



Reducing burdens on municipalities with the payment card

Paying out social benefits simply, digitally, and efficiently

Executive Summary

- The financial pressure on municipal budgets, demographic change and the steadily increasing workload are forcing administrations to take measures to relieve the burden on their employees.
- Visa supports the digitalization and automation of disbursements and payment processes with a network of strong partners.
- Visa offers with its partners Yoursafe (Mecklenburg-Western Pomerania) and Publ°k (other federal states) the payment card for the payment of social benefits for refugees and asylum seekers in 15 out of 16 federal states¹.
- Pilot municipalities such as Hanover², the district of Ortenaukreis³ or the district of Fulda⁴ report repeatedly that the implementation of payment cards has reduced the administrative burden.
- With the pilot study by Nortal and Visa Consulting & Analytics (VC&A) carried out in Magdeburg, which is summarized in this white paper, it is the first time that an on-site survey has been conducted to illustrate the effect of the payment card on administrative costs.
- The results of the survey show the following: In Magdeburg, the processing time for pay-outs was reduced by 90 percent compared to the previous payout process, after the implementation of the SocialCard by Publ°k⁵.
- Administrative staff have more time for their actual duties again: To advise and support refugees and asylum seekers.
- The extrapolation of the costs also shows that the material costs in the two scenarios examined (card and cash) are almost identical (see page 7).
- Benefit recipients no longer have to queue up on the day of payment and wait for their money.

1 Except in Bavaria

2 Cf. press release from the City of Hanover dated December 8, 2023 at <https://presse.hannover-stadt.de/pmDetail.cfm?pmid=26398> and Lord Mayor Belit Onay on ZDF, „Markus Lanz: Traffic light coalition dispute over payment card for refugees“ dated February 22, 2024; retrieved from <https://www.zdf.de/play/talk/markus-lanz-114/markus-lanz-vom-22-februar-2024-102>

3 Cf. press release from the district dated January 10, 2024 retrieved from <https://www.ortenaukreis.de/index.phpPMoIdID=7&FID=3406.16517.1&object=tx%7C3406.16517.1>

4 Cf. press release from the district dated March 28, 2025 retrieved at: <https://www.landkreis-fulda.de/aktuelles/new-sarchiv/detailansicht/bezahlkarte-fuer-asylsuchende-landkreis-hat-500-karten-ausgegeben>

5 For the survey, four employees of the Magdeburg social welfare office were accompanied during one work day in Magdeburg on October 23, 2024, and the time required for both cash payments (status quo) and the new payment card setup—including initial card issuance and related activities—was recorded using a stopwatch. Further details are provided on page 5.

1 Municipalities strained to the limit

In Germany's federal system, local municipalities are the first point of contact for citizens for numerous administrative services. However, due to increasing regulations and growing demands from citizens, the already high volume of tasks and work in administrations is increasing further.

On the one hand, this pressure is intensified by demographic change. According to dbb beamtenbund und tarifunion (German civil service associations)⁶, around 1.4 million people will retire from the public sector over the next ten years. On the other hand, financial leeway is narrowing. According to the Federal Statistical Office⁷, municipal debt increased by 9.5% (14.7 billion euros) to 169.4 billion euros at the end of the 4th quarter of 2024 compared to the end of 2023.

Digitalization of administrative services is a key lever for countering this development. It can simplify processes, reduce costs in the long term and relieve the burden on administrative staff.

Together with partners

With a network of strong partners, Visa supports the public sector and municipalities in Germany in particular. This is because approximately two thirds of administrative services have a payment component, as the Competence Center for Public Economy, Infrastructure and Services of General Interest calculated in the study „E-payment and municipal financial management“⁸. Only with digital payment can these services be digitized from end to end. To this end, Visa's innovative solutions are consistently geared towards the needs of local municipalities, optimizing administrative processes, and reducing the workload of employees.

6 Source: https://www.dbb.de/fileadmin/user_upload/globale_elemente/pdfs/2025/dbb_monitor_oeffentlicher_dienst_2025.pdf

7 Destatis, press release dated April 1, 2025, retrieved from: https://www.destatis.de/DE/Presse/Pressemitteilungen/2025/04/PD25_126_71137.html

8 S-Public Services GmbH, Deutscher Städte- und Gemeindebund (Publisher), E-Payment und kommunales Finanzmanagement [E-payment and municipal financial management], July 2022

2 Digitization of social benefit payments

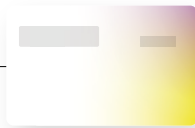
One tangible measure is the comprehensive digitalization of social benefit payments. This will enable administrations to work more efficiently. Here, Visa can look back on many years of experience in the European Union.

In the Netherlands, the FinTech company Yoursafe provides debit cards that are issued via the reception centers of the country's central migration authority. Thanks to the partnership between Yoursafe and Visa, financial integration was seamless. In Spain, Visa has been cooperating with Caixabank since the Covid-19 pandemic. Due to movement and contact restrictions, around 120 municipalities distributed prepaid cards to welfare recipients. In Germany, Visa has been providing Publ^lk's SocialCard in 14 federal states since 2024⁹. This card is used to pay social welfare benefits to refugees. In addition, the partner Yoursafe issues a payment card in Mecklenburg-Western Pomerania. The SocialCard is also used in Upper Austria.

Examples

Visa prepaid card service

Finnland



Visa Card with real IBAN

Netherlands



Visa card with virtual IBAN

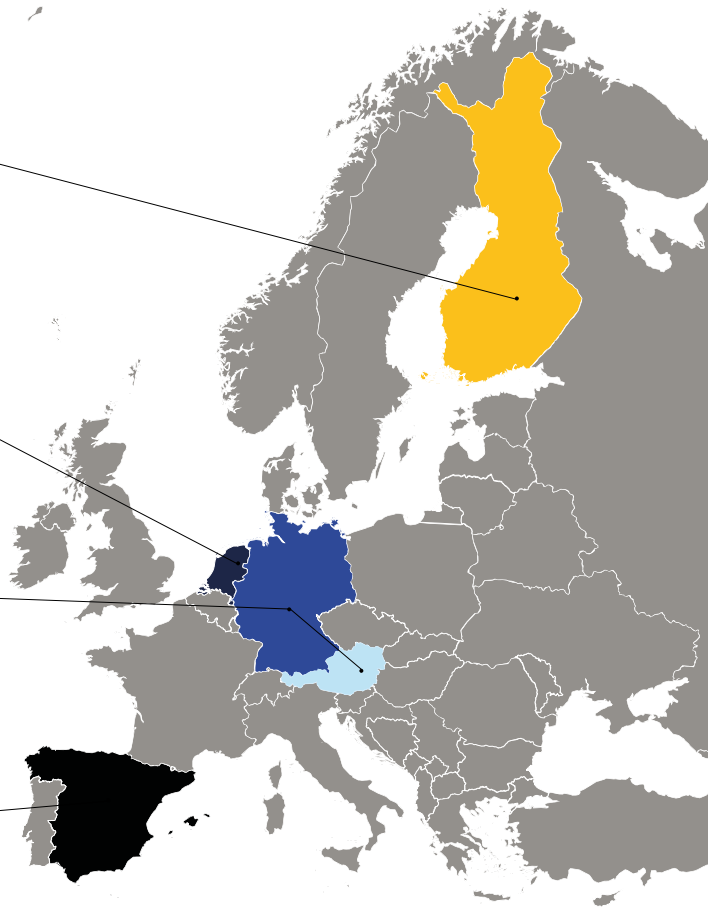
Germany⁹

Austria¹⁰



Visa card

Spain



⁹ Except in Bavaria and Mecklenburg-Western Pomerania

¹⁰ Only in Upper Austria

3 The SocialCard in Germany

The Federal Ministry of Labor and Social Affairs (BMAS)¹¹ estimates that social benefits, including citizens' allowance and asylum benefits, will account for more than 30 percent of gross domestic product in 2023. According to the Federal Office for Migration and Refugees (BAMF)¹², around 6 billion euros were paid out for around 550,000 benefit recipients in 2022 and 2023 (as of February 2025). In addition, according to the Migration Monitor¹³ of the Federal Employment Agency, more than 705,000 Ukrainians were receiving citizens' allowance in December 2024. With a statutory basic standard rate of 563 euros per person per month, almost another 5 billion euros have been paid out.

The SocialCard as a credit-based debit card can be issued by the social welfare offices as a digital version for downloading to a smart phone wallet or as a physical card. Each card is based on a virtual IBAN to which social welfare offices can transfer social benefits via SEPA credit transfers as part of proven processes. This makes it easy to integrate the card into existing administrative procedures and budget, POS and billing systems.

The card also offers various control options. For example, functions such as online use, money transfer services (sending money abroad) or use in certain commercial sectors (e.g. gambling) can be restricted. Limits on cash withdrawals or differentiated restrictions for different benefit groups are also possible. However: Use without restrictions is also possible.

In order to be able to issue a card, cardholders are verified in accordance with legal regulations and entered into the service provider's system. The cards are activated via a browser-based front end when being handed over to the benefit recipients. An instant money transfer is possible immediately after the card has been issued, which means the card can be used at once.

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- 11 Federal Ministry of Labor and Social Affairs, Social Budget 2023, page 5, retrieved from: https://www.bmas.de/SharedDocs/Downloads/DE/Publikationen/a230-24-sozialbudget-2023.pdf?_blob=publicationFile&v=1
 - 12 Federal Office for Migration and Refugees, The Federal Office in Figures 2024 - Asylum, page 50; retrieved from: https://www.bamf.de/SharedDocs/Anlagen/DE/Statistik/BundesamtinZahlen/bundesamt-in-zahlen-2024-asyl.pdf?_blob=publicationFile&v=13
 - 13 Federal Employment Agency; Migration Monitor- Germany current figures, as of March 2025, retrieved on April 22, 2025 from: https://statistik.arbeitsagentur.de/SiteGlobals/Forms/Suche/Einzelheftsuche_Formular.html?nn=25122&topic_f=migrationsmonitor

4 Experiences from Magdeburg



By using the SocialCard, we were able to counteract the high workload in the area of refugees with an efficient process.

Dr. Tim Hoppe
Department Head,
City of Magdeburg



The state capital of Magdeburg was one of the first municipalities in Germany to introduce Publ'k's SocialCard in March 2024 with a proof of concept (PoC). The PoC was used to check the feasibility of the implementation in the city and the state of Saxony-Anhalt. In this context, the administrative districts and independent cities were invited to send their employees to Magdeburg for work shadowing and to directly exchange their experiences.

This approach is a true model for success and was decisive for the rapid and practical digitalization of the payment process. In addition, various functions of the card were extensively tested as part of the PoC.

To measure the impact of the SocialCard on the payout process, Nortal and Visa Consulting & Analytics (VC&A) conducted an on-site survey on October 23, 2024. Initially, qualitative interviews were conducted with administrative staff to document and illustrate the various steps involved in cash payouts, as well as the setup and issuance of a SocialCard. According to the survey, 6 steps are required for manual cash dispensing, while setting up a SocialCard only involves 4 steps (see chart on page 6).

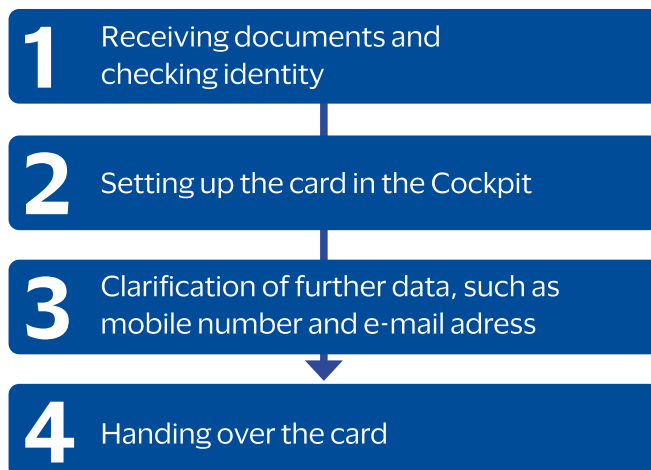
Based on this, 4 employees of the social welfare office were then shadowed. These four people issued social benefits under the German Asylum Seekers' Benefits Act both in the old process as cash payments and in the new process with the creation and issue of a SocialCard. The time spent on each case was recorded. These values were used to calculate average values. The average time it takes to hand out cash per case is 15 minutes. In contrast, the average time required to set up the card for the first time was 9 minutes and 20 seconds. This means that setting up a SocialCard for the first time is around 6 minutes faster than a manual cash withdrawal.

Comparison of the processes involved in paying out social benefits

Manual cash Withdrawal



Setting up the SocialCard



Extrapolated to one month, 595 working hours are required to make a cash payment to all those in need. A payment to all refugees via the SocialCard only requires 55 hours of work¹⁴. A large part of the time saved results from the fact that the payout is automated once the SocialCard has been set up for the first time. Based on this extrapolation, the complete payment of benefits to all refugees via the SocialCard in Magdeburg results in a time saving of 90% compared to a cash payment.

For the 9 administrative employees in the City of Magdeburg's social welfare office, this means that they have gained 539 hours per month. That is 60 hours per person per month. Employees can use this time for their actual duties: advising and supporting refugees with their integration. The employees also confirmed that the working atmosphere in the social welfare office had improved significantly.

¹⁴ This includes both the administration of the payouts and the creation of 50 new cards per month as well as all associated activities (such as blocking the card, ordering replacement cards, resetting the PIN and resending).

Almost 400 cards were used in Magdeburg during the study period. The survey revealed that the material costs for the SocialCard (plastic cards, fees for top-ups and withdrawals from ATMs) are almost identical to the material costs for the previous cash withdrawal (cash logistics, leasing and maintenance of a cash machine).

The changeover to the SocialCard also benefits the recipients. Long waiting times and queues in front of the social welfare office on payout days are a thing of the past. In addition, the credit on the card can be viewed via a multilingual app in 27 languages.



The introduction of the payment card directly relieves the burden on municipalities and is a clear sign that Germany is making progress in the digitalization of public administration.

Albrecht Kiel

Visa Regional Managing Director CE



5 Summary and conclusion: Advantages of the SocialCard

Some interesting results were revealed during the survey in Magdeburg:

- A 90% reduction¹⁵ in administrative costs through the introduction of the SocialCard compared to cash payments
- Almost identical material costs when using the payment card as when withdrawing cash (see page 7)

In addition, the SocialCard offers further advantages:

- Payments to the card are made by SEPA transfer
- Uncomplicated integration of the browser-based SocialCard application into specialist procedures and budget, cash management and accounting systems
- Flexible payouts possible: immediate, one-off or recurring
- No need to appear in person on the day of payment - visitor flows can be better managed

Conclusion

- Digitalization of social benefit payments shows how administration can be modernized.
- Other use cases are possible, such as payments from job centers and universities, business trips or low-threshold procurements

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Contact us

If you have any questions about the SocialCard and Visa's range of solutions for the public sector, please contact:

Dr. Sven Schmitz
Public Sector Lead CE bei Visa
schmitzs@visa.com

If you are interested in a customized study project, please contact:

Maximilian Klös
Senior Manager Visa Consulting & Analytics
klosm@visa.com