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## BUILDING ON BLUEBIRD Amex, Walmart prepaid product seen beneficial to banks

By John Ginovsky

The much-trumpeted unveiling of Bluebird, the joint American Express-Walmart prepaid card offering likely will boost awareness of such products and offer associated opportunities to banks.

"It's no longer a niche market. It is a much broader market than what most people previously had seen," says Craig Fuller, CEO, Transcard. "If you're a community bank you should have a prepaid strategy. If you don't you will be left out in the cold."

[Transcard provides the bank-branded Community Bank Prepaid Program for ABA members through an agreement with the ABA subsidiary Business Solutions.]

As for its effect on the prepaid industry in general, Fuller expects it will "bring some sanity" to pricing while primarily affecting nonbank check cashers.

"It will put some level of price pressure on the marketplace," he says. "It will really hit the nonbank channel most of all. It's going to impact the check cashing locations that offer prepaid cards."

At the same time, however, Fuller points out some limitations of Bluebird.

"The Bluebird card does not provide FDIC insurance. You cannot load federal or state benefits on the card because of that. American Express has limited acceptance...There are some limitations to the product itself that, frankly, bank prepaid cards aren't faced with."

At the same time, he sees an advantage for banks. "The local bank, particularly the community bank, has an opportunity when someone has a

question about their card, how it works, how the fees work, what goes on if something doesn't work properly, or has an issue. They can walk into the bank and get serviced. You can't really walk into Walmart and expect the same set of services...There's an opportunity for banks to carve themselves out really nicely in this business," Fuller says.

He sees yet another bounce that banks with prepaid offerings might take advantage of because of Bluebird: customer awareness.

"American Express and Walmart are going to spend an unprecedented amount of money on marketing, advertising, and product placement...It's going to bring an enormous amount of opportunity for banks to benefit, if they have an offering," he says.

#### About the Author

John Ginovsky is contributing editor of ABA Banking Journal and editor of the publication's TechTopics e-newsletter. For more than two decades he has written about the commercial banking industry. In particular, he's specialized in the technological side of banking and how it relates to the actual business of banking. He previously was senior editor for Community Banker magazine (which merged with ABA Banking Journal) and was a staff writer for ABA's Bankers News. You can email him at [jginovsky@sbsub.com](mailto:jginovsky@sbsub.com)

[This article was posted on October 17, 2012, on the website of ABA Banking Journal, [www.ababj.com](http://www.ababj.com), and is copyright 2012 by the American Bankers Association.]