- Terms and conditions and fee disclosures must be provided in the languages the employer normally uses to communicate employment-related policies to their employees.

For a complete list of the ten core principles, see:

[http://www.defendyourdollars.org/pdf/Payroll\\_Cards\\_Core\\_Principles.pdf](http://www.defendyourdollars.org/pdf/Payroll_Cards_Core_Principles.pdf)

In addition to the core principles, Consumers Union and the National Consumer Law Center urged employers and states to adopt [additional protections](#), including:

- Employees must not be signed up for a payroll card without their knowledge or consent.
- Employees must be permitted to withdraw funds without a fee from an ATM in the network offered by the card issuer at least twice a week.
- Employees should not be charged initiation, loading and participation fees; account maintenance fees; inactivity or dormancy fees; low balance and declined transaction fees; and fees to obtain a refund by check to close out the card
- Employees should be able to enroll easily in a plan providing monthly paper statements, at no cost to the employee, by making a one-time request at any time.
- Employees should be provided at least three free telephone calls to a live customer service representative per pay period.

For a complete list of the supplemental principles, see:

[http://www.defendyourdollars.org/pdf/Payroll\\_Card\\_Supplemental\\_Principles.pdf](http://www.defendyourdollars.org/pdf/Payroll_Card_Supplemental_Principles.pdf)

For the consumer groups’ model law for states that are considering authorizing payroll cards, see:

<http://www.consumersunion.org/pdf/Payroll-Model-Law.pdf>

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