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CARDS

## Pitching Benefit Management for Multiple Accounts

■ BY DAVID BREITKOPF

The Houston payments technology vendor FSV Payment Systems Inc. has developed a card that can be used to access multiple types of medical and government benefits accounts.

The “infinite purse technology” program, which FSV started offering last month, uses a traditional magnetic-stripe card that is linked to several customer accounts; when one account is depleted, payments are automatically shifted to another.

The card is being used to access flexible spending and other types of health-care accounts. Jonathan Palmer, FSV’s president and chief executive, said in an interview that it could be used for an almost infinite variety of accounts, including dependent care, transportation accounts, merchant loyalty programs, disaster relief programs, and payroll.

“Its an idea whose time has come,” Mr. Palmer said. “It’s really unlimited in its flexibility and perhaps in its applications. What we can do with a single card for a consumer is we can help them to manage their lives.”

The Brookfield, Wis., banking tech-



**Palmer:** The program is “really unlimited in its flexibility.”

nology and outsourcing company Fiserv Inc. owns a small stake in FSV, which has been developing the technology for about 18 months and has filed a patent application for it.

The card is not the first one that can access multiple accounts. Ohio uses a smart card for its food stamps and Women, Infants and Children programs.

However, Mr. Palmer said FSV’s card is unique, because a payment automatically shifts, or “cascades,” from one account to the next if the first account

for the transaction is “exhausted.”

The technology uses transaction codes to prioritize the accounts. The accounts can also be arranged by merchant category or types of products, so that transactions that qualify only for certain programs will automatically be applied to the appropriate account.

“For example, if a parking garage or rail system transaction comes in, we’d take it from the appropriate purse associated with that transaction,” said Brad Hanson, the president of Meta Payment Systems, the prepaid debit card division of the Storm Lake, Iowa, savings bank MetaBank, which is issuing the cards.

Gwenn Bezard, a research director for the Boston market research firm Aite Group LLC, said that other vendors offer multi-purse technology, and some also claim to be able to roll payments from one account to another.

All of these vendors are responding to the growing list of different types of health-care accounts, Mr. Bezard said. “That is why the vendors are talking about it — because there is a business need.”

Mr. Hanson said the initial applications for FSV's card are all in health care because his corporate customers are saying that is what they need.

The market potential for the card is "huge," he said. "It's the entire nation's benefits market."

Mr. Palmer said that annual growth in the health-care segment alone would be about 50% for the next few

years, but eventually, he wants to offer other types of accounts, even a Christmas savings plan. "You can start peeling a little piece of your paycheck into that bucket all year long and use it at Christmastime."

Bob Davis, the president of Denver Reserve Corp., which administers flexible spending accounts, medical and dependent care plans, and other tax-

advantaged reimbursement plans for more than 1,000 U.S. companies, said it began offering an FSV system Oct. 1 that can be used to access up to six different accounts.

"We probably have about 400 employers up and live right now with the card," Mr. Davis said. Another 300 to 350 will start using it Jan. 1. ■

