



## Debit Cards

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VISA ASIA PACIFIC FINANCIAL EDUCATION SERIES

# DEBIT CARDS

Debit cards look like credit cards or ATM (automated teller machine) cards, but operate like cash or personal checks. A debit card directly accesses the money deposited in your bank account.

## What you should know about debit cards:

- Using a debit card saves you from carrying cash or writing checks.
- Using a debit card means you no longer have to stock up on travelers cheques or cash when you travel.
- The debit card is a quick, “pay now” product; the amount of your purchase is directly deducted from your bank account. Make sure you have the money available to cover the full transaction amount at the time of sale.
- As with credit cards, you may dispute unauthorized charges or other mistakes within the time period set by the bank which issues your card. You should contact the card issuer if a problem cannot be resolved with the merchant.

## More than an ATM card

Different debit cards may have different functionalities. Some may be just an ATM card. Others may also be used for point-of-sale purchases at local merchants and even internationally.

## Do you have a debit card?

You may not realize that you have a debit card. Some banks may be replacing their standard ATM cards with one that has a debit feature. This means that you can use your debit card at any merchant that displays your card brand’s name or logo.



## Debit vs credit

Debit means 'subtract'. When you use a debit card, you are subtracting money from your own bank account. Debit cards allow you to spend only what is in your bank account.

Credit is money made available to you by a bank or other financial institution, like a loan. The amount the issuer allows you to use is determined by your credit history, income, debts and ability to pay. You may use the credit with the understanding that you must repay the charges, plus interest, if you do not pay the amount in full each month.

## Before you use a debit card.....

- Know if it is a credit or a debit card. Ask the card issuer about your options. Understand what kind of debit card the bank is giving you. Choose one that matches your lifestyle and habits best.
- Also, decide whether you want a debit card that works only with a personal identification number (PIN) or one that can be used with a signature. In different countries, they may give you different merchant coverage.
- Know if there are fees applied to using the card. Some financial institutions charge a monthly fee or a per-transaction fee, others do not. These fees are set by the card issuer and will be disclosed to consumers.
- Know about your liability for the unauthorized use, theft or loss of your debit card. Ask if the issuer has any special liability policies and how they work.
- Know how problems with non-delivery, defective merchandise or misrepresentation will be handled. This is especially important when you use a debit card to purchase goods or services for future delivery, rather than on a "cash and carry" basis. Ask the issuer about its policies for these types of disputes.



## Tips for using debit cards responsibly

- If you suspect your card is being fraudulently used, report this immediately to your financial institution.
- Take your receipts. Do not leave them for others to see.
- If you have a PIN number, memorize it. Do not keep your PIN number with your card. Also, do not choose a PIN number that a thief could figure out, such as your phone number or birthday.
- Never give your PIN number to anyone. Keep your PIN private.
- Always know how much money you have available in your account. If your debit card is linked to your checking or current account, do not forget to consider money that you have set aside to cover a check that has not yet been cleared by your bank.

Deduct debits and any transaction fees from the balance in your check register immediately.

## If you lose your debit card

In the event that your debit card is lost or stolen, report it to your financial institution immediately. Check with your financial institution about the liability policies. You also need to know the extent of your protection.

If a problem arises, remember that it is your money that is at stake. You need to be careful in order to prevent unauthorized use of your card or card number.

ASK FOR DETAILS OF THE CARD ISSUER'S LIABILITY POLICY.