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From Coins to Big Bucks: The Evolution of General-Purpose Reloadable Prepaid Cards



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“ All ideas grow out of other ideas. ”

—Anish Kapoor, Sculptor

What are some of the first things you see when you walk into most large retail stores? Chances are large racks of prepaid cards will be something you notice. Sometimes there's even more than one rack—all displayed to grab your attention. This trend in marketing prepaid cards can be traced back to the prepaid phone card.

Before cell phones were invented, pay phones were used for communication when people were away from home. Telephone booths with pay phones were common fixtures on street corners and in public places. Using a pay phone required the caller to insert coins in certain amounts. Local calls cost a set amount, but the cost of long-distance calls was determined by an operator according to the duration and destination of the call. If the caller didn't have the correct amount of change, the call was ended. In addition, vandalism of pay phones was frequent because the coins were physically inside the phone.

As an alternative to using coins, the prepaid phone card was invented in Europe in the 1970s and was introduced in the United States by the late 1980s.¹ The prepaid card idea quickly expanded to include merchant-specific cards (**private-label prepaid cards**). These cards are widely called “gift cards” and can be used only at the stores named on the cards. In the early 1990s, the government began replacing paper-based food stamps with **electronic benefit transfer (EBT)** prepaid cards. These cards could be used at a wide variety of merchants. Within only a few years, the prepaid phone card idea had inspired an even bigger idea: the prepaid card market.

The General-Purpose Prepaid Card Evolves

Today there are a number of different types of prepaid cards, including **reloadable cards**. And in recent years, changes in consumer spending habits have particularly increased the popularity of the **general-purpose reloadable (GPR) prepaid card**. The GPR prepaid card is the fastest-



GLOSSARY

Direct deposit—An electronic transaction in which money is deposited directly into a payee's bank account from a payer's bank account.

Electronic benefit transfer (EBT)—An electronic system that allows a recipient to receive financial benefits from the government via a debit card. The recipient uses the EBT card to make purchases from retailers.

General-purpose reloadable (GPR) prepaid card—A prepaid card that is branded as a “general-purpose” reloadable (GPR) card. A prepaid GPR card allows consumers to reload the card with additional funds and even set up direct deposits to the card.

Private-label prepaid card—A merchant-specific card that can be used only at a particular merchant or chain of merchants (e.g., Sears or JC Penney); a card issued by and used for purchases at a retailer. Private-label cards cannot be used on a general-purpose card network.

Reloadable card—A prepaid card that allows the cardholder to add more funds (money) to the card.

Underbanked—Consumers or businesses that have limited or poor access to primary financial services provided by banks and rely on alternative financial services.

Unbanked—Consumers who have no account at a bank or a financial institution.

Common Fees for GPR Prepaid Cards

- Initial activation
- Monthly maintenance
- ATM withdrawals
- Balance inquiries
- Reloading (either by cash payment or direct deposit)
- Card replacement
- Calls to customer service
- Monthly statements
- Replacement card
- Inactivity

growing noncash form of payment: The number of transactions increased at an annual rate of 33.5 percent from 2009 to 2012. A total of 3.1 billion GPR prepaid card transactions were made in 2012, which is 1.8 billion more transactions than in 2009.²

A GPR prepaid card looks like a debit or credit card, carries the logo of a major payment card network brand—American Express, Discover, MasterCard, Visa—and can be used like a debit card. The card can be used to make purchases anywhere the card brand is accepted and to obtain cash at any ATM that connects to the card's network.

A GPR prepaid card can be purchased at a retailer or online and has no value until it is purchased and “loaded” with an amount of money. The card is not linked to a bank account, and transactions are made on a “pay-as-you-go” basis. Whenever a purchase or cash withdrawal is made, the amount is subtracted from the card's balance. The card can be activated either online or by telephone. Only activated cards can be reloaded with additional funds. After the card is activated, a new personalized card is sent to the purchaser and this registered GPR card can be reloaded with additional funds at retail locations, online, or by **direct deposit**.³ Consumers can use activated GPR cards as substitutes for checking accounts by directly depositing their earnings, withdrawing funds at ATMs, and purchasing goods and services.

The popularity of the GPR prepaid card has increased despite costs incurred with its usage. Although competition among prepaid card issuers and increased volume

have helped lower card fees, usage can be costly.⁴ Fees, terms, and conditions of usage vary among cards, and fees may be determined according to individual spending habits. For example, some cards have different fees according to the number of transactions each month and whether the card is reloaded using direct deposit or with cash (see the boxed insert).

Additionally, the fee disclosure can be confusing and difficult to understand. Currently, the style, format, and content are determined by each card company. This makes it hard to determine the card's cost or to compare the costs of different cards. To address this concern, in 2014 the Consumer Financial Protection Bureau began the task of creating a new, standardized disclosure requirement for prepaid cards to assist consumers in comparing the fee structure among cards so fees can be further minimized.

Who Uses the GPR Prepaid Card?

The GPR prepaid card quickly became widely used as an important product for lower-income, **underbanked**, and **unbanked** consumers. In some instances, prepaid cards have become necessities for these consumers. For example, prepaid cards are now an alternative for government payments such as Social Security payments, veterans and military benefits, unemployment benefits, and wages for federal employees. Unbanked and underbanked recipients of such benefits can use the prepaid cards to pay for purchases and routine expenses such as bills. In 2013, the Federal Reserve System reported that about one in five U.S. consumers conduct financial transactions outside the mainstream banking system and are considered either unbanked or underbanked.⁵ Based on these data, it is estimated that 17 percent of unbanked and 22 percent of underbanked consumers held GPR prepaid cards in 2012 compared with 6 percent of banked consumers.⁶

In 2013, Phoenix Marketing International (Phoenix) conducted a survey of consumers to collect information on GPR prepaid card usage.⁷ This research verifies that lower-income consumers continue to use GPR prepaid cards (Table 1). However, the survey finds that other consumer groups have adopted the GPR prepaid cards by choice.

The Phoenix study shows the greatest increase in GPR card ownership and use occurred among Millennials.⁸

Table 1

Ownership of GPR Prepaid Cards by Income

Income group	Percent owning cards (August 2013)	Percent owning cards (August 2012)
Total all income groups	25	21
<\$25,000 per year	28	26
\$25,000-\$49,999 per year	21	22
\$50,000-\$99,999 per year	26	16
\$100,000+ per year	27	18

SOURCE: Modified from Herbst-Murphy and Weed, p. 5 (see note 7).

Table 2

Ownership of GPR Prepaid Cards by Age

Age group (years)	Percent owning cards (August 2013)	Percent owning cards (August 2012)
Total consumers	25	21
Millennials (18-32)	45	34
Generation X (33-48)	35	27
Baby Boomers (49-67)	18	16
Greatest Generation (68+)	4	4

SOURCE: Modified from Herbst-Murphy and Weed, p. 7 (see note 7).

Table 3

Reload Value and Frequency by Income within Age Group

Cardholder income by group	Average reload amount (\$)	Percent reloading at least once a month
Total	78	59
<i>Income within age groups (\$)</i>		
Millennials		
<\$50,000	56	60
\$50,000-\$99,999	84	74
\$100,000+	117	81
Generation X		
<\$50,000	67	60
\$50,000-\$99,999	89	62
\$100,000+	90	61
Baby Boomers		
<\$50,000	80	49
\$50,000-\$99,999	83	42
\$100,000+	92	42
Greatest Generation		
All incomes*	81	56

NOTE: *This sample size is too small to divide by income group.

SOURCE: Modified from Herbst-Murphy and Weed, p. 17 (see note 7).

Table 4

Distribution of Heavy GPR Prepaid Card Spenders by Age*

Cardholder age group (years)	Percent heavy spenders
Millennials (18-32)	44.0
Generation X (33-48)	33.1
Baby Boomers (49-67)	21.7
Greatest Generation (68+)	1.2

NOTE: *"Heavy spending" is defined as more than \$200 in the previous month.

SOURCE: Modified from Herbst-Murphy and Weed, p. 35 (see note 7).

Forty-five percent of Millennials owned a GPR card in 2013—an 11 percent increase over 2012 (Table 2). And Millennials use their GPR prepaid cards more frequently for purchases and reload their cards more often and with a higher average value than card users in other age groups (Table 3).

New Perspective for GPR Prepaid Cards

The Phoenix research confirms the expansion of the GPR prepaid market into younger and higher-income populations and identifies the Millennials as a primary age group for continued growth in the GPR prepaid market. With an estimated 77 million Millennials,⁹ the sheer size of this generation can potentially ensure continued growth in the market. Combining the original target market groups—low-income, unbanked, and underbanked consumers—with the Millennials adds a new perspective to the GPR card market: a larger target

market with more spending power (Table 4). This expansion changes the GPR prepaid card market substantially.

Conclusion

Prepaid cards were invented as a solution to a problem: replacing coin usage in pay telephones. This invention has been improved upon and has evolved into a huge competitive market. There are many brands: Green Dot, Bluebird, MoneyPak, and MoneyCard, to name just a few. A walk through almost any store (e.g., Wal-Mart, Walgreens, 7-Eleven, Family Dollar) provides just a snapshot of how the original phone card idea grew into a mega-market netting big bucks. Consumers loaded \$28.6 billion on GRP prepaid cards in 2009, and the load value increased to \$64.5 billion in 2012.¹⁰ As competitive marketing of the GPR prepaid cards targets younger and more affluent consumers with substantial buying power, it is logical that the total load value will potentially grow even more. From coins to big bucks—that's a lot of growth! ■

Related Readings

"General Purpose Reloadable Prepaid Cards: Penetration, Use, Fees, and Fraud Risks" by Fumiko Hayashi and Emily Cuddy. Research Working Paper No. RWP 14-01, Federal Reserve Bank of Kansas City, February 2014;
<http://www.kansascityfed.org/publicat/reswkpap/pdf/rwp14-01.pdf>.

"Prepaid Products: New Disclosures to Help You Compare Options" by Eric Goldberg. Consumer Financial Protection Bureau, November 13, 2014;
<http://www.consumerfinance.gov/blog/prepaid-products-new-disclosures-to-help-you-compare-options/>.

NOTES

¹ "Phone Cards 101—Phone Cards History";
<http://phonecards101.weebly.com/>.

² Federal Reserve System. "The 2013 Federal Reserve Payments Study: Recent and Long-Term Payment Trends in the United States: 2003–2012. Summary Report and Initial Data Release." December 19, 2013; p. 21;
https://www.frbservices.org/files/communications/pdf/research/2013_payments_study_summary.pdf.

³ Bennett, Jeannette. "Cards, Cards, and More Cards: The Evolution to Prepaid Cards." Federal Reserve Bank of St. Louis *Inside the Vault*, Fall 2011, pp. 1-6; <https://www.stlouisfed.org/publications/inside-the-vault/fall-2011/cards-cards-and-more-cards-the-evolution-to-prepaid-cards>.

⁴ Bennett (2011).

⁵ Federal Reserve System (2013).

⁶ Hitczenko, Marcin and Tai, Mingzhu. "Measuring Unfamiliar Economic Concepts: The Case of Prepaid Card Adoption." Working Paper No. 14-9, Federal Reserve Bank of Boston Consumer Payments Research Center, June 18, 2014, p. 2;
<http://www.bostonfed.org/economic/wp/wp2014/wp1409.pdf>.

⁷ Herbst-Murphy, Susan and Weed, Greg. "Millennials with Money: A New Look at Who Uses GPR Prepaid Cards." Discussion paper, Federal Reserve Bank of Philadelphia Payment Cards Center, September 2014;
<http://www.phil.frb.org/consumer-credit-and-payments/payment-cards-center/publications/discussion-papers/2014/D-2014-Millennials.pdf>.

⁸ Millennials can be defined as consumers between 18 and 32 years of age.

⁹ Pew Research Center. "The Millennial Count." March 22, 2010;
<http://www.pewresearch.org/daily-number/the-millennial-count/>.

¹⁰ Pew Charitable Trusts. "The Need for Improved Disclosures for General Purpose Reloadable Prepaid Cards." February 26, 2014;
<http://www.pewtrusts.org/en/research-and-analysis/issue-briefs/2014/02/26/the-need-for-improved-disclosures-for-general-purpose-reloadable-prepaid-cards>.

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Federal Reserve Bank of St. Louis *Page One Economics® Focus on Finance:*

“From Coins to Big Bucks: The Evolution of General-Purpose Reloadable Prepaid Cards”

After reading the article, answer the following questions:

1. The prepaid phone card was invented as an alternative to using coins. The GPR prepaid card evolved as an alternative to which of the following? Check all that apply.
 - Checks and checking accounts
 - Currency and coin
 - Credit cards and debit cards
2. Give possible reasons for consumers to choose the GPR prepaid card as an alternative to each of your selections in question 1.
3. Use the information in the essay to compare the GPR prepaid card with a gift card or private-label prepaid card. What are some advantages of the GPR card?
4. If you were asked to create a timeline to illustrate the evolution of the GPR prepaid card, what information from the essay would be important to include?
5. Read the quote at the beginning of the essay. Explain how the quote relates to the contents of the article.

6. Consumers report that the fee disclosure statements of various GPR prepaid cards can be confusing and difficult to understand. Review the following sample fee structure and identify which, if any, of the fees may be unclear or difficult to understand. Explain (by letter) any fees in the table that are problematic.

Fee	Amount per transaction
A. Card purchased at retail store	\$3.95 to \$9.95
B. Monthly fee (waived in any billing cycle when you load at least \$1,000 or make 30 qualifying purchases in any billing cycle)	\$5.95
C. ATM cash withdrawal	\$2.00
D. Bank teller cash withdrawal	\$2.50
E. ATM balance inquiry	\$0.50
F. Live customer service (per each use)	\$3.00
G. Automated calls	Free
H. Direct deposit of paycheck or government benefits	No fee

Fee	Amount per transaction
I. Reload with cash	Up to \$4.95 Additional reload network fees may apply.
J. Transaction fee for purchases outside the United States	3%
K. Other optional services that may be available	Fees vary
L. Replacing a lost, stolen, or damaged card	\$4.95
M. Inactivity After no card transactions for 3 months, you will be charged this fee each month the account is not used.	\$4.95
N. Maximum balance limit	\$2,500

7. From your analysis of the sample fee schedule in question 6, do you agree with the following statement? Explain why or why not.
"The need for greater transparency and more standardized fee disclosure has been identified because the format and contents of fee disclosure can be confusing."

8. Explain how the GPR prepaid card can be a logical choice for the unbanked.

9. The prepaid card market has changed substantially in recent years. Cite information from the essay to explain some of these changes.
10. If the prepaid phone card had not been successful, how would the prepaid card market have been affected?
11. A GPR prepaid company has launched a marketing plan. The company has created several advertising slogans to expand the company's growth and has asked you to review the slogans and recommend the best ones for the company to get "more bang for their buck" from the advertising. Read the following slogans and pick the two that you think are best suited for maximum profits based on the essay. Write a persuasive summary of your recommendations for the card company. Cite facts and evidence in the essay to support your recommendation.
- A. Relax and Enjoy Your Retirement—Use a GPR Prepaid Card!
 - B. BTW—R U Using the GPR Card?
 - C. Rock and Roll: Swipe Your GPR Prepaid Card
 - D. The Golden Years: The Best Time for a GPR Prepaid Card
 - E. GPR: Designed for the Successful, Productive, and Tech-Savvy Lifestyle
 - F. Complete the Picture: Levis, the Volkswagen Beetle, and a GPR Prepaid Card
 - G. GPR Prepaid Cards: The Choice of the Unbanked
12. List your reasons for not selecting the slogans you did *not* choose in question 11, based on the information in the essay.

Teacher's Guide

Federal Reserve Bank of St. Louis *Page One Economics® Focus on Finance:*

"From Coins to Big Bucks: The Evolution of General-Purpose Reloadable Prepaid Cards"

After reading the article, answer the following questions:

1. The prepaid phone card was invented as an alternative to using coins. The GPR prepaid card evolved as an alternative to which of the following? Check all that apply.

- Checks and checking accounts
- Currency and coin
- Credit cards and debit cards

GPR prepaid cards can be used as an alternative to all of the selections.

2. Give possible reasons for consumers to choose the GPR prepaid card as an alternative to each of your selections in question 1.

The cards provide a service similar to a checking account for the unbanked. Payroll checks and government benefits can be directly deposited on the card, which prevents costly check-cashing services and checks getting lost or stolen in the mail. Consumers without a checking account do not qualify for a debit card; therefore, the GPR prepaid card can substitute for a debit card. Consumers without a credit card can make purchases with a GPR prepaid card in much the same way as credit cardholders and with similar convenience. The cards can be used the same as cash (currency and coin) to make purchases.

3. Use the information in the essay to compare the GPR prepaid card with a gift card or private-label prepaid card. What are some advantages of the GPR card?

A gift card or private-label card can be used only at specific merchants. The GPR card can be used for direct deposits of payroll and government benefits checks, to obtain cash at ATMs, and to make purchases at any retail or online establishment that accepts the card's brand. A registered and activated GPR prepaid card can be reloaded with money.

4. If you were asked to create a timeline to illustrate the evolution of the GPR prepaid card, what information from the essay would be important to include?

Invention of the prepaid phone card, initial usage of EBT cards, milestones of growth in the GPR prepaid card market

5. Read the quote at the beginning of the essay. Explain how the quote relates to the contents of the article.

The success of prepaid phone cards inspired other uses of prepaid cards; phone cards evolved into a larger market—gift cards, EBT cards, and GPR prepaid cards.

6. Consumers report that the fee disclosure statements of various GPR prepaid cards can be confusing and difficult to understand. Review the following sample fee structure and identify which, if any, of the fees may be unclear or difficult to understand. Explain (by letter) any fees in the table that are problematic.

Fee	Amount per transaction
A. Card purchased at retail store	\$3.95 to \$9.95
B. Monthly fee (waived in any billing cycle when you load at least \$1,000 or make 30 qualifying purchases in any billing cycle)	\$5.95
C. ATM cash withdrawal	\$2.00
D. Bank teller cash withdrawal	\$2.50
E. ATM balance inquiry	\$0.50
F. Live customer service (per each use)	\$3.00
G. Automated calls	Free
H. Direct deposit of paycheck or government benefits	No fee

Fee	Amount per transaction
I. Reload with cash	Up to \$4.95 Additional reload network fees may apply.
J. Transaction fee for purchases outside the United States	3%
K. Other optional services that may be available	Fees vary
L. Replacing a lost, stolen, or damaged card	\$4.95
M. Inactivity After no card transactions for 3 months, you will be charged this fee each month the account is not used.	\$4.95
N. Maximum balance limit	\$2,500

- A. This information does not tell the specific cost of the card and gives only a range of fees.
- B. There are unanswered questions: What is a “qualifying purchase,” and how is the billing cycle determined?
- I. The exact cost is not identified and states only “up to \$4.95”; it also says additional reload network fees may apply. It does not explain these additional fees or their cost.
- K. What are “optional services?”
- M. How is the “month” determined? Is this calendar days?
7. From your analysis of the sample fee schedule in question 6, do you agree with the following statement? Explain why or why not.
“The need for greater transparency and more standardized fee disclosure has been identified because the format and contents of fee disclosure can be confusing.”
- Answers may vary, but students should cite examples from the sample fee schedule as evidence of their opinion.
8. Explain how the GPR prepaid card can be a logical choice for the unbanked.
- Unbanked consumers can be charged a substantial fee for cashing payroll checks or using money orders, which can be costly. Additionally, a GRP prepaid card provides the convenience of a debit card but does not require a bank account.

9. The prepaid card market has changed substantially in recent years. Cite information from the essay to explain some of these changes.

- The government began distributing benefits such as Social Security payments by direct deposit or with prepaid cards. As an alternative to direct deposit, unbanked benefit recipients relied on the GPR prepaid card for payments, which increased card usage.
- An increase in GPR card ownership and use occurred among Millennials. Forty-five percent of Millennials owned a GPR card in 2013—an 11 percent increase over 2012. In addition, Millennials use their GPR prepaid cards more frequently for purchases, reload their GPR prepaid cards more often, and reload the cards with a higher average value than card users in other age groups.
- The expansion of the GPR prepaid market into younger and higher-income populations has increased growth.

10. If the prepaid phone card had not been successful, how would the prepaid card market have been affected?

There's really no way to tell; maybe it would have happened just the same. One important fact is that the success of the prepaid phone card was instrumental in the beginning. It's easier to build on a proven, successful idea than to start from scratch.

11. A GPR prepaid company has launched a marketing plan. The company has created several advertising slogans to expand the company's growth and has asked you to review the slogans and recommend the best ones for the company to get "more bang for their buck" from the advertising. Read the following slogans and pick the two that you think are best suited for maximum profits based on the essay. Write a persuasive summary of your recommendations for the card company. Cite facts and evidence in the essay to support your recommendation.

- A. Relax and Enjoy Your Retirement—Use a GPR Prepaid Card!
- B. BTW—R U Using the GPR Card?
- C. Rock and Roll: Swipe Your GPR Prepaid Card
- D. The Golden Years: The Best Time for a GPR Prepaid Card
- E. GPR: Designed for the Successful, Productive, and Tech-Savvy Lifestyle
- F. Complete the Picture: Levis, the Volkswagen Beetle, and a GPR Prepaid Card
- G. GPR Prepaid Cards: The Choice of the Unbanked

Answers may vary but should include the following explanation: For growth and profits, competitive marketing of GPR prepaid cards should target younger and higher-income consumers with substantial buying power. The essay identifies Millennials with money as the consumer group that is profitable to target. Table 2 shows 45 percent of this age group owns a GPR prepaid card. Table 3 shows this group has the highest reload value (\$117) and the most frequent usage; 81 percent of those in the study reload their cards at least once a month. Selections (B) and (E) are more likely to target younger consumers with high income. Selection (B) uses text talk; selection (E) includes a description of Millennial characteristics.

12. List your reasons for not selecting the slogans you did *not* choose in question 11, based on the information in the essay.
- A. Relax and Enjoy Your Retirement—Use a GPR Prepaid Card!**
This slogan would appeal to the older generation. According to the source study for the tables, only 4 percent of the Greatest Generation owns a prepaid card, and individuals in this age group are less likely to use one. This group seems content with traditional payment methods.
- C. Rock and Roll: Swipe Your GPR Prepaid Card**
This slogan would appeal more to Baby Boomers. According to Table 2 in the essay, only 18 percent of Baby Boomers own a prepaid card, which indicates low interest in changing payment methods.
- D. The Golden Years: The Best Time for a GPR Prepaid Card**
This slogan would appeal to the Greatest Generation. According to the source study for the tables, only 4 percent of people in this age group own a prepaid card and individuals in this age group are less likely to use one. This group seems content with traditional payment methods.
- F. Complete the Picture: Levis, the Volkswagen Beetle, and a GPR Prepaid Card**
This slogan would appeal more to Baby Boomers. According to Table 2, only 18 percent of people in this age group own a prepaid card.
- G. GPR Prepaid Cards: The Choice of the Unbanked**
This group uses a GPR prepaid card out of necessity and will likely use the card regardless of advertising.

Common Core State Standards

Grades 6-12 Literacy in History/Social Studies and Technical Subjects

- **Key Ideas and Details**

RH.11-12.1: Cite specific textual evidence to support analysis of primary and secondary sources, connecting insights gained from specific details to an understanding of the text as a whole.

RH.11-12.2: Determine the central ideas or information of a primary or secondary source; provide an accurate summary that makes clear the relationships among the key details and ideas.
- **Integration of Knowledge and Ideas**

RH.11-12.7: Integrate and evaluate multiple sources of information presented in diverse formats and media (e.g., visually, quantitatively, as well as in words) in order to address a question or solve a problem.
- **Research to Build and Present Knowledge**

WHST.9-10.9: Draw evidence from informational texts to support analysis, reflection, and research.

Writing Standards

- **Text Types and Purposes**

WHST.9-10.1. Write arguments focused on *discipline-specific content*.

 - A. Introduce precise claim(s), distinguish the claim(s) from alternate or opposing claims, and create an organization that establishes clear relationships among the claim(s), counterclaims, reasons, and evidence.
 - B. Develop claim(s) and counterclaims fairly, supplying data and evidence for each while pointing out the strengths and limitations of both claim(s) and counterclaims in a discipline-appropriate form and in a manner that anticipates the audience's knowledge level and concerns.
 - C. Use words, phrases, and clauses to link the major sections of the text, create cohesion, and clarify the relationships between claim(s) and reasons, between reasons and evidence, and between claim(s) and counterclaims.
 - D. Establish and maintain a formal style and objective tone while attending to the norms and conventions of the discipline in which they are writing.
 - E. Provide a concluding statement or section that follows from or supports the argument presented.

National Standards in K-12 Personal Finance Education

Spending and Saving

Standard 3: Describe how to use different payment methods.

- **Benchmarks: Grade 8**
 - b. Summarize the advantages and disadvantages of checks, stored value cards, debit cards, gift cards and online and mobile payment systems.

National Standards for Financial Literacy

Standard 2: Buying Goods and Services

People cannot buy or make all the goods and services they want; as a result, people choose to buy some goods and services and not buy others. People can improve their economic well-being by making informed spending decisions, which entails collecting information, planning, and budgeting.

- **Benchmarks: Grade 8**
 3. People choose from a variety of payment methods in order to buy goods and services.
 4. Choosing a payment method entails weighing the costs and benefits of the different payment options.

Voluntary National Content Standards in Economics

Content Standard 9: Competition and Market Structure

Competition among sellers usually lowers costs and prices, and encourages producers to produce what consumers are willing and able to buy. Competition among buyers increases prices and allocates goods and services to those people who are willing and able to pay the most for them.

- **Benchmarks: Grade 8**
 1. Sellers compete on the basis of price, product quality, customer service, product design and variety, and advertising.