

Debit Cards: Beyond Cash and Checks

Debit cards, also known as check cards, look like credit cards or ATM (automated teller machine) cards. A debit card operates like cash or a personal check. When you use a debit card, you buy now and pay now. In this instance, debit means subtract. As a rule, debit cards allow you to spend only what is in your bank account. Your purchase is instantly deducted from your checking or savings account.

Debit cards are accepted at many businesses, such as grocery stores, retail stores, gas stations, and restaurants. You can use a debit card anywhere merchants display your card's brand name. Using a debit card gives you an alternative to carrying a checkbook or cash. Some stores might be more likely to accept a debit card than your personal check because the payment is approved and credited to the merchant immediately.

When you use a debit card, you are subtracting your money from your own bank account. A credit card, on the other hand, involves using credit. A debit card is not the same as a credit card. Credit is money given to you by a bank or other financial institution. It is a loan. You can use the credit card with the understanding that you will repay the money you have used plus interest and any finance charges if you do not pay the debt in full each month.

What you should know about debit cards:

- Obtaining a debit card is often easier than obtaining a credit card.
- Using a debit card instead of writing checks saves you from showing identification or giving out personal information.
- Using a debit card frees you from carrying cash, traveler's checks, or a checkbook.
- Debit cards might be more readily accepted than checks by merchants.
- The debit card is a pay-now product with no grace period for payments.
- A debit card may not offer the same protection as a credit card for items you purchase that are not delivered, are defective, or were misrepresented.
- Returning goods or canceling services purchased with a debit card is handled the same as if you made the purchase with cash or check.
- With a debit card, you are using your own money. It is estimated that two-thirds of American households now use debit cards. Debit cards will continue to rival cash and checks as a form of payment as consumers continue to look for convenient ways to make purchases.

Debit Cards

Read each statement below. If you believe the statement is accurate, mark an "X" for that statement in the True column. If you think the statement is inaccurate, place an "X" for that statement in the False column.

True	False	
<input type="checkbox"/>	<input type="checkbox"/>	1. A debit card is just another name for a credit card.
<input type="checkbox"/>	<input type="checkbox"/>	2. A debit card is similar to a credit card because both are used as a way to buy now, pay now.
<input type="checkbox"/>	<input type="checkbox"/>	3. Use of a debit card takes money directly from a person's bank account.
<input type="checkbox"/>	<input type="checkbox"/>	4. Someone can make a purchase with a debit card even if there is not enough money in his/her bank account.
<input type="checkbox"/>	<input type="checkbox"/>	5. Using a debit card is the same as securing a loan.
<input type="checkbox"/>	<input type="checkbox"/>	6. There are no advantages to using a debit card instead of a check.
<input type="checkbox"/>	<input type="checkbox"/>	7. Businesses are more likely to accept a debit card than a check.
<input type="checkbox"/>	<input type="checkbox"/>	8. Even if a debit card is not stolen, a thief can still use it to make purchases.
<input type="checkbox"/>	<input type="checkbox"/>	9. It is important to keep track of debit card purchases so you know how much money is in your account.