

## DEBIT CARDS — THE EXTRA PROTECTIONS

Did you know that many of the same features and protections offered by credit cards are also offered with debit cards?

**ZERO LIABILITY** This generally means you're not liable for unauthorized purchases made on your debit cards as long as you notify your financial institution immediately. Check with your financial institution to make sure Zero Liability applies to your card.

**FUNDS AND FRAUD** Federal law mandates that financial institutions replace funds for losses resulting from fraudulent card use within ten business days of notification. However, in many cases, you'll have access to funds within five business days of notification— sometimes sooner.

**THE RIGHT TO DISPUTE** You may have dispute resolution options should an issue arise with a debit card purchase. This often applies to signed purchases only. Check with your card issuer, and save all of your receipts.



## MONEY IN THE BANK

If credit cards mean “pay later,” debit cards mean “pay now.” These cards are tied to your bank account and are like paying with cash. With debit cards, you’ve got to have the money in the bank to cover your purchases. These cards look similar to credit cards so make sure you know what type of card your financial institution issued you.



For more information, visit  
[www.practicalmoneyskills.com](http://www.practicalmoneyskills.com)

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### PRACTICAL MONEY GUIDES

- BUDGET BASICS
- CREDIT HISTORY
- CREDIT CARD BASICS
- DEBIT CARD BASICS**
- PREPAID CARD BASICS
- IDENTITY THEFT

When you understand how to manage your finances, you’ve got an invaluable tool in taking control of your life. Wise use of these skills can provide peace of mind, financial freedom, increased buying power and a secure future. This guide is one of a series on **PRACTICAL MONEY SKILLS FOR LIFE.**

## Using Debit Cards

In recent years debit cards have risen in popularity, often replacing payment by cash and check. A debit card is unlike a credit card in that it is tied directly to a checking account. When you make a purchase with a credit card, you are taking out a loan of money from the card issuer, whereas a debit card purchase withdraws money directly from your bank account.

There are of course benefits to each method. Credit card users who pay off their bill each month benefit from a free loan of money. On the other hand, consumers concerned with debt load can limit their spending by using debit cards.

Because your debit card is tied to your bank account, there are specific considerations and precautions to keep in mind when you use them.

## Stay in Check

Always know your current bank account balance and available funds. And don't forget about checks that haven't cleared your account.

Consider opening an online banking account that allows you to manage debit card purchases, checks and bill paying all at once. You'll have a one-stop shop for managing all the ins and outs on your account.

## When Using a Debit Card Don't Forget to

- Keep sales receipts or copies.
- Record your transactions in your check register as soon as possible or check transactions online.
- Remember to account for any bank fees that may apply.
- Review statements carefully. If you suspect a mistake, call your financial institution immediately.

## Stop Surcharges

Many banks charge a fee if you use another institution's ATM with your debit card, and they usually charge non-account holders to use their ATMs. Instead of paying extra, choose a bank or credit union with ATMs convenient to where you live and work or use your debit card to get cash back when making purchases.

## Be Secure

For maximum security, take advantage of free alerts for your debit card. Some financial institutions offer automatic account alerts by phone and email.

### RECEIVE CUSTOMIZED ALERTS WHEN:

- ATM withdrawals or any debit card activity exceeds your set dollar limits
- Your online ID or passwords change
- Large transactions are made

## KNOW YOUR LIMITS

Many debit cards have daily spending and cash withdrawal limits. These limits are meant to protect you in case your card is stolen. But remember, your card might be declined if you exceed your limits even if you have enough money in the bank. Know your limits and contact your lender if you need to raise or lower amounts.

Also remember to track your spending. When you make a purchase, withdraw money from your account or pay bills that exceed your account balance, you may be subject to "overdraft fees." Some financial institutions offer overdraft protection, and they'll cover your check or debit transaction so it doesn't bounce. But this protection often comes with a price tag too. You may be charged a fee for each purchase that uses overdraft, as well as an additional fee for being overdrawn. Balance your account regularly to avoid added fees.

## Keep a Secret

Your debit card will require a Personal Identification Number (PIN) for security. Choose a unique number. Avoid obvious choices like your address, phone number or birth date.

Always keep your PIN private. Memorize it. Don't write it down anywhere. And never tell it to anyone. If you feel your PIN has been compromised or someone may have identified it, change your number immediately by contacting your financial institution.

## Hit the Road, Plan Ahead

Like credit cards, debit cards are accepted at millions of locations worldwide. Remember for your protection, usage across state and international lines can cause a fraud or security alert with your financial institution if it's different from normal spending patterns. If possible, let your bank know your travel plans in advance.

## Know When They Hold Them

In some cases, a transaction that is not yet complete will require that a certain amount of money in your account be held, or earmarked, for that transaction. When you check into a hotel, for instance, your card is authorized and funds covering the length of your stay are held. But the money isn't deducted from your account until you check out and the final cost, which may include room service charges or phone calls, is known. This protects you and the hotel owner by ensuring that the correct amount of money is available when the transaction is completed. Most transactions have a less-than-24-hour hold, and all holds are removed within 72 hours.