

The image shows a screenshot of the consumer.gov website. At the top left is the logo "consumer.gov" with the tagline "what to know and do". To the right of the logo is a search bar with a "search" button and a "Español" language selector. Below the logo are four navigation buttons: "Managing Your Money" (teal), "Credit, Loans and Debt" (green), "Scams and Identity Theft" (orange), and "Help for You" (blue). The "Managing Your Money" button is selected, and its content is displayed in a light blue box below. The content includes a list of topics: Making a Budget, Opening a Bank Account, Using Debit Cards, Prepaid Cards, Saving Money When You Shop, Buying and Using Phone Cards, Sending Money Overseas, and Renting an Apartment or House. At the bottom of the page, there is a footer with links for "Federal Trade Commission", "Privacy Policy", and "USA.gov".

consumer.gov
what to know and do

search Español

Managing Your Money Credit, Loans and Debt Scams and Identity Theft Help for You

Managing Your Money

- Making a Budget
- Opening a Bank Account
- Using Debit Cards
- Prepaid Cards
- Saving Money When You Shop
- Buying and Using Phone Cards
- Sending Money Overseas
- Renting an Apartment or House

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Prepaid Cards

What It Is

What To Know

What To Do

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AAA text size

listen

What is a prepaid card?

A prepaid card is a card you can use to pay for things. You buy a card with money loaded on it. Then you can use the card to spend up to that amount.

A prepaid card is also called a prepaid debit card, or a stored-value card. You can buy prepaid cards at many stores and online.

Many prepaid cards come with the Visa or MasterCard logo. These prepaid cards look just like a credit card.

Why would I use a prepaid card?

- Prepaid cards are a convenient way to pay for things if you are not carrying cash.
- You do not owe a bill since you are using money you already have.
- You do not need a bank account to use a prepaid card.
- You do not need a good credit history to use a prepaid card.

Learn more about [your credit history](#).

Why would I not use a prepaid card?

Many prepaid cards have extremely high fees. You might pay fees when you:

- activate your card
- add money to the card
- use the card to buy something
- find out what your balance is, or how much money you have left
- use an ATM

You might find many other options with lower fees.

[Read more](#)

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How do prepaid cards work?

Prepaid cards work like debit cards. But you do not need a bank account to get a prepaid card. Here is how a prepaid card works:

- You get a card from a store or company.
- Sometimes, you buy a card in a certain amount. You might pay \$50.00 for a card. That means you can use that card to spend \$50.00.
- Sometimes, you buy a card and then add money to it.
- You can use the card to buy things in stores. You also can get cash from an ATM.
- Your card stops working when you spend all the money you added.
- You can add more money.

Unlike most debit cards, many prepaid cards charge very high fees.

What kind of fees do prepaid cards charge?

You might have to pay fees to:

- buy a card
- add more money to a card
- buy something with the card
- find out what your balance is, or how much money you have left on the card
- use an ATM with your card

Sometimes there is a fee every month just to have the card.

For Example





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What To Know

What To Do

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Prepaid cards are another way to pay for things. You add money to a prepaid card and use it like a debit card. But you pay very high fees to use a prepaid card.

How do I choose a prepaid card?

If you decide to use a prepaid card:

- find out what fees you will have to pay
- see which card has lower fees
- do not buy a card because you like the celebrity who talks about it. It may have higher fees than other prepaid cards

How do I compare prepaid cards to other choices?

Prepaid cards can cost a lot to use. You might want to compare other ways to spend your money.

Choose at least two of each to compare:

- prepaid cards
- secured credit cards
- checking accounts in a bank or credit union

For each type of card or account, answer these questions:

- What are the fees? Look for:
 - low activation fees
 - low annual fees
 - low ATM fees
- Will the card help your credit history? Some cards send information to the three credit reporting companies. That might help you build a credit history.
- Does your deposit earn interest? Sometimes you can earn interest on the money you put on a card or in a bank account.

Compare the answers. You might find ways to spend your money that are cheaper than a prepaid card.