

June 2025



Distributing Mobility Subsidies on Prepaid Cards

Program Development Guidance
and Case Studies for Mobility-Subsidy
Prepaid Card Programs





Distributing Mobility Subsidies on Prepaid Cards

The California Integrated Travel Project (Cal-ITP) is committed to improving payments for mobility to make transit more attractive and efficient while fostering financial inclusion. Two critical aspects of accomplishing that goal are improving the distribution of public subsidies and transit payment access. Prepaid cards can be an important and versatile tool to both distribute targeted mobility subsidies and to provide fare media for unbanked Californians, on both private sector mobility services and public transit systems with open-loop, tap-to-pay payment systems that require a bank card for fare payment.

Increasingly prepaid cards are being employed for projects such as mobility wallets, electric vehicle (EV) charge cards, paratransit programs, and transportation demand management (TDM) programs, yet few transportation agencies have the in-house expertise with prepaid cards to ensure well-designed card configurations for program goals or cost-effective procurements.

This document updates an earlier version from November 2023. It summarizes Cal-ITP's learnings to date and provides updated guidance to public agencies on use cases, best practices, and recommendations for procuring and implementing prepaid card programs in effort to fill the knowledge gap for transportation agencies.

Cal-ITP

Cal-ITP is a statewide initiative designed to modernize and create consistency across the state's transportation systems – with a key focus on improving the payment experience. While the initial work has been on implementation of payment validation and data sharing technologies, Cal-ITP has also been focusing on creating opportunities for agencies to address unbanked and underbanked barriers and subsidy distribution through contactless payment card issuance projects. Such issuance demonstrations include testing contactless prepaid cards for transit riders and public electric vehicle charging, respectively.



Table of Contents

1. What are prepaid cards and why are they useful for mobility

- What is a prepaid card?
- What are the advantages of using a prepaid card for mobility?
- Providing Payment Access for Un- and Under-Banked People
- Prepaid Card Program Stakeholders

2. Case Studies of Prepaid Cards in Mobility

- Valley Clean Air Now: Universal Equity ZEV Charging Card
- Universal Basic Mobility Pilot: Oakland
- Clean Cars 4 All EV Charging Card
- Los Angeles Mobility Wallet
- Marin County Transit District Catch-a-Ride Program

3. Developing Prepaid Card Programs

- Key Prepaid Card Product Parameters
- Key Cardholder Experience Parameters
- Key Administrative Support Parameters
- General Prepaid Card Program Development Recommendations
- Conclusion

Appendices

- Appendix I: Prepaid Card Contacts
- Appendix II: Example Data Reporting & User Notification Framework

REWARDS CARD



4413 7900 4574 8562

MOBILITY WALLET

VALID
THRU 11/25



DEBIT

VISA

What are prepaid cards and why are they useful for mobility?

A prepaid card is a payment card that is preloaded with a specific sum of money. Once the balance is depleted, it necessitates reloading with additional funds to enable further usage. Notably, it is not linked to a bank account or credit line, making it a viable option for unbanked people. Nevertheless, it is typically issued by a financial institution and is integrated into the broader financial ecosystem. Visually, a prepaid card looks just like a standard debit or credit card and is available in both physical and digital formats. Prepaid cards have many uses—from non-reloadable retailer “gift cards” to payment cards from employers to employees, to reloadable payment cards—but this paper will focus on the many ways government agencies, especially in mobility, can use prepaid cards

to make payments, distribute subsidies and incentives, and offer fare payment media for open-loop transit and other modes that require a bank card such as bikeshare or ride-hail.

Prepaid cards have many different parameters that can be configured to meet a program’s needs. They can receive reloads from an administrator, can allow or restrict cash withdrawals, and can be configured with different types of spending restrictions by individual merchant, merchant category, spending amount, location, and other criteria. This allows administrators to tailor the card funding and the card spending very specifically to their program goals.



What are the advantages of using a prepaid card for mobility?

Prepaid cards are versatile, convenient, and highly customizable tools for fund disbursement. They especially offer many advantages to the administrators of fund distribution programs over more traditional benefit disbursement strategies like checks, discount programs, transfers, or non-EMV (Europay, Mastercard, or Visa) payment cards. Some of the key advantages to prepaid cards are:

- **Immediate access to funds** – subsidies disbursed on prepaid cards are immediately available to users upon receiving and activating the physical or digital card, and do not require cashing checks or transferring funds.
- **EMV prepaid cards are the most widely accepted form of payment** – EMV cards are accepted for payment by merchants more than any other form of payment.
- **Easily accessible EMV payments for banked and unbanked people** – Prepaid cards provide unbanked people with an EMV payment method that does not require a bank account to receive or spend funds
- **Spending can be limited in highly specific ways** – program administrators can limit spending on the cards to specific merchants, categories of merchants, regions, amounts, and transaction types to ensure program goals are met. One mobility wallet might allow spending on any transit provider, another might only allow specific local agencies, another might allow a certain amount to be spent daily on electric vehicle charging, and another might allow ride-hail and micromobility.
- **Customizable reloading of funds:** Some mobility prepaid cards only come with an initial one-time load, others receive a monthly top-up, while still others might receive a specific amount based on their spending patterns or even ad hoc/individual loading. This flexibility allows program managers to tailor subsidy distribution more specifically to meet the goals and the needs of participants.
- **More secure fund storage** – EMV prepaid cards offer significantly more secure fund storage than non-EMV cards, reducing the risk that cardholders have their funds stolen.
- **Data Analysis** – While payment network policies restrict most prepaid cards from providing itemized spending reporting by cardholder, they do allow the ability to track program spending in aggregated or disaggregated manners by merchant, amount, time, and location.

Moreover, prepaid cards can allow public agencies to distribute funds securely and

efficiently through a payment method that most Californians are already familiar with – card-based payments. In the U.S., 90% of consumers have adopted debit cards, 82% have adopted credit cards, and 66% have adopted prepaid cards, and 95% of consumers have used a card (credit, debit, or prepaid) in the past 30 days.¹ Even amongst unbanked households in the U.S., 21.6% used prepaid cards in 2023.²

Prepaid cards can be highly secure and resistant to fraud or misuse when properly configured. Most consumer prepaid cards work on the Europay, Mastercard, or Visa (EMV) network and carry EMV chips that make transactions more secure from fraud than their magstripe predecessors or other alternative cards without an EMV chip.

One major example of this is the non-EMV Electronic Benefits Transfer (EBT) card most states have been using for food and cash assistance programs. In California alone, from August 2021 to August 2024 \$242 million in cash aid and \$119 million in food benefits was stolen. Such theft is expected to continue until the agency rolls out chipped cards in 2025.³ This is one example of how not all prepaid cards are the same, and how it is critical to select the right prepaid card configurations to meet the needs of both the agencies that administer the programs and the people those programs serve.



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1. [2023 Survey and Diary of Consumer Payment Choice: Summary Results](#), Federal Reserve Bank of Atlanta.
 2. [2023 FDIC National Survey of Unbanked and Underbanked Households](#), FDIC.
 3. [More secure EBT cards are coming to California](#), CAL Matters

Providing Payment Access for Un- and Under-Banked People

Despite some progress over recent years, millions of Americans remain un- and under-banked, largely excluded from traditional banking services. In 2023, the FDIC reported that 4.2% of Americans are unbanked, having no person in the household with a bank account, and another 14.2% are underbanked with access to at least one bank account in the household but not to adequate financial services.⁴ The FDIC also highlighted that households are more likely to be unbanked as income decreases – for example, 21.8% of those who make less than \$15,000 were unbanked, while only 0.7% of those making over \$75,000 fared the same.⁵

More merchants of all kinds across the country are requiring EMV cards for payment, including transit operators, as cash acceptance is slow and costly. Similarly, newer forms of mobility such as transportation network companies (TNC, also known as “ride-hail”), bikeshare, shared scooters, carshare, and the public charging stations for electric vehicles all have limited or no ability to accept cash. As California’s mobility network stops accepting cash and starts requiring EMV payment cards, it will create barriers to mobility for un- and under-banked people who may currently rely on cash to access the mobility network. This problem may be especially acute on public transit as it moves away from cash and toward open-loop payments because un- and under-banked people appear to be over-represented as users of public transit.

Research from the Sacramento-Davis-Woodland area of California showed that un- and under-banked people are over-represented as public transit users with 31% of riders surveyed being unbanked and 22% underbanked (with only a checking or savings account).⁶

For an unbanked person who does not have or cannot access a debit or credit card, a prepaid card is an increasingly important access point to paying for public transit and other forms of mobility. Under- and un-banked people can receive prepaid cards loaded with cash subsidies or use reloadable prepaid cards to load their own cash on the card. Subsidy distribution through prepaid cards offers many advantages over other methods: no need to travel or pay fees from check-cashing businesses, enhanced fund security and fraud protection, the ability to set-up very specific spending restrictions, automated reloading by defined thresholds or intervals, and (where program parameters allow) the ability to spend money anywhere EMV payment cards are accepted.

4. [A survey from 2021](#) shows 31% of passengers were unbanked in the Davis-Sacramento-Woodland area of CA.

5. [2023 FDIC National Survey of Unbanked and Underbanked Households](#)

6. [Unbanked and underbanked Transit Passengers and the California Integrated Travel Project](#)



Prepaid Card Program Stakeholders

Prepaid card subsidy programs will generally have three key stakeholders: the program administrator (usually a government agency or their contractor), card issuers (also known as issuers), and the card users (members of the public participating in the subsidy program). Program administrators manage the subsidy program and must develop a detailed idea of their program goals and the rules around how money should be distributed and spent by users. Their accountabilities include determining the general design of the program, including funding amounts, purchase restrictions, recipient eligibility and verification methods, reporting, and more.

Card issuers are the companies that develop, distribute and support the prepaid cards. Issuers are contracted by program administrators to develop the prepaid card product, issue and distribute the cards to users, transfer funds from the program administrator to the cards of the users, provide technical support to both the program administrator and the card users, and generally manage the operation of the prepaid card program throughout its lifetime. Because administrators, be they government agencies or other types of organizations, want to be rigorous in their vendor selection, it is advised that at least a handful of suppliers are invited to participate in a procurement process that compares issuer offers and pricing. Lists of issuers and suggested requirements for procurements are provided in the appendices of this memo.

Card users are those who will ultimately receive the subsidy from the program administrator via the prepaid cards from the issuer to make purchases. Both the program administrator and the issuer should be working together to develop a prepaid card product as well as the communications and customer support necessary to ensure an excellent customer experience for the particular communities being served. The program administrator ideally has a strong understanding of the card users and their needs. For instance, if a large number of the users are un- or under-banked, they may need extra instructions to understand how to activate and use a bank card. If they are migrant workers, they may not have a consistent address, and it may be more effective to distribute the cards digitally or in person through a community group than to mail them. If English is not the primary language, ensuring customer service and collateral is available in appropriate languages is important. Finally, whether or not social security numbers are available to the program administrator is an important program parameter because some issuers and banks require them for certain prepaid card products as a part of “Know Your Customer” rules to prevent money laundering.⁷

7. Note that the lack of restriction was for technology validation purposes only, and not intended as a long term program design element.

Program Administrator

**Provide
funds**

**Decide
purchase
restrictions**

**Eligibility
&
Verification**

Card Issuer

**Technical
support**

**Customer
support**

**Produce &
distribute
cards**

Card User



**Activate
their
card**

**Make
purchases**

**Check
their
balance**

**May use
customer
support**



Case Studies of Prepaid Cards in Mobility

Transportation agencies across California and the country are increasingly using prepaid cards for different types of innovative mobility subsidy programs. The case studies that follow summarize several such early mobility-focused prepaid card programs and importantly, the lessons learned in each.



Valley Clean Air Now: Universal Equity ZEV Charging Card

Program Type: Zero Emission Vehicle (ZEV) Charging Card & Mobility Wallet.

Number of participants: 248 across 2 phases

Funding Amount: \$1000

Program Goals: Demonstrate the utility and requirements of prepaid cards for mobility subsidies.

Spending Restrictions: No restrictions on the card, though participants' purchases were monitored and they were told to only use cards for EV charging for phase 1.

One commonly cited barrier to more widespread adoption of zero-emission vehicles (ZEV's), especially among lower-income populations, is that both renters and residents of multi-unit dwellings often cannot install or access low-cost electric vehicle (EV) charging in their home residences, forcing them to pay higher rates for EV charging at privately-run public charging stations.

In order to increase access to affordable EV charging and other sustainable transport modes, Cal-ITP supported the efforts of Valley Clean Air Now (Valley CAN), a non-profit in California's Central Valley, to provide subsidies through a prepaid card to low-income zero-emission vehicle (ZEV) owners for use at any public charging station and, in a second phase, for multiple modes of clean transportation.

After a procurement by Cal-ITP and Valley CAN, the Universal ZEV Equity Charging Card was established as a prepaid card issued by Dash⁸ on the Mastercard network. Two cohorts totaling 248 participants were issued reloadable cards, with the first using the funds for public electric vehicle (EV) charging only, and the second split into public EV charging only and transit, bike share, and scooters.

The demonstration validated the utility of funds that are unrestricted by merchant: EV charging cardholders used more than 20 brands of chargers, while mobility wallet cardholders used a variety of mobility forms with the funds, averaging 2.5 modes over the course of the demonstration. Participants across both groups reported building familiarity with contactless payments. The project also was used to gather insights on mobility payment infrastructure, which Cal-ITP has leveraged to engage

industry partners in improving the data and experience at public EV charging stations and beyond.

The project formally closed at the end of May 2023,⁹ and key specific lessons learned for Cal-ITP and its stakeholders include:

- **Ensure a simple process and clear instructions for card activation and use:** Within the Valley CAN program, one challenge was that some users were confused about how to activate the card. To avoid this, card activation should be simple and customer communications should be clear to a user who has never had a payment card of any kind and may not intuit processes that are expected for experienced cardholders. Engaging a trusted community organization for card distribution and use training is one effective way to overcome this issue.
- **Ensure safe, but effective data-sharing:** As a pilot program, participants had opted into the program and allowed Valley CAN to have full access to detailed transaction reports, allowing administrators to monitor fraud and incentive usage, and gain insight into ecosystem challenges. However, this level of data-sharing is generally not advisable for a scaled up program due to privacy risks. Ideally administrators only gather anonymized and/or aggregated data. (See Appendix II for an example of a detailed but aggregated data reporting list)
- **Be aware of Merchant Category Code (MCC) inconsistencies:** MCC's are not always classified consistently for mobility: for example, using an EV charger in a parking garage may be classified as parking transaction instead of EV charging, so a card limited to the EV charging MCC may be declined by a parking garage EV charger. Further, when such inconsistencies are discovered to cause customer experience problems, some issuers vary in their ability to adjust MCC's. Some issuers cannot adjust MCC's after issuance, others require anywhere from two days to weeks to adjust.

8. [Get Dash](#)

9. [Universal Equity Zero Emission Vehicle Charging Card](#)



Universal Basic Mobility Pilot: Oakland

Program Type: Universal Basic Mobility / Mobility Wallet.

Number of Participants: 1,000

Funding Amount: Up to \$320 in two installments of \$160 each.

Program Goals: Increase mobility access, affordability, and reduce car trips.

Spending Restrictions: Local public transit and shared micromobility only.

In late 2021, the Oakland Department of Transportation launched a “universal basic mobility” (UBM) pilot using prepaid cards to help low-income residents afford transportation. The program provides free or reduced-cost transportation options like public transit, bikeshare, and e-scooters to demonstrate that UBM programs can reduce single-occupant car trips.

The program’s initial phase was launched in East Oakland and distributed up to \$150 to 500 East Oakland residents. A second West Oakland UBM pilot was launched in 2024 to offer over 1,000 West Oakland residents and workers a total of up to \$320 per participant (in two installments) with the prepaid cards using individual Merchant ID restrictions for use only on specific local public transit agencies, Amtrak, bikeshare, and e-scooters. Since the program was focused on reducing car trips, taxi and ride-hail companies were not allowed. The program’s first phase resulted in 40% of participants reporting that the way they traveled changed and 23% reported that they drove alone less since receiving the card. The Oakland UBM program resulted in a series of recommendations and outcomes, summarized here:

- **On-the-ground community outreach was the most effective recruitment:** The City of Oakland found that leveraging community events, community organizations, transportation fairs, and local libraries to educate residents and support sign-up were the best methods to increasing pilot recruitment.
- **Consider multiple card distribution methods for higher card activation rates:** Administrators mailed the prepaid cards to selected participants but found some cards were lost, stolen, or mistakenly thrown out as junk mail, which added to program expenses and could have negatively impacted customer experience. At scale, programs should consider offering alternative methods of card distribution which could include digital cards and/or in-person distribution through city offices or community organizations in addition to mailing cards. Further, when mailing cards, it can help to have distinct branding and/or text/email alerts, so users are less likely to mistake the card for junk mail.
- **Universal Basic Mobility was a success:** Ultimately Oakland saw its first phase as a success as about a quarter of the participants said they took fewer car rides by themselves because of the program. Participants mostly used their cards to ride BART trains and AC Transit buses in their own neighborhoods. Most people who used the cards on BART had previously been unable to pay for BART because the fare was more expensive than bus fare. Researchers also found that people who used UBM tended to “significantly” improve their mental and physical health. The constant worry of having enough money to return home at the end of the day was removed.



Figure 2. Participating transportation modes for Oakland's Mobility Wallet



Clean Cars 4 All EV Charging Card

Program Type: EV Charging Card

Number of participants: Expected around 10,000

Funding Amount: \$2,000 one-time fund load per card

Program Goals: Improve EV charging access & affordability

Spending Restrictions: EV charging stations and apps only with daily spending cap of \$250



**CLEAN CARS
FOR ALL**

In 2023, Cal-ITP, supported by CARB, began working with two California air districts, the Sacramento Metropolitan Air Quality Management District and the San Joaquin Valley Air Pollution Control District, to procure a prepaid card product for distributing electric vehicle (EV) charging subsidies to qualified Clean Cars 4 All (CC4A) participants. The CC4A program provides subsidies for electric vehicles to people who scrap a fossil-fuel car. As Cal-ITP developed the program and engaged vendors, two more CC4A program implementors—South Coast Air Quality Management District and Community Housing Development Corporation (which administers the program to reach rural, tribal, and underserved communities and populations across the state that have not been previously reached by district programs)—joined the collaborative procurement exercise.

Administrators sought primarily to distribute a one-time, \$2,000 benefit to income qualified CC4A participants that is restricted to spending only on public EV-charging. Some Air Districts may also eventually use the prepaid cards to deliver a one-time \$7,500 benefit for sustainable multi-modal transportation. As of November 2024, at least two of the organizations are in the process of contracting with vendors. The CC4A prepaid card procurement resulted in a series of recommendations and outcomes, summarized here:

- **Engage finance/accounting teams early to prepare for the novel issues related to prepaid card programs:** Prepaid cards are relatively new financial tools for most government mobility agencies and have some novel aspects to the way their accounting works. Be sure to engage your finance/accounting teams early so they can prepare and anticipate this.
- **Know the difference between corporate and consumer prepaid cards:** The program administrator owns the funds on a corporate prepaid card and has the right to reclaim the funds or change their terms any time. Funds on a consumer card are owned by the consumer and the administrator cannot reclaim or change the terms of those funds once transferred. Consumer cards are the cheapest option and best for smaller programs with little risk of misspent funds. Corporate cards are more expensive to implement but offer more administrative control to reclaim funds and change program aspects like MCC restrictions.
- **Align on data reporting needs and automatic customer alerts to reduce privacy risk and maximize insight:** Prepaid card issuers can generate reports for program administrators to inform program management, auditing, and performance monitoring. In general, it is not necessary for program administrators to collect disaggregated spending data on people's prepaid card transactions for these purposes, and doing so carries privacy risks while also generating and storing more data than necessary. Cal-ITP recommends an approach to aggregated data reporting (see an example in Appendix II) that collects no personal spending data and carries no privacy risk but still offers deep insight into program performance and impact. This approach also employs automated customer alerts to automatically contact customers in the instance that they did not activate their card or had a card declined, which enables strong customer service without the time or privacy risk that comes with monitoring personal transactions. Be sure to share your data and customer alert needs with your issuer before contracting.
- **Consider the administrative support of your prepaid card issuer carefully:** There appeared to be high variance between vendors on the resources available to support government program administrators. Be sure to investigate the level of administrative support and capacity for prepaid card programs. Some vendors have struggled to have the capacity to set-up and launch programs on time. Other vendors can take weeks to respond to administrator requests for MCC restrictions or cannot make such changes at all after initial launch, while other vendors can address them immediately. Programs that anticipate testing, evolving, and/or changing restrictions should be sure to require the needed responsiveness from their issuer.



Los Angeles Mobility Wallet

Program Type: Universal Basic Mobility/Mobility Wallet

Number of participants: 1,000

Funding Amount: \$150 monthly, \$1.8M total

Program Goals: Increase mobility access, affordability, and sustainability.

Spending Restrictions: Public transit, Amtrak, shared micromobility, car-share, ride-hail, and bike shop purchases.

In May of 2023, LA Metro, in partnership with the Los Angeles Department of Transportation, launched the U.S.'s largest Mobility Wallet (also known as Universal Basic Mobility) pilot by distributing a prepaid card with \$150 per month in transportation funding to 1,000 residents of South Los Angeles for one year. The program's goals were focused on increasing mobility and affordability for low-income residents and reducing greenhouse gas emissions, and allowed spending on a wide variety of mobility modes other than costs associated with car ownership.

The pilot was targeted at low-income residents of South L.A. who don't have access to a car: 80% of participants were enrolled in a financial assistance program, over 60% regularly take public transportation, 40% live in a non-car household and 50% don't have a driver's license. Findings from this program showed that participants spent more than \$1.36 million in total on over 140,000 trips with their mobility wallets, including:

- 80,800 trips via public transit (bus/rail)
- 60,700 trips via ride-hail/taxi/other services
- 2,600 trips via shared scooters and bikes
- 169 bike shop purchases

The agency also noted that the majority of funds were spent on Uber and Lyft, while the majority of trips were on public transit; participants noted how valuable access to pay for ride-hail was when traveling at times or places when transit was not available or there were safety concerns. Overall, the program was considered highly successful in increasing access and affordability to mobility and as of early 2025 the agency is preparing to launch an even a larger county-wide Phase II of the LA Mobility Wallet.





Marin County Transit District Catch-a-Ride Program

Program Type: Supplemental Mobility for Seniors and People with Disabilities

Number of participants: 600 expected

Funding Amount: up to \$600 in quarterly loads, for a total of \$550,000 in year 1

Program Goals: Improve the program's customer experience and improve the efficiency and scalability of program administration

Spending Restrictions: public transit, ride-hail, taxi, non-emergency medical transportation.

In early 2025, Marin Transit initiated the procurement of a prepaid card to improve its Catch-a-Ride (CAR) program of on-demand transportation for seniors and those with disabilities. Previously, the agency offered different options that an eligible participant could elect: paper taxi vouchers, Uber credit, Lyft credit. CAR participants could elect to receive paper taxi vouchers, digital codes for TNC's, or a mix of the two to pay for trips.

The CAR program's prepaid card is expected to launch in summer 2025. Participants will receive a set amount of funds per period loaded on their CAR prepaid card to pay for trips with local taxi providers, Uber, Lyft, and other non-emergency medical transportation (e.g. premium shuttle services, gurney or wheel-chair accessible rides, etc.). From a customer perspective, the prepaid cards are expected to create a more seamless solution for participants to receive

and use funds and allow more flexibility in choosing any mobility service for each ride. From a program management perspective, the prepaid cards are expected to lower the administrative burden and allow the program to be more scalable by eliminating the need to create and mail paper vouchers or manage programs with multiple TNC's. Additionally, Marin Transit is expected to save money on its taxi vouchers, which previously were paid out as a base flat fee regardless of the actual rate but will now be charged the exact trip cost. While there will surely be additional learning to come from Marin's program once it is operational, the exercise to date confirms the use case for administrators to look to prepaid cards as a complement or replacement to other subsidy distribution methods.





Developing Prepaid Card Programs

To develop a prepaid card program, a program administrator should be able to define three different types of parameters of the prepaid card program:

- 1 The **prepaid card parameters** include the disbursement details and the features of the card itself.
- 2 The **cardholder experience parameters** include things that support the card use like customer support, fraud protection, website, and app resources.
- 3 Finally, the **administrative support parameters** include things like administrative training, fund transfer types, administrative portals, and data sharing.

The following three sections will address each of these types of parameters for a prepaid card program in more detail, toward the goal of informing any prospective prepaid card program administrator on what they need to know to define their program through program planning, design, and procurement/purchase.

Key Prepaid Card Product Parameters

Defining the length of time, amount of money, number of cards and users, payment technologies, and other details of the prepaid card product crucial for program development, establishing a procurement scope, and contracting with an issuer. In the table below the key parameters to define are listed with notes about each.

Card Product Parameters	Program Design Questions
Program Enrollment Term	When will the program start and stop enrolling users for new cards?
Card Expiration Term	Generally, most cards issued are valid for terms of 48 months, though issuers can often create card products with shorter terms or offer methods to end programs by stopping loads and sweeping funds back earlier if desired by the administrator. Has a minimum or maximum term been established?
Enrollment Volume	How many people are expected to enroll in the program and be issued cards?
Enrollment Data	What user data is available to the program administrator? Some administrators will have only contact information, some will have social security numbers, others will have no user information. Different prepaid card products are available for each case.
Card Distribution	Issuers can often mail cards directly to each individual user or mail them in bulk to a program administrator for in-person distribution. What options are required?
Card Load Amount	How much money will the card be loaded with? The program administrator will determine how much money to load and with what frequency (see below). This amount should be enough to make the purchases associated with program goals and should also factor in the possibility that some merchants may require a pre-authorization of card funds for a certain amount before a purchase amount is known (like at a gas pump or EV charging station) Pre-authorization amounts are usually \$40-50, but can be higher.
Card Load Frequency	How frequently will the card be loaded with funds? Will it be a one-time load? Or will there be periodic load by time, i.e. monthly, quarterly, or by threshold? Loading can be done automatically whenever a card balance drops to a certain amount, and/or stop anytime a card balance hits a maximum amount of loaded funds. What options are best aligned to the program objectives?
Fund Rollover	Should unused funds rollover and accrue between loads? Or should there be a top up to a maximum level at each loading?
Unspent Fund Return	Should unspent funds be returned to the administrator (note that this sometimes incurs extra fees), and if so at what point? After a period of inactivity? At card expiration?
ATM & Bank Transfer Rules	Should the program allow the cardholder to withdraw cash or make bank transfers?

Total Expected Program Funding Volume	Applying the number of cards issued, total maximum amount of expected loading per card, and accounting for estimated levels of unspent funds, what is the total amount of funds expected to be spent on the cards? This is a critical number to share with issuers, many of whom create program pricing based on this volume.
Spending Restrictions	What type of spending restrictions are needed? Generally, this would include Merchant Category Codes, Merchant ID's, and/or transaction amount caps, but in some cases could include restrictions on transaction types (e.g. card present or not present), location (e.g. state), etc.
Card Type	Corporate cards, where the program administrator owns the funds on the card, offer more administrative control to reclaim funds and change program aspects like MCC restrictions at any point, but are more expensive. Consumer cards where card funds are owned by the consumer, offer less administrator control, but are generally less expensive. What option best aligns to program objectives?
Physical Card Payment Technology	Will the program require physical (i.e. plastic) cards? If yes, Cal-ITP's advice is that physical cards have contactless payment technology in addition to standard mag stripe and EMV chips. Contactless payment is convenient and the most secure against fraud such as card skimming, as well as increasingly the only method of payment in many places, including on many transit systems and public EV charging stations.
Virtual Wallet Compatibility	Should virtual cards be supported? These allow the physical card to also be added to any Apple, Google, or Samsung digital wallet on a phone. This is a good option to be paired with a physical card as it offers customer convenience for users with smart phones.
Digital Card	Are digital cards of interest? These allow a card to be issued digitally, in that the card number, security code, and expiration are provided via the internet without requiring distribution of a physical version. Because there is no physical card, this may increase customer convenience due to instant access after signup as well as lower program costs, but does require recipients to have smart phones and internet access.
Custom Card Art	Is custom art desired for physical cards? Most issuers will accommodate custom art on the card for an extra fee, instead of a generic background with their standard branding. Custom card art can help users recognize that the program's card is not junk mail and increase awareness of the program's administrator/sponsor and goals. Note that card art takes 8 weeks for approval, so it is recommended that administrators have card art concepts ready and begin the approval process upon issuer selection.
Card Personalization	Should physical cards be personalized? While it can depend on enrollment data and distribution method, most issuers can provide personalized cards with the user's name embossed on the card, which may lower the risk of misuse of the card by people other than the enrolled user.



Key Cardholder Experience Parameters

For any subsidy program to be successful in distributing its funds and driving the intended impact the experience of receiving those funds must be easy and accessible for the user. If the needs of the user community are not well known, consider first surveying or assembling focus groups to better understand the specific needs of the community and to inform how to best design a prepaid card to meet those needs. The table below identifies key aspects of that cardholder experience for the program administrator and the card issuer to address.

User Experience Parameter	Program Design Questions
User Account Management Tools	How will users check and manage account details? Most issuers offer app, website, and toll-free phone.
Customer Service Phone Access and Languages	What languages should be supported for customer service lines? Most issuers provide customer service lines that are open at least during business hours, some offer extended hours or 24/7 service. Some issuers also offer customers service with live Spanish-speaking agents. Some issuers also offer third-party translation services for a large variety of other languages (though note that third-party translation can be a slower support process). Live agents speaking languages beyond English and Spanish without translation would come at significant added cost. Additionally, some issuers may offer 24/7 AI-enabled customer service chat-bots that can provide another economical way to address straightforward customer service questions especially in off-hours.
Customer Experience Languages	What languages should be supported for overall customer communications? Federal law requires that if an element of the customer experience (the printed and digital materials) is available in a second (or more) language, then every printed and digital element of the experience must also be provided in that language. For example, issuers cannot provide just the website in Spanish, without also providing all statements, terms and conditions, mailers, and communications in Spanish. For this reason, most issuers only offer the customer experience in English only, while a few offer Spanish. Customer service lines, however, are an exception and can be provided in additional languages (see above). Note that users can use digital webpage translation services built-in to many browsers to read websites translated into other languages.
Capacity and Performance KPIs	How will customer support be evaluated? Ensure that the issuer's customer service has enough capacity in all required languages to support cardholders. If possible, set up reviews and reporting on issue resolution with the issuer to understand customer service performance (KPIs) and track that key customer issues are being addressed.
Fraud Protection	What level of fraud protection is needed? Confirm that the issuer offers automatic fraud detection service to catch fraud and freeze cards as well as easy access for users to block accounts when suspecting or experiencing fraud or a lost or stolen card. Some issuers will offer 100% guarantees to refund any fraudulent purchases. Noting that for cards with significant spending restrictions and small sums on them, fraud risk is low, so in some cases the cost of such guarantees may outweigh the benefit they bring in risk-reduction.

Card Replacement Time	Is fast card replacement critical? Issuers should commit to a maximum time for card replacement, ideally 5-10 business days.
Custom Card Collateral	Is customer card collateral desired? For a fee, issuers can generally include custom/branded/additional information in the card package like a brochure that reminds recipients about the subsidy program objectives and spending restrictions. This can help users understand the program and its rules. Branded envelopes can help recipients avoid mistaking the mailing for junk mail.
Communication with Cardholders	Are supported customer communications desired? Some issuers are able to provide automated/rule-based communication tools which help with reaching out to cardholders—for example, in order to alert cardholders with a remaining balance to reduce the amount of unspent funds. Often text, email, and in-app messaging are available. If supported communications are being implemented, Cal-ITP recommends all materials and communications to be mobile-friendly and compliant with the Americans with Disabilities Act.



Key Administrative Support Parameters

Finally, program administrators will also require strong alignment with their card issuer regarding card product development, fund transfer protocols, data reporting, program management, and operational or analytical support needs. Program administrators should understand that when they are selecting an issuer, they are not simply selecting a card distributor but a program implementation partner that they will work alongside of throughout the life of the program. Special care should be taken to ensure the issuer will be responsive and supportive to the administrator's needs (especially in the early phases of the program), in defining any unknown aspects of the program, and in solving any problems that may arise. To ensure alignment with and support from the issuer to the program administrator, consider the administrative experience parameters outlined in the table below.

Administrative Support Parameter	Program Design Questions
Administrative Dashboard	What program management and tracking tools are needed? Some issuers offer administrative dashboards for program administrators that show program data, analysis, and offer functionality for things like fund transfer, report downloads, and user communication.
Administrative Training & Support	How dedicated should administrator training and support be? Issuers will often provide training live, through pre-recorded videos, or with instruction manuals. Most also provide an account or support manager to provide live support when there is an issue.
Fund Loading	How are program funds going to be transferred? Program administrators generally transfer money to the issuer in bulk on a regular basis, which then becomes available for the issuer to load onto cards. Some issuers can accept that fund transfer from the program administrator via wire transfers, some ACH, some do both. Program administrators should check with their finance/accounting offices to understand what they require.
Data Reporting	What program insights are required for program management and evaluation? Program administrators should specify the data points, format, and reporting intervals needed from the issuer to ensure the ability to manage the program operation, identify any problems or card misuse, evaluate program impact and success, protect user privacy, and meet any financial accounting needs. Also have the issuer specify whether data will be communicated via a dashboard, or regularly sent as a spreadsheet.
Research Facilitation	Are there adjacent insights to be gathered? If you plan to conduct research on the program and it's impacts and will require support from the issuer, be sure to have the research plan and the needs from the issuer clearly outlined in the contract.

General Prepaid Card Program Development Recommendations

This section outlines some of Cal-ITP's additional recommendations for best practices in developing a prepaid card program.

Testing and Initial Roll-Out Phasing: In order to optimize program implementation, Cal-ITP recommends initially rolling out to a small subset of cardholders. This first group will help the administrator and the issuer identify and address program issues across all aspects of distribution, use, customer communications and support and program reporting, helping to ensure a quality user experience for the majority of users that will follow.

Supporting Higher Card Activation Rates: Low card activation is a problem faced by some prepaid card programs. If a card is not activated, it cannot be used. Reasons for low card activation include people mistaking the mailing of a card for junk mail and throwing it out, people not understanding that a card must be activated before use, people not understanding the value of the card, or the card not reaching the right address or person. Methods to improve card activation rates include:

- **Promote card activation awareness and keep it simple.** Many unbanked and underbanked people may not know they need to activate a card before using it.
- **Informational materials** included with the card should include simplified instructions with clear graphics to explain activation, use, and troubleshooting. Consider producing an extensive FAQ document to highlight registration, activation, and other issues.
- **Consider in-person distribution and support:** For communities with low banking experience, with low English-speaking capacity, and/or who change locations frequently, it may be beneficial for program administrators to receive prepaid cards in bulk from the issuer and then distribute them in-person to the users so they can ensure delivery and provide in-person directions on card activation. This “high touch” approach has resulted in higher card activation rates in at least one program.
- **Use custom card art and custom mailing collateral** to ensure that card users easily identify the mailings as related to the program and do not mistake it for junk mail.



Designing Spending Restrictions:

MCC restrictions should be carefully considered to balance the need to restrict spending against any misuse with the need to provide a good customer experience without card declines due to inconsistently categorized transactions. Within some mobility-related categories, there is some misclassification of Merchant Category codes. For example, payment at an EV charger in a parking ramp may be classified as “Automobile Parking Lots and Garages” (MCC code 7523) instead of “EV Charging” (MCC code 5552). A user who tries to pay for this charger with a prepaid card restricted only to EV Charging will then experience a card decline, which can be frustrating when the user is intending to pay for what should otherwise be an allowed expense: EV charging. Such issues can be addressed in three ways:

1. Allowing commonly mis-coded MCC's:

Administrators could simply not restrict commonly mis-coded MCC's, like the parking MCC in the example above, to decrease improper declines and a poor user experience. However, this approach opens up more risk for misuse of funds, in this example it could allow someone to spend funds for EV charging on parking.

2. Allow known mis-coded merchants via Merchant ID's:

if there are a limited number of known problematic merchants, the issuer could allow only those specific merchants by greenlighting their merchant ID or merchant name.

3. More complex spending restrictions:

A more complex approach that some issuers may be able to accommodate is using MCC restrictions in addition to transaction amount limits and/or transaction type limits (card present/not present and pre-authorization present/not present).

In some programs, cardholders will test the restrictions to see if and where they can use the card beyond its intended purposes. One way to guard against this is to monitor spending patterns in monthly data reports and look for irregularities like high usage of uncommon MCC's. Another is to monitor social media, as many people will share methods to “game” programs on social media platforms like Reddit, Facebook, and YouTube.

Integrating Program Research: In the case that administrators plan to do qualitative and/or quantitative research associated with the program or the recipient group, research plans and needs should be discussed and solved between administrators, issuers, and partnering organizations at program inception. Without a clear research plan prior to finalizing the issuer selection and contracting, administrators risk contracting with an issuer that is unable to collect key data points in the evaluation phase. Further, in some cases researchers will need to survey users in advance of card issuance to define the preconditions (“before scenario”) to card issuance, so this preliminary survey should be conducted as early as possible to avoid delaying card issuance. In some cases, giving users an incentive, such as requiring the survey to receive funds or bonus funds, could help increase participation rates. For example, privacy restrictions can be maintained while tracking funds usage by cohort, using arbitrary prefix codes unique to each cohort to do so. These codes can be added to the start of each participant's otherwise unique activation code, which remains anonymous to program administrators.

Evaluating Issuer Pricing: When evaluating bids from issuers to provide prepaid cards for a given program, expect that issuers will use different formulas to price their services. These could be combinations of per-card fees (e.g. \$2 per card issued), disbursement fees (e.g. 1% of all funds disbursed to the prepaid card), fund reclamation fees (e.g. 30% of all reclaimed funds), operating fees (e.g. \$0.20 per card per month in operation), and feature fees (e.g. \$2,500 for custom card art or \$2 per virtual card). The only way to accurately compare issuers' prices is to create the most likely scenarios for your program and apply them to each issuers fee formula and compare the total costs. A current benchmark (in early 2025) of total program price is from 0.1% of fees disbursed to 3% of fees disbursed, even for relatively similar services offered. That said, administrators should not simply select their vendor based on price, but also the features and level of service offered to the administrator. The cheapest programs may not always offer administrators the tools and level of support needed to ensure program success.

Multiple Wallet/Purse Debit Cards: One potential feature for prepaid cards that could offer value to certain use cases related to mobility subsidy programs is having multiple “purses” on a single prepaid card. In 2024 Cal-ITP researched three use cases for multiple-purse bank cards: (1) distribution of multiple benefits by multiple benefit administrators on a single bank card, (2) portioned spending restrictions on prepaid cards, and (3) dual-purse debit cards that offer a bank account. The conclusion of this research was that in general, multiple-purse debit cards are viable options for narrow use cases where there is a need to separate funds with different rules and attributes on a single card but also carry trade-offs related to administrative limitations, confusing user experiences, and that lack of well-developed off-the-shelf products make them impractical in some situations. Cal-ITP remains interested in this topic and is eager to learn about products or features that address these limitations.





Conclusion

Through its research and demonstration projects enabling acceptance of contactless payments for mobility and demonstrating the use of prepaid cards for mobility subsidies, Cal-ITP has concluded that prepaid cards can play a useful role in furthering both mobility and financial inclusion. This is an exciting time for Cal-ITP as it supports agencies across the state and the momentum for prepaid cards continue to grow.

Questions or comments?

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APPENDIX

Appendix I: Prepaid Card Contacts

The below list of prepaid card vendors should not be considered a complete list of prepaid card providers, but includes many vendors that have participated in California prepaid card projects as references.

Issuer	Website
Bluedot	www.thebluedot.com
Mocafi	www.mocafi.com
Dash	www.dashsolutions.com
TruCash	www.trucash.com
Usio	www.usio.com
Money Network - Fiserv	www.fiserv.com
CashApp	www.squareup.com , https://cash.app
GreenDot	www.greendotcorp.com
Checkout.com	www.checkout.com
Paypal	www.paypal.com
Tango Card	www.tangocard.com
Conduent	www.conduent.com
Tyler Technologies	www.tylertech.com
Jawnt Inc	www.jawntpass.com
Pex	www.pexcard.com
Rellevate	www.rellevate.com
Bambu	www.mybambu.com

Appendix II: Example Data Reporting & User Notification Framework

Monthly Data Reporting to Prom Administrator

Data Purposes: Aggregated data needed for program administration and operation, vendor performance management, measuring program impact, and financial audits.

Monthly Data shared:

Total number of cards issued during the month

Total amount of funds disbursed during the month

Remaining Funds: Mean (with standard of deviation) of remaining balances, number of cards with no money spent, and number of cards with no money left (or less than \$10), for activated cards aged:

- 0-1mo
- 18-24mo
- 3-6mo
- 6-12mo
- 24-30mo
- 30-36mo
- 12-18mo

Cards that have not been activated: Number of cards issued more than one month ago that have not been activated.

Funds Returned: Total and mean per-card amount of unspent funds returned to the administrator at 36mo card expiry in the past month.

Blocked Transactions in the past month:

- By Reason for Decline
- By Location
- By MCC code
- Mean Amount
- By merchant ID

Spending: Total, mean (with standard of deviation) per-transaction spend (monthly):

- By merchant
- By MCC code
- By Location (at address – this would be a larger file and separate tab)

- Distance between Spending Location and Home Address (if possible)

Fraud Detection

- Number and type of fraud-related incidents occurring in the last month

Issuer Performance - Customer Service Resolutions:

- Total Number of Calls (and/or online/AI chats) occurring in the last month

Total Number of Successful and Unsuccessful Resolutions to calls (and/or online/AI chats) occurring in the last month

Issuer Performance – Issuance Time:

- Mean number of days from card order to delivery
- Number of re-issued cards in the past month

Automated Customer Messaging

Purpose: Setting automated customer messaging through the issuer allows the administrator to be certain that their customers are getting messages via email and/or text to prompt their behavior toward program goals without needing customer data.

Automated Customer Messaging:

- Reminder and how-to directions to activate card: sent every two weeks from issuance of card until card is activated.
- Remaining Balance: sent monthly after card activation until balance is zero or expiration.
- Fund and card expiration warning: sent monthly in final year of card validity.
- Card decline due to spending restrictions: send an email after each decline to inform the user why the intended purchase was not allowed and provide customer service number in case the cardholder believes the decline was in error. Ideally this message is sent immediately by text.