

CEWG – Code of Conduct Sub-group

Subject: Issuer Code of Conduct, Version 1

Date: 31st January 2008

1. What is the Issuer Code of Conduct for Prepaid Cards?

The Issuer Code of Conduct (“Code”) is designed to provide guidance to prepaid payment product issuers (“Issuers”) in the development, marketing, distribution and sales of prepaid payment products. Our aim is to support growth in the prepaid economy worldwide and help Issuers communicate the real benefits to users of prepaid products.

The Code is based on a set of core principles agreed by the membership of the Prepaid International Forum and broad guidelines covering each stage of the lifecycle of prepaid payment product issuance. All references to a “prepaid card” in this Code shall mean any prepaid payment product (physical or virtual) including without limitation a card, e-voucher or code.

The Code is designed to be applicable to Issuers in any country. It is recognised that regulation differs markedly from country to country and that certain regulations may preclude full adherence to this Code. In such circumstances local regulation must, of course, prevail.

In various parts of the world Issuers may already be subscribing to other codes of conduct or rules owing to their membership of various trade associations or payment schemes; this guidance is not intended to be a substitute for any other guidance already available. However, it is a stand-alone code of conduct, specifically designed for all types of prepaid cards.

2. Key Principles of the Code:

- To promote and demonstrate fairness to the end-user customer
- To encourage simplicity and clarity in all communications and interfaces with the customer
- To develop good practices in communication which are accurate and accessible
- To provide transparency to the customer in all terms and conditions relating to the prepaid card

3. Code of Conduct:

The Code has been developed around three phases based on the lifecycle of a prepaid card.

Phase 1 – customer application for, or purchase, of a prepaid card:

- a) Marketing of prepaid cards
 - Target customer identification:
 - Issuers should ensure that their targeting of customers for prepaid cards is compliant with any local regulation re use of mailing or address lists, etc
 - As good practice Issuers should ensure that segmentation strategies for targeting purposes positively exclude, where possible, any customer details for segments that should not be targeted for certain prepaid card types, e.g. children

- Where it is possible, owing for example to an existing customer relationship, Issuers should as part of the customer targeting process pre-vet the customer to avoid an application decline at a later stage, e.g. exclude customers who live overseas if an overseas address is a reason to decline a specific prepaid card application
- Advertising and promotional standards
 - Issuers should encourage consistency throughout marketing campaigns to avoid misrepresentation (this includes consistent use of images and text across all marketing communications)
 - Issuers should strive towards clarity and transparency of promotional messages across all marketing campaigns to avoid confusion and misunderstanding
 - Images and text should not offend public morality
- b) Issuance of prepaid cards:
 - Issuers should strive to ensure that the application process for customers is simple, accessible and timely. Where outsourced suppliers are used, it is recommended that service levels are agreed and monitored to ensure good practice
 - Customer due diligence (previously known as “Know your customer” or “KYC”) and anti-money laundering (AML) requirements vary from country to country. From the customer perspective the Issuer should have processes and communications messages in place to ensure that the customer understands why and how the data they provide will be held and used
 - Some countries require customer due diligence to be carried out on gift card/ money transfer beneficiaries. Again the Issuer should have processes and communications messages to ensure the customer is provided with this information and understands how this data may be used
 - Terms and conditions relating to a prepaid card should be made available in print and online, if required, to all customers. For prepaid cards that can be used online only, terms and conditions should still be available in print if the customer requires
 - The Issuer should adopt best practices in transparency to the customer throughout the application and prepaid card issuance process. This information should be clearly advised before a prepaid card is actually issued. Key areas for transparency are:
 - All charges and fees should be shown clearly and accurately in marketing material and card terms and conditions. This should include any charges relating to the prepaid card, transaction, penalty, service and foreign exchange fees. Charges should be shown in the relevant currency of the country in which the prepaid card is issued.
 - Terms and conditions should be available in print as well as online to the customer, where an online facility is available
 - The customer should be provided with clear details of how changes in pricing structures or tariffs will be advised to them

- Any liabilities that might be incurred by the customer need to be outlined clearly in terms and conditions/ product literature as well as details regarding their level of protection - this may be covered by local regulation
- Methods for reloading the prepaid card should be made clear to the customer when they are issued with it
- The customer should be advised of any legal responsibilities re prepaid card usage, e.g the prepaid card should not be provided to children for certain purchases
- Terms and conditions should indicate whether the prepaid card has an expiry date
- It is recommended that the level of customer protection is shown in a question and answer format in both product literature and terms and conditions, e.g.
 - Do I lose money if the prepaid card is not used?
 - What happens when I purchase something that goes wrong?
 - If there is customer protection do I have to opt in or out?
 - What happens if the prepaid card is lost or stolen?

Phase 2 - usage of prepaid cards:

- Issuers should clearly show who the ‘issuer’ of the prepaid card is.
- Issuers should ensure that the customer has sufficient opportunities to use the prepaid card or top up the balance when the prepaid card has a reloadable facility
- As a matter of best practice Issuers should endeavour to provide a means for customers to know the balance available to spend using their prepaid card, whether by SMS text, online, telephone or at a physical POS or reload network.
- Customer help desk contact numbers should be shown on the prepaid card and/ or product guidelines. In particular, details regarding what the customer should do in the event of a lost card at home and/or abroad should be provided

It is recommended that issuers develop and monitor service levels for responding to customer enquiries

Issuers should provide information on dispute resolution processes

- Issuers should explain how and when the customer should inform them regarding changes in circumstances, e.g. change of address

Phase 3 – termination or closure of the prepaid card:

- Issuers should develop rules and guidelines to communicate to the customer in the following circumstances:
 - Provide information regarding who can terminate a prepaid card for the Issuer and/or customer
 - Give details of how to close the prepaid card
 - Explain how funds left on the prepaid card will be dealt with
 - Outline what happens when the Issuer terminates facilities
 - Explain the processes used to manage death, incapacity, bankruptcy. etc.