Payment card

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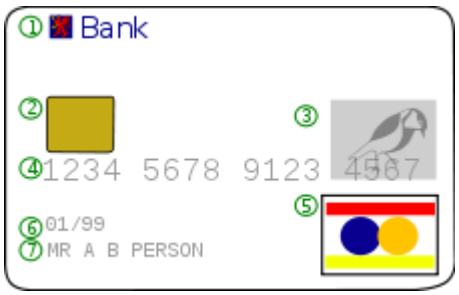
Payment card is a device that enables its owner (the cardholder) to make a payment by electronic funds transfer.[1] The most common types of payment cards are credit cards and debit cards. Payment cards are usually embossed plastic cards, 85.60 × 53.98 mm in size, which comply with the ISO/IEC 7810 ID-1 standard. They usually also have an embossed card number conforming with the ISO/IEC 7812 numbering standard.

Example of two credit cards

Most commonly, a payment card is electronically linked to an account or accounts belonging to the cardholder. These accounts may be deposit accounts or loan or credit accounts, and the card is a means of authenticating the cardholder. However, stored-value cards are cards that store money on the card itself.



An example of the front of a typical debit card:

1. Issuing bank logo
2. EMV chip
3. Hologram
4. Card number
5. Card brand logo
6. Expiration date
7. Cardholder's name

Contents

Types

Payment cards can be distinguished on the basis of the features of each type of card, including:

Credit card

The issuer of a credit card creates a line of credit (usually called a credit limit) for the cardholder on which the cardholder can draw (i.e. borrow), either for payment to a merchant for a purchase or as a cash advance to the cardholder. Most credit cards are issued by or through local banks or credit unions, but some non-bank financial institutions also offer cards directly to the public.

The cardholder can choose either to repay the full outstanding balance by the payment due date or to repay a smaller amount, not less than the "minimum amount", by that date. In the former case, interest is typically not charged; while in the latter case, the cardholder will be charged with interest. The rate of interest and method of calculating the charge vary between credit cards, even for different types of card issued by the same company. Many credit cards can also be used to take cash advances through ATMs, which also attract interest charges, usually calculated from the date of cash withdrawal. Some merchants charge a fee for purchases by credit card, as they will be charged a fee by the card issuer.

Debit card

With a debit card (also known as a *bank card*, *check card* or some other description) when a cardholder makes a purchase, funds are withdrawn directly either from the cardholder's bank account, or from the remaining balance on the card, instead of the holder repaying the money at a later date. In some cases, the "cards" are designed exclusively for use on the Internet, and so there is no physical card.[2][3]

Purchasing by debit card

The use of debit cards has become widespread in many countries and has overtaken use of cheques, and in some instances cash transactions, by volume. Like credit cards, debit cards are used widely for telephone

and internet purchases.

Debit cards can also allow instant withdrawal of cash, acting as the ATM card, and as a cheque guarantee card. Merchants can also offer "cashback"/"cashout" facilities to customers, where a customer can withdraw cash along with their purchase. Merchants usually do not charge a fee for purchases by debit card.

Charge card

With charge cards, the cardholder is required to pay the full balance shown on the statement, which is usually issued monthly, by the payment due date. It is a form of short-term loan to cover the cardholder's purchases, from the date of the purchase and the payment due date, which may typically be up to 55 days. Interest is usually not charged on charge cards and there is usually no limit on the total amount that may be charged. If payment is not made in full, this may result in a late payment fee, the possible restriction of future transactions, and perhaps the cancellation of the card.

ATM card

An ATM card (known under a number of names) is any card that can be used in automated teller machines (ATMs) for transactions such as deposits, cash withdrawals, obtaining account information, and other types of transactions, often through interbank networks. Cards may be issued solely to access ATMs, and most debit or credit cards may also be used at ATMs, but charge and proprietary cards cannot.

The use of a credit card to withdraw cash at an ATM is treated differently to an POS transaction, usually attracting interest charges from the date of the cash withdrawal. The use of a debit card usually does not attract interest. Third party ATM owners may charge a fee for the use of the ATM.

Stored-value card

With a stored-value card, a monetary value is stored on the card, and not in an externally recorded account. This differs from prepaid cards where money is on deposit with the issuer similar to a debit card. One major difference between stored value cards and prepaid debit cards is that prepaid debit cards are usually issued in the name of individual account holders, while stored-value cards are usually anonymous.

The term *stored-value card* means that the funds and or data are physically stored on the card. With prepaid cards the data is maintained on computers controlled by the card issuer. The value stored on the card can be accessed using a magnetic stripe embedded in the card, on which the card number is encoded; using radio-frequency identification (RFID); or by entering a code number, printed on the card, into a telephone or other numeric keypad.

Fleet card

A fleet card is used as a payment card, most commonly for gasoline, diesel and other fuels at gas stations. Fleet cards can also be used to pay for vehicle maintenance and expenses, at the discretion of the fleet owner or manager. The use of a fleet card reduces the need to carry cash, thus increasing the security for fleet drivers. The elimination of cash also helps to prevent fraudulent transactions at the fleet owner's or manager's expense.

Fleet cards provide convenient and comprehensive reporting, enabling fleet owners/managers to receive real time reports and set purchase controls with their cards, helping to keep them informed of all business related expenses.

Other

Other types of payment cards include:

- Gift card
- Electronic money
- Store card

Technologies

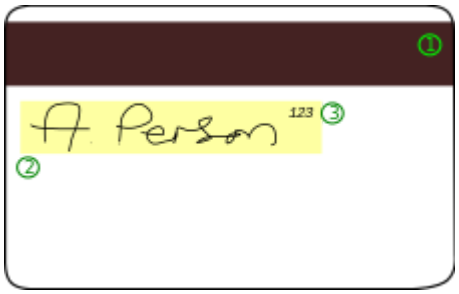
A number of International Organization for Standardization standards, ISO/IEC 7810, ISO/IEC 7811, ISO/IEC 7812, ISO/IEC 7813, ISO 8583, and ISO/IEC 4909, define the physical properties of payment cards, including size, flexibility, location of the magstripe, magnetic characteristics, and data formats. They also provide the standards for financial cards, including the allocation of card number ranges to different card issuing institutions.

Embossing

Originally charge account identification was paper-based. In 1959 American Express was the first charge card operator to issue embossed plastic cards which enabled cards to be manually imprinted for processing, making processing faster and reducing transcription errors. Other credit card issuers followed suit. The information typically embossed are the bank card number, card expiry date and cardholder's name. Though the imprinting method has been predominantly superseded by the magnetic stripe and then by the integrated chip, cards continue to be embossed in case a transaction needs to be processed manually. Cards conform to the ISO/IEC 7810 ID-1 standard, ISO/IEC 7811 on embossing, and the ISO/IEC 7812 card numbering standard.

Magnetic stripe

Magnetic stripes started to be rolled out on debit cards in the 1970s with the introduction of ATMs. The magnetic stripe stores card data which can be read by physical contact and swiping past a reading head. The magnetic stripe contains all the information appearing on the card face, but allows for faster processing at point-of-sale than the then manual alternative as well as subsequently by the transaction processing company. The magnetic stripe is in the process of being augmented by the integrated chip.



An example of the reverse side of a typical debit card:

1. Magnetic stripe
2. Signature strip
3. Card Security Code

Smart card

A smart card, chip card, or integrated circuit card (ICC), is any pocket-sized card with embedded integrated circuits which can process data. This implies that it can receive input which is processed — by way of the ICC applications — and delivered as an output. There are two broad categories of ICCs. Memory cards contain only non-volatile memory storage components, and perhaps some specific security logic. Microprocessor cards contain volatile memory and microprocessor components. The card is made of plastic, generally PVC, but sometimes ABS. The card may embed a hologram to avoid counterfeiting. Using smart cards is also a form of strong security authentication for single sign-on within large companies and organizations.

Smart card used for health insurance in France

EMV is the standard adopted by all major issuers of smart payment cards.

Proximity card

A proximity card

Proximity card (or prox card) is a generic name for contactless integrated circuit devices used for security access or payment systems. It can refer to the older 125 kHz devices or the newer 13.56 MHz contactless RFID cards, most commonly known as contactless smartcards.

Modern proximity cards are covered by the ISO/IEC 14443 (proximity card) standard. There is also a related ISO/IEC 15693 (vicinity card) standard. Proximity cards are powered by resonant energy transfer and have a range of 0-3 inches in most instances. The user will usually be able to leave the card inside a wallet or purse. The price of the cards is also low, usually US$2–$5, allowing them to be used in applications such as identification cards, keycards, payment cards and public transit fare cards.

Re-programmable magnetic stripe card

Re-programmable/dynamic magnetic stripe cards are standard sized transaction cards that include a battery, a processor, and a means (inductive coupling or otherwise)of sending a variable signal to a magnetic stripe reader. Re-programmable stripe cards are often more secure than standard magnetic stripe cards and can transmit information for multiple cardholder accounts.[4]

See also

- Credit card fraud
- Payments as a platform
- Payment card industry
- Payment gateway
- Payment system
- Payment Services Directive
- Payment terminal
- Prepayment for service

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