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# Prepaid Cards: United States

June 2020



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# About This Report

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## Scope

This report forecasts the US market for prepaid cards in nominal US dollars for 2021-2024. The total market is segmented by payment process as follows:

- open-loop
- closed-loop

The process segments are further segmented by type for 2016-2020. Open-loop types include:

- consumer general-purpose reloadable
- business-to-business (B2B)
- government-administered
- flexible spending account/health savings account (FSA/HSA) medical card
- payroll card
- gift card
- customer refund and incentive card

Closed-loop types encompass:

- electronic benefit transfer
- reloadable
- non-reloadable

To illustrate historical trends, the total market and the various segments are provided in annual series from 2016 to 2020.

A prepaid card is a card that stores or records a dollar value and is not linked to a bank account. The card has no value until it is purchased and “loaded” with an amount of money. When the card is used to make a purchase or to withdraw funds via an automated teller machine (ATM), the amounts are subtracted from the card’s balance. When the balance reaches zero, the card is empty.

Some cards are “reloadable” – money may be loaded to the card at certain stores, online, or by direct deposit. Other cards are “non-reloadable” – when the balance reaches zero, the card remains empty and can be discarded.

Prepaid cards are also distinguished by whether they are “closed-loop” or “open-loop” cards. Closed-loop cards can be used only at specific locations operated by a merchant or other entity. Distinguished by their association with a card network, open-loop prepaid

## About This Report

cards can be used to make purchases anywhere that card network's payment cards are accepted.

Freedonia quantifies trends in various measures of growth and volatility. Growth (or decline) expressed as an average annual growth rate (AAGR) is the least squares growth rate, which takes into account all available datapoints over a period. The volatility of datapoints around a least squares growth trend over time is expressed via the coefficient of determination, or  $r^2$ . The most stable data series relative to the trend carries an  $r^2$  value of 1.0; the most volatile – 0.0. Growth calculated as a compound annual growth rate (CAGR) employs, by definition, only the first and last datapoints over a period. The CAGR is used to describe forecast growth, defined as the expected trend beginning in the base year and ending in the forecast year. Readers are encouraged to consider historical volatility when assessing particular annual values along the forecast trend, including in the forecast year.

Other various topics, including profiles of pertinent leading companies, are covered in this report. A full outline of report items by page is available in the Table of Contents.

## Sources

*Prepaid Cards: United States* (FF95036) is based on [Prepaid Cards in the U.S.](#), a comprehensive industry study published by Packaged Facts. Primary research includes national online consumer surveys of US adults (age 18+) that Packaged Facts conducts on a regular basis to measure consumer purchasing patterns and attitudes for various products and services. These proprietary Packaged Facts surveys have a sample size of approximately 2,000, screened for response quality and are representative of the US population on the demographic measures of age, gender, geographic region, race/ethnicity, household income, and the presence/absence of children in the household.

Packaged Facts' consumer analysis also draws on national consumer survey data licensed by MRI-Simmons. On a quarterly basis, Simmons releases 12-month aggregations of booklet-based survey results from a large and random sample (approximately 25,000 for each quarterly release) that accurately represents the US population. This database allows for historical trending and detailed consumer profiles across various demographic and psychographic measures as well as product and service categories. Results from the 12-month Fall 2014 and 2019 surveys are analyzed.

Specific sources and additional resources are listed in the Resources section of this publication for reference and to facilitate further research.

# Industry Codes

Table 6 | NAICS & SIC Codes Related to Prepaid Cards

NAICS/SCIAN 2017		SIC	
North American Industry Classification System		Standard Industrial Classification	
522210	Credit Card Issuing	6021	National Commercial Banks
522220	Sales Financing	6099	Functions Related to Depository Banking, NEC
522292	Real Estate Credit	6141	Personal Credit Institutions
522293	International Trade Financing	6153	Short-Term Business Credit Institutions, except Agricultural
522294	Secondary Market Financing	6159	Miscellaneous Business Credit Institutions
522298	All Other Nondepository Credit Intermediation	7389	Business Services, NEC
522320	Financial Transactions Processing, Reserve, and Clearinghouse Activities		

Source: US Census Bureau

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## Resources

### Packaged Facts

*Co-Branded and Affinity Cards in the U.S.*

*Commercial Cards and B2B Payment Services: U.S. and Global Markets and Trends*

*Prepaid Cards in the U.S.*

*Private Label Credit Cards in the U.S.*

### The Freedonia Group

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*Global E-Commerce Packaging*

*Global Housing*

*Retail E-Commerce Packaging Market in the US*

*Retail-Ready Packaging*

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*Private Label Credit Cards: United States*

*Professional Services: United States*

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Consumer Financial Protection Bureau

Federal Deposit Insurance Corporation

## About This Report

The Federal Reserve  
Financial Health Network  
Innovative Payments Association  
Society for Worldwide Interbank Financial Telecommunication  
United States Census Bureau  
United States Department of Labor  
United States Department of the Treasury