

Painless Plastic for Shopaholics

August 26, 2002

Forget debit cards. Forget credit cards. The two are merging into a new type of card that can help people who have trouble maintaining bank balances or making minimum payments on their credit cards. Nearly a dozen companies, including Reliance Insurance and Western Union, have issued the "Clear Card" as a benefit to about 1,500 employees since January. Another dozen companies are expected to begin offering it by fall.

How does it work? Buy an \$80 pair of pants, for example, and your next four paychecks will show deductions of \$20. "The card is ideal for people who have had credit problems," says John Gregitis, senior vice-president of marketing at E-Duction, the company working with MasterCard to offer Clear Card. It looks like a regular MasterCard, and employees pay a \$29 annual fee. Their credit limit is 2.5% of their salaries, there's no interest charge, and automatic deductions mean the card always shows a clean credit history.

Companies say offering such benefits gives them a competitive edge. Notes Wendy Carver-Herbert, a spokeswoman for Western Union, where 10% of U.S. employees use Clear Card: "We're always looking for ways to bring in talent."

By Andrew Heller