



ABA News to Use

Keeping banking's frontline personnel informed

A New Way to Pay as You Go

Buying traveler's checks used to be a fixture on most travelers' to-do lists. But now you can carry "cash" in the form of a prepaid card that offers many of the same protections and cash accessibility provided by traditional traveler's checks.

These travel cards can be used anywhere the network sponsor's cards (such as Visa or MasterCard) are accepted, including ATMs. In fact, they generally are accepted at more point-of-sale locations than traditional traveler's checks.

Funding the cards is growing easier all the time. You can add value in many ways: online, over the telephone or at distributor locations, such as bank branches. The travel cards can be used to make purchases at retail merchants and to withdraw funds at ATMs around the world. Like travelers' checks, the cards are also protected against loss or theft. In fact, issuers and users have reported that it's relatively easy to replace the travel card, compared to re-issuing traditional paper checks.

Convenience is the travel card's greatest benefit. Instead of keeping track of many check number, you only carry and guard one card number. In addition, you can have several cards associated with one prepaid account, which lets you travel with a replacement card on hand. This eliminates the need to have replacements mailed or picked up from a physical location if the card is lost or stolen. All you have to do is call and report the loss, and the other card will be activated.

Banks can also benefit from issuing travel cards. Not only do they experience the cost benefits of electronic processing, but they may gain incremental income from fees (including foreign exchange fees, float and breakage). The cards also offer an opportunity to cross-sell additional services. Plus, when third-party distributors, such as AAA, are involved, some form of revenue-sharing occurs between the bank issuing the cards and the entity that distributes the cards to end-users.

For information about ABA News to Use, or to suggest subjects for future articles, please contact ABA's [Brian Nixon](#).