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## Debit Cards

By Cindy Grigg

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Suppose you want to buy something but you don't have enough cash with you. You do have money in your checking account, and you have a debit card. A debit is money subtracted from an account. When you use your debit card, money is subtracted from your checking account to pay for something. You can also use a debit card at an ATM (automated teller machine).

A debit card is a plastic card that looks like a credit card, but it works like a check. They are also known as check cards. A credit card is a way to "pay later." A debit card is a way to "pay now." When you use a debit card, the money is subtracted from your checking or savings account almost immediately.

When you use a debit card at a store or restaurant, you or the cashier will slide the card through an electronic machine. The machine reads the card and contacts the bank's computer. The computer makes sure that you have enough money in your checking account to pay for the bill. The bank's computer will then subtract the amount of the bill from the balance in your account. Then the computer sends it to the bank account of the store or restaurant where you made your purchase. The cashier gives you a receipt, which you'll have to remember to record in your checking account register.

You will probably need a PIN number to use a debit card. This is your "secret code." A PIN is your personal identification number. You should memorize it. Don't keep a record of your PIN with your debit card. If the machine does not recognize your PIN, you will not be able to use your debit card. The PIN number makes it harder for other people to use your card if it is lost or stolen. A PIN gives your account more security.

Some debit cards are PIN-less. You don't need a secret number. You sign a receipt for the purchase just as you would with a credit card purchase. Some debit cards can be used both ways. This gives you more choices in using your card. If your debit card works with either a PIN or a signature and the store accepts both, you choose which way to use it when you make a purchase.

If you choose "debit" on the electronic card-reader when you swipe your card, you will be asked for your PIN. If you choose "credit" on the machine when you swipe your card, you will be asked to sign a receipt. Choosing "credit" does not mean that you will be billed later as with a credit card. The money will be subtracted from your account almost instantly.

Getting a debit card is often easier than getting a credit card. You must have money in your account to use a debit card. Using a debit card instead of writing a check keeps you from having to show identification and giving out your personal information when you buy something. Using a debit card frees you from carrying cash or a checkbook. They are easier and safer to carry when you travel, and you don't have to carry a lot of cash or traveler's checks with you. Debit cards are accepted by more stores than checks are. Storeowners know that they will get their money when you use a debit card. Sometimes checks can "bounce." Then the storeowner must go to a lot of trouble to get the money.

You should know some things before you get a debit card. Ask the bank if there are fees for using the card. Some banks charge a monthly fee. Some charge a fee for each transaction. Some don't charge any fees for using a debit card as long as you keep a minimum balance. Ask about your options if you want a PIN only debit card or one that can be used with either a PIN or a signature. Also, know what you are responsible for in case your card or your PIN is lost or stolen.

Always know how much is in your account. Keep track of all transactions you make, including any bank charges or fees. Fees are money charged for a service. This is easy to do if you can access your account balance online or by telephone. If you should lose your card, let your bank know right away. They can close your account and issue you a new card. That way, if anyone does find the card and try to use your account, they won't be able to. Don't tell anyone your PIN. Keep it a secret. Never carry your PIN number with your debit card. Also, don't choose a number a smart thief could figure out, like your telephone number or your birth date. Keep your receipts; don't let anyone else see the personal information on them.

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Debit cards can be a very convenient, faster way to make purchases. As long as you keep track of all your transactions, are careful not to lose the card or your PIN, and watch for purchases you did not make, debit cards are safer than carrying a lot of cash. Using a debit card, you do not have to give storeowners your personal information as you would when paying with a check. Someday debit and credit cards may even replace cash!

Debit Cards

## Questions

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- \_\_\_\_\_ 1. When you use your debit card, money is:
- A. added to your checking account almost instantly
  - B. subtracted from your checking account a few days later
  - C. subtracted from your checking account almost instantly
  - D. added to your checking account a few days later
2. Besides making purchases with it, what else can you do with a debit card?
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_ 3. How is a debit card different from a credit card?
- A. Debit cards and credit cards are not different.
  - B. With a debit card, you "pay later." With a credit card, you "pay now."
  - C. Debit card transactions are not subtracted from your account for six months; credit transactions are billed in one month.
  - D. With a credit card, you "pay later." With a debit card, you "pay now."
4. What will you probably need to use a debit card?
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_ 5. If you choose "credit" on the machine when you swipe your card, money won't be subtracted from your bank account until weeks later.
- A. false
  - B. true
- \_\_\_\_\_ 6. It's usually easier to get a debit card than a credit card.
- A. true
  - B. false

