



CAMPUS CARDS & PERSONAL BANKING

- **The recent U.S. PIRG report conflates the student aid refund process with debit-linked college and university campus cards.**
- **Students have a choice in deciding where and how to manage personal banking and financial transactions.**
- **Campus cards are offered to students for service, convenience, and security.**
- **Effective cost management and streamlining administrative services are ongoing components of institutions' continuing efforts to contain college costs.**
- **NACUBO strongly encourages campuses to identify banking services that offer low or no fee options for students and endorses transparency and full disclosure in marketing financial products and services to college students.**

Campus cards at colleges and universities come in many varieties. The classic student identification cards which historically only enabled students to check-out library books can now do everything from unlocking doors to paying for campus goods and services (dining hall, laundry, bookstore) to serving as a debit card affiliated with a personal bank account, typically a checking or prepaid account. First and foremost, these cards are developed to enhance services available to students and the campus community.

Colleges and universities are not banks. Higher education institutions are constantly exploring ways to offer improved service to students and their parents as well as find cost savings for the institution. Shifting more financial transactions to third-party, electronic processes have proven beneficial to students and the colleges and universities that serve them. Third-party vendors can assist institutions with data management, compliance with federal regulations, identity and information protection, such as PCI DSS compliance, and more. This is particularly beneficial for large campuses enrolling tens of thousands of students.

Cost containment is a priority for colleges and universities. Institutions realize cost savings by automating manual processes and in some cases, establishing new revenue streams other than tuition increases or fundraising activities. Because of the complexity and breadth of services that colleges and universities provide, institutions have a long history of contracting with private operators for support functions, including food services, printing, bookstores, and housing. These relationships often provide both direct and indirect returns such as access to technology and equipment, including state-of-the-art software; increased efficiency and better use of staff time, and auxiliary revenues which are much needed with constant decreases in state support as well as pressure to curtail tuition increases.

Campus cards typically fall into one of two categories:

Closed-Loop Campus Cards. These cards operate as pre-paid debit cards. Funds deposited by students may be held in underlying bank accounts or campus-based student accounts. A closed-loop card may provide student identification, dining, vending, laundry, printing, door entry, and on some campuses, debit transactions at specifically designated off-campus locations, including supermarkets, pharmacies, and restaurants. There is an institutional cost for any campus card program and merchant participation or transaction fees may help cover closed-loop card service

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costs. Student organizations may also accept debit transactions at campus and student union events. A student's relationship with a closed-loop campus card account ends when the student graduates or withdraws from the institution.

Bank and Financial Firm Affiliated Campus Cards. Some institutions have opted to coordinate with financial institutions to associate checking account or prepaid accounts with campus identification cards and allow the campus card to function as a debit card. These are generally available as a voluntary choice to students. Many students appreciate the simplicity of having one card to carry. **Students are not bound or forced into these relationships with financial institutions, nor are punitive measures taken against those not choosing those arrangements.**

Before technology made multipurpose campus cards safe, efficient, and convenient, colleges and universities often had separately administrated door key systems, library copy cards, and dining cards. The whole process was labor-intensive, inaccuracies were common, and there were significant time lags, with student account information and the various systems often out of sync. Campus cards have evolved to provide an administratively efficient, cost-effective, customer-oriented product. The ability to use cards with off-campus merchants provides more options to students and can bring greater economic benefits to towns and communities near campuses. For the convenience of students and staff, agreements with banks often stipulate that branch locations be provided on campus along with ATM access.

NACUBO strongly encourages campuses to identify banking services that offer low or no fee options for students. Additionally, NACUBO endorses a standard for transparency and full disclosure in marketing financial products and services to college students.