House of Commons
Chambre des communes
Canada

House of Commons Standing Committee on Finance – Pre-budget Consultations 2013

This brief is submitted by:

(•) **an organization** **Organization name:** Visa Canada Corporation

or

( ) **an individual** **Name:** _____

Topic: Financial services and other financial issues

*Recommendation 1: Please provide a short summary of your recommendation.

Visa encourages the Government of Canada to explore other electronic payments options to eliminate cheque issuance entirely through prepaid disbursement programs. Prepaid cards offer governments and agencies a highly efficient, secure way of distributing benefit payments that can significantly reduce costs and streamline processes while also eliminating cheque-related costs and fraud issues.

Expected cost or savings: From the pull-down menus, please indicate the expected cost or savings of your recommendation to the federal government and the period of time to which the expected cost or savings is related.

$10 million-$99.9 million

Immediately

Federal funding: Please provide a precise indication of how the federal government could fund your recommendation. For example, indicate what federal spending should be reallocated, what federal tax measure(s) should be introduced, eliminated or changed, etc.

Not applicable

Intended beneficiaries: Please indicate the groups of individuals, the sector(s) and/or the regions that would benefit by implementation of your recommendation.

All government disbursement beneficiaries. Visa Prepaid Government Disbursement programs include Family & Child Support, Employment Insurance, Old Age Security and Canada Pension Plan Payments, First Nations Benefits, Payroll, Veterans Affairs, Disability Benefits, and Education Benefits and disaster relief.

General impacts: Depending on the nature of your recommendation, please indicate how the standard of living of Canadians would be improved, jobs would be created, people would be trained, etc.

For recipients, government prepaid disbursement cards have many advantages including faster access to funds, uninterrupted payments during a disaster, improved money management and budgeting, enhanced security over cash (zero liability), and widespread acceptance.

Topic: Please select from the pull-down menu

Recommendation 2: Please provide a short summary of your recommendation.

Expected cost or savings: From the pull-down menus, please indicate the expected cost or savings of your recommendation to the federal government and the period of time to which the expected cost or savings is related.

Please select from the drop down menu

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Federal funding: Please provide a precise indication of how the federal government could fund your recommendation. For example, indicate what federal spending should be reallocated, what federal tax measure(s) should be introduced, eliminated or changed, etc.

Intended beneficiaries: Please indicate the groups of individuals, the sector(s) and/or the regions that would benefit by implementation of your recommendation.

General impacts: Depending on the nature of your recommendation, please indicate how the standard of living of Canadians would be improved, jobs would be created, people would be trained, etc.

Topic: Please select from the pull-down menu

Recommendation 3: Please provide a short summary of your recommendation.

Expected cost or savings: From the pull-down menus, please indicate the expected cost or savings of your recommendation to the federal government and the period of time to which the expected cost or savings is related.

Please select from the drop down menu

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Federal funding: Please provide a precise indication of how the federal government could fund your recommendation. For example, indicate what federal spending should be reallocated, what federal tax measure(s) should be introduced, eliminated or changed, etc.

Intended beneficiaries: Please indicate the groups of individuals, the sector(s) and/or the regions that would benefit by implementation of your recommendation.

General impacts: Depending on the nature of your recommendation, please indicate how the standard of living of Canadians would be improved, jobs would be created, people would be trained, etc.

Please use this page if you wish to provide more explanation about your recommendation(s).

The Receiver General of Canada issues over 300 million payments annually, of which close to 77% are already made by direct deposit. The Government announced in April 2012 that it wishes to increase the use of direct deposit by slowly phasing out federal government cheques. It is unlikely, however, that the adoption rate will reach 100%. On that basis, Visa encourages the Government of Canada to explore other electronic payments options to eliminate cheque issuance entirely through prepaid disbursement programs. A conservative estimate alone of the remaining 33% of recipients not using direct deposit as a form of receiving payments could represent an annual savings of 56.6M.

Prepaid Payment Card solutions vary based on government challenges and mandates, recipient needs and financial infrastructure. Today, there is virtually no presence of prepaid government programs in Canada while in comparison, the Visa Prepaid card is offered in the U.S. through 80 government disbursement programs across 39 states.

Below are some examples of how prepaid disbursement programs can be used by governments to improve efficiency and service to taxpayers:

Disaster Relief: Issuing relief monies and humanitarian aid on a Visa prepaid card enables faster access to funds and reduces stress during a crisis. Visa prepaid card inventories can be stocked in advance so that when disaster strikes, cards can be instantly activated and distributed. Following the 2008 bush fires and 2011 floods in Victoria, Australia, Westpac and Australia and New Zealand Banking Group (ANZ) helped the government disburse emergency relief via Visa prepaid cards

Payroll: With the Visa Payroll card, government employees have an electronic pay option beyond direct deposit for salaries and wages. Employees receive the convenience and utility of a Visa card, while governments can enjoy cost savings by eliminating cheque processing. Visa prepaid cards can also be issued to full-time employees and contractors for the purpose of delivering incentives and reimbursement of expenses.

Tax Refunds: For many local, state and federal governments, delivering tax refunds via prepaid cards has proven both cost-effective and convenient for constituents. In fact, for the 2010 tax season, the U.S. Internal Revenue Service (IRS)-sponsored Volunteer Income Tax Assistance (VITA) program used Visa prepaid cards to deliver tax refunds electronically to low-to-moderate income wage earners at 73 VITA sites across the United States

Loans and grants: By using Visa prepaid cards to distributed government-issued loans, government can deliver funds to businesses in a form that is widely accepted and can be put to immediate use.

*Please note that at least one recommendation must be provided