



DEV SANSKRITI
VISHWAVIDYALAYA



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SESSION 2018-21

Assignment 3 Of

E-Commerce

Topic – Credit and Debit cards

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Difference between credit and debit cards:-

Overview:-

Many debit cards and credit cards have similar features. Typically, both cards carry the logo of a major credit card company, such as Visa or MasterCard, and both can be swiped at retailers to purchase goods and services. However, the key difference between the two cards is where the money is drawn from when a purchase is made. When a consumer uses a debit card, the money comes directly from his or her checking account.

Credit Cards

A credit card is a card issued by a financial institution, typically a bank, and it enables the cardholder to borrow funds from that institution. Cardholders agree to pay the money back, with interest, according to the institution's terms.

Credit cards are issued in four categories:

- **Standard cards** simply extend a line of credit to their users.
- **Rewards cards** offer cash back, [travel points](#), or other benefits to customers.
- **Secured credit cards** require an initial cash deposit that is held by the issuer as collateral.
- **Charge cards** have no preset spending limit, but often do not allow unpaid balances to carry over from month to month.

Debit Cards

A debit card is a payment card that makes payment by deducting money directly from a consumer's checking account, rather than via loan from a bank. Debit cards offer the convenience of credit cards and many of the same consumer protections when issued by major payment processors like Visa or MasterCard.

There are also two types of debit cards that do not require the customer to have a checking or savings account, as well as one standard type:

- **Standard debit cards** draw on your bank account.
 - **Electronic Benefits Transfer (EBT) cards** are issued by state and federal agencies to allow qualifying users to use their benefits to make purchases.
 - **Prepaid debit cards** give people without access to a bank account a way to make electronic purchases up to the amount that was pre-loaded on the card.
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Comparison chart

Credit Card versus Debit Card comparison chart

	Credit Card	Debit Card
About	Credit cards are lines of credit. When you use a credit card, the issuer puts money toward the transaction. This is a loan you are expected to pay back in full (usually within 30 days), unless you want to be charged interest.	Any time you use a debit card to buy something, money is deducted from your account. With a debit card, you can really only spend the money you have available to you.
Connected To	Not required to be connected to a checking account.	Checking or Savings Account
Monthly Bills	Yes	No
Application Process	Somewhat difficult, depending on one's credit score and other details.	Easy, with basically no barrier to receiving a debit card.
Spending Limit	The credit limit set by the credit issuer. Limits increase or stay the same over time as a borrower's creditworthiness changes.	However much is in the bank account connected to the card.
Interest Charged	If a credit card bill is not paid in full, interest is charged on outstanding balance. The interest rate is usually very high.	No interest is charged because no money is borrowed.
Security	Credit cards in the U.S. are not very secure in and of themselves because many still use dated card security technology. However, consumers are not held liable for this poor security.	A PIN makes them secure so long as no one steals the card number and PIN, and as long as you don't lose the card itself. If the card/info is stolen, debit cards are very insecure.
Fraud Liability	Low. Rarely held liable for fraudulent activity. If you are, you are only held liable for a maximum of \$50.	High. If someone steals your card and makes purchases, that money is removed from your bank account. Investigating this damage takes time. The longer you wait to report the fraud, the more likely you will be held liable for your own losses.

Credit Card versus Debit Card comparison chart

	Credit Card	Debit Card
Overdraw Fees	Low. Some credit card companies allow to overdraw amount over the maximum credit line with a fee.	High "overdraft" fees. Possible to overdraw amount over the account limit.
PIN	In the U.S., this is uncommon, but PINs are being phased in.	Usually

Difference between MasterCard, Visa and RuPay

RuPay

Rupay Card is an Indian domestic card conceived and launched by NPCI in 2012. It was introduced in the Indian payment system to reduce the monopoly of foreign gateways like Visa and MasterCard because these are foreign companies or American companies and their commission is high i.e. the cost of transaction is high. Therefore, we can say that RuPay Card is an Indian payment gateway. It also works like Visa or Master Card and its commission is low. RuPay facilitates electronic payment at all Indian banks and financial institutions.

Visa and MasterCard

Visa Card and MasterCard are a foreign payment gateway that provides payment facility to most of the banks in the world. There is no special difference in MasterCard and Visa Card. Both of these are ATM cards and their work is similar. They are international cards; payment can easily be done everywhere.

However, neither Visa nor MasterCard actually provides any credit card to anyone. These are both payment methods. They rely on banks of different countries to issue credit cards using the payment methods. Therefore, interest rates, rewards, annual fees and all other charges are issued by the bank and so, when you pay your bill, you are paying it to the bank or institution issuing your card, Visa or MasterCard.

Differences

1. RuPay Card is an Indian Domestic Debit Card whereas Visa or MasterCard is an International System debit card.
 2. The main difference between RuPay, MasterCard or Visa Debit Card is the operating costs. Since every transaction through RuPay will take place within India, the banks will have to pay less service charges to the payment gateway as compared to Visa, MasterCard.
 3. Visa or MasterCard is an American company and when we use its card, then for data processing and verification, the server goes to the company's server, which reduces processing. Whereas RuPay card is used for data processing and verification in India only so, its processing is fast.
- Note:** As mentioned above, a RuPay card has been created for domestic use, so it cannot be used at international level transactions such as Visa or MasterCard.
4. Banks are required to pay a quarterly fee for joining a foreign payment network such as Visa Debit Card or MasterCard but do not have to do so in RuPay Card. Any bank can join the RuPay network at no charge.
 5. There are some limitations of using the RuPay card because it provides only debit card for online transactions, whereas Visa or MasterCard provides both the debit and credit card.
 6. As, compared to international card, RuPay cards are more secure because its operations are limited within India only. Therefore, data is shared between national gateways only. But using Visa Debit Card or MasterCard, the customer's data are processed internationally and hence the risk of data theft is high.

7. In case of international cards, banks have to pay entry fee to be a part of their network which is not the case with RuPay card i.e. no joining fee for the banks.
8. RuPay card is offered by the public sector, select private banks, rural and cooperative banks whereas others don't include such small banks in their network.
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References

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