



## Visa Case Study:

# London Borough of Lewisham Prepaid Card Case Study

### Summary and Project Background

The London Borough of Lewisham is an inner-city borough in the South East of London. The council have been investigating ways in which they can deliver financial and efficiency savings; whilst delivering high quality services to their citizens.

As part of this initiative, Lewisham were interested to know how they could use prepaid cards to improve the way they make cash payments to citizens.

A prepaid card is a pre-funded card which does not offer a credit or overdraft facility and is not linked to a standard bank account. Money allocated to the card can be used anywhere that accepts Visa, or withdrawn as cash from an ATM.

Lewisham have worked in partnership with Visa, Citi and Ticon to implement a prepaid scheme for young people leaving care. The scheme improves efficiency for the council and offers a better service for care leavers.

### The Challenge

Young people leaving the council's care at age eighteen receive a weekly allowance to support them as they continue in education or look for a job. Previously, care leavers had to journey to Lewisham's offices each week to collect their allowance in cash.

In some cases, people needed to travel for up to an hour; whilst the council had to store and transport cash to offices across the borough. Different sites used different procedures for making cash payments and staff had to manage large amounts of cash at each site.

The process was expensive, inefficient and staff were exposed to risk. It was also inconvenient for the young people. Receiving cash in one lump sum each week did not help them with their budgetary management, and they could only use their money over the counter in shops.

### The Solution

The solution is a safe and secure card product which delivers cash remotely so that young people no longer need to come in person to Lewisham's offices. Lewisham staff do not have to transport cash and administer cash payments. This reduces staff workloads and allows them to focus on the young people's needs.

This innovative scheme is expected to reduce Lewisham's costs for processing payments by over 60%. As an additional benefit, the council receive collective reports on the beneficial use of the prepaid cards.



**"Citi's prepaid card provides the alternative to issuing cash payments and is both secure and flexible for our cardholders, whether they be council clients or members of staff"**

**Kevin Alcock**, Cashiering Services, Lewisham

“It is reassuring to know that our young people no longer have to collect cash each week; this is much safer for them. Being able to withdraw only small amounts at a time, as well as making purchases in shops, enables young people to practice budgeting skills”

**Peter King**, Leaving Care Service, Lewisham

### **Council Benefits**

Lewisham can expect to receive a number of financial and non-financial benefits from their prepaid card programme, including:

**Financial Benefits** – Lewisham expect to deliver up to 62% per annum efficiency savings through the use of the prepaid card.

**Impact on Targets** – The prepaid scheme will positively contribute to a number of key National Indicators for Lewisham.

**Reduction in Risk** – Lewisham’s risk will be reduced from having less cash on-site and less movement of money between sites.

**Recouping Funds** – When a prepaid card is lost or stolen, money on the card can be recovered.

**Monitoring** – Lewisham receive card scheme reports so that they can ensure the cards are being used, and better understand how the young people are managing their allowance.

**Ease of Use** – Prepaid cards are simple for the council to setup, use and re-load, providing Lewisham with a solution that is easy to manage, and extremely cost-effective.

### **Cardholder Benefits**

The prepaid card programme is not only designed to improve efficiency for Lewisham. It allows the council to provide a better service to their young people leaving care too, including:

**Convenience** – Young people no longer need to travel to get cash. Their cards are topped-up remotely by Lewisham and they can withdraw cash free from any Visa ATM, 24 hours a day. They are also able to take smaller sums from the card rather than carrying lots of cash.

**Social Inclusion** – The prepaid card gives users access to electronic payment methods and provides them with a product which is common among their peers. By giving them this access, the young people can feel more included in ‘normal’ society.

**Information** – Young people can check their balance statements online, by telephoning Citi’s call centre, or at any cash point displaying the Visa logo. This helps them to budget and stay in control of their spending

**Choice** – The card offers users the ability to make online payments, telephone payments and point of sale payments to Visa merchants, as well as cash from ATM’s. Using a card for payment enables the young person to purchase goods from entities previously not open to them with cash such as reserving of cinema tickets, or making purchases on line.

### **Future Vision**

Visa, Citi and Ticon share Lewisham’s belief that prepaid cards could be used in place of cash or instead of a bank account to allow payments from any Government body to citizens. The cardholders will then have the ability to make cashless transactions, use local facilities and pay for travel – all on a prepaid card.

In the future, Lewisham would like to work with other Government bodies to deliver payments in a seamless process; with their prepaid cards providing a central point for all cash payments required between departments and individuals.

### **Further Information**

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