

FINANCIAL MANAGEMENT

# Debit Card

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# Introduction

- Debit card is a simply a plastic card that transfers money from a user's bank account when request has been made.
- Debit card is simple and easy to use.
- It's very good environment friendly alternative of paper currency notes.
- Advantage of using debit card is its compatibility and easy-to-use process and design.
- As the amount is removed directly from a bank, hence you can only use what's present in your account.
- Credit card and debit card are different. : one has on spot payment and other has after usage payment.





- Debit card is plastic card issued by bank which can be used as hybrid ATM/Credit card
- It has debit card number, issue date, expiry date and cvv printed on it
- We can get debit card while creating a checking account in bank.
- Bank takes some amount as fee for debit card but in some cases it is possible to use debit card for free
- Functions similarly to a credit card, unlike credit card funds are sent straight from the cardholders bank account to cover the purchase.
- When used as an ATM card, debit cards allow quick cash withdrawal.

# A brief history of Debit Card

**1966**

The Bank of Delaware initiates a test programme for debit cards as an alternative to carrying cash or a chequebook.

**1969**

The first ATM (Automatic Teller Machine) in the United States is installed at Chemical Bank in Rockville, New York.

**2017**

Approximately 66% of American customers prefer debit card payments over credit card payments because they provide them greater control over their finances by reducing overspending and interest costs

# History of Debit card

***Debit cards have developed drastically over time, according to customer demand and technical advancements. The three key milestones in debit card history are listed below.***



# Types of Debit Card

## Points to discuss:

1. MasterCard Debit Cards
2. RuPay debit cards
3. Contactless debit cards
4. Visa Electron debit cards
5. Maestro debit cards
6. Visa debit cards

# How does a Debit card works

## Utilization of Debit cards

Debit card can be used in 3 ways:

1. To withdraw money from A.T.M.
2. To pay at stores directly from bank account using card machine.
3. Online Transactions



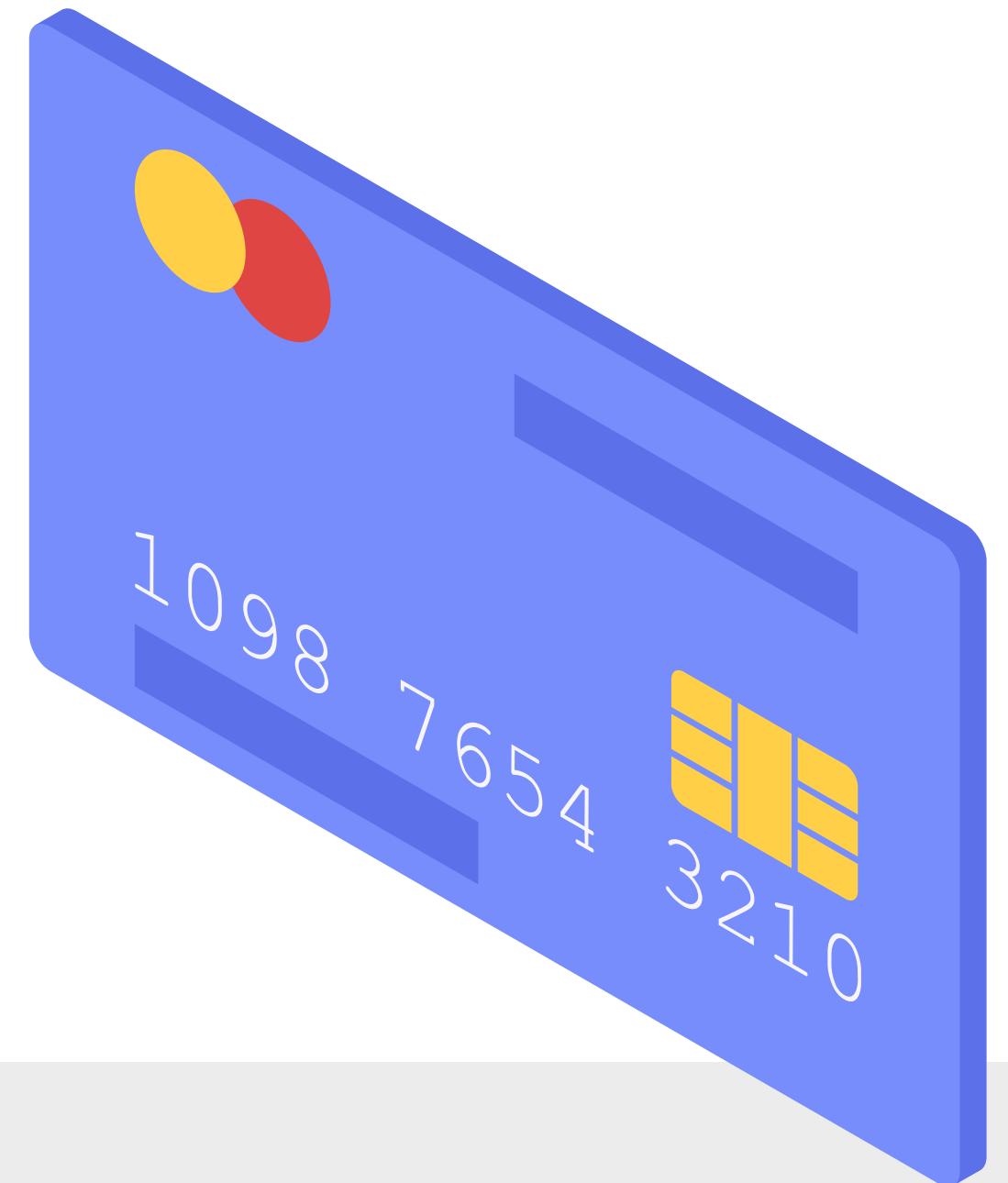
# Working of Debit Cards



- The customer pays with a Debit Card
- Customer purchasing good or services
- Reading and processing card information using POS
- Processing network authenticates the account information
- Processing network sends the data to the issuing bank
- Approval of Transaction
- Transfer of Amount

# Format of Debit card

- Cardholder Name : Denotes the name of account holder to which the Debit Card is issued
- Debit Card Number
  - 16-digit number
  - First 6 digits are bank identification number
  - Digits 7-16 are an indicator of your bank account details
- Expiry Date
- CVV





Credit and debit cards both can be used when you want to purchase something, but they work differently.

# Debit Card

- Money directly debited from savings account
- Spending limit : only as much as in one's account
- Fees : Annual fees and PIN registration fees
- Interest free

# Credit Card

- Money can be used on credit and has to be repaid at a later date
- Spending limit : can spend more than what you have
- Fees : more fees like - joining fees, annual fees, late payment fees, and bounced cheque fees
- Interest charged

# Which one to choose & when



## Spending Issues

Debit card is a better option if you have spending issues.



## Withdraw Cash

Debit card is a better option if you want to withdraw cash.



## To make a big-ticket purchase

Credit cards allow you to split transactions into EMIs, which is an advantage against debit card.



## Shopping or making transactions online

While shopping or making transactions we can use credit card.

# Benefits of Debit Card

- 01 Convenient to Use
- 02 Easily accepted
- 03 Never run to debt
- 04 Easy to obtain
- 05 Works as an emergency fund
- 06 Earn rewards
- 07 Maintain Budget
- 08 Tracking expense
- 09 Offline and online remote access
- 10 Safety
- 11 Eliminate Cheque
- 12 Eliminate Cash

# Cons of using Debit cards



- 01 No credit allowed
- 02 Additional ATM withdrawal fees
- 03 Daily Limit
- 04 Security
- 05 Perks
- 06 Annual Maintenance Cost
- 07 Difficult to prevent fraudulent use

The future of the debit card is  
largely determined by how  
future cardholders like to  
make purchases.

# FUTURE OF DEBIT CARD

- 01** Taking control
- 02** Going card-less
- 03** Current situation with payment cards
- 04** Ready for the future



# Future of Debit Card

based on future cardholder's conduct of purchase



## Taking Control

- Fraud in online transaction
- Card restrictions
- Mobile app for advanced card control
- Switch off card option



## Going Card-less

- Integration of smartphone technologies
- NFC & Mobile Wallets
- Biometric security options of mobile wallets
- Convenience of e-wallets at checkout



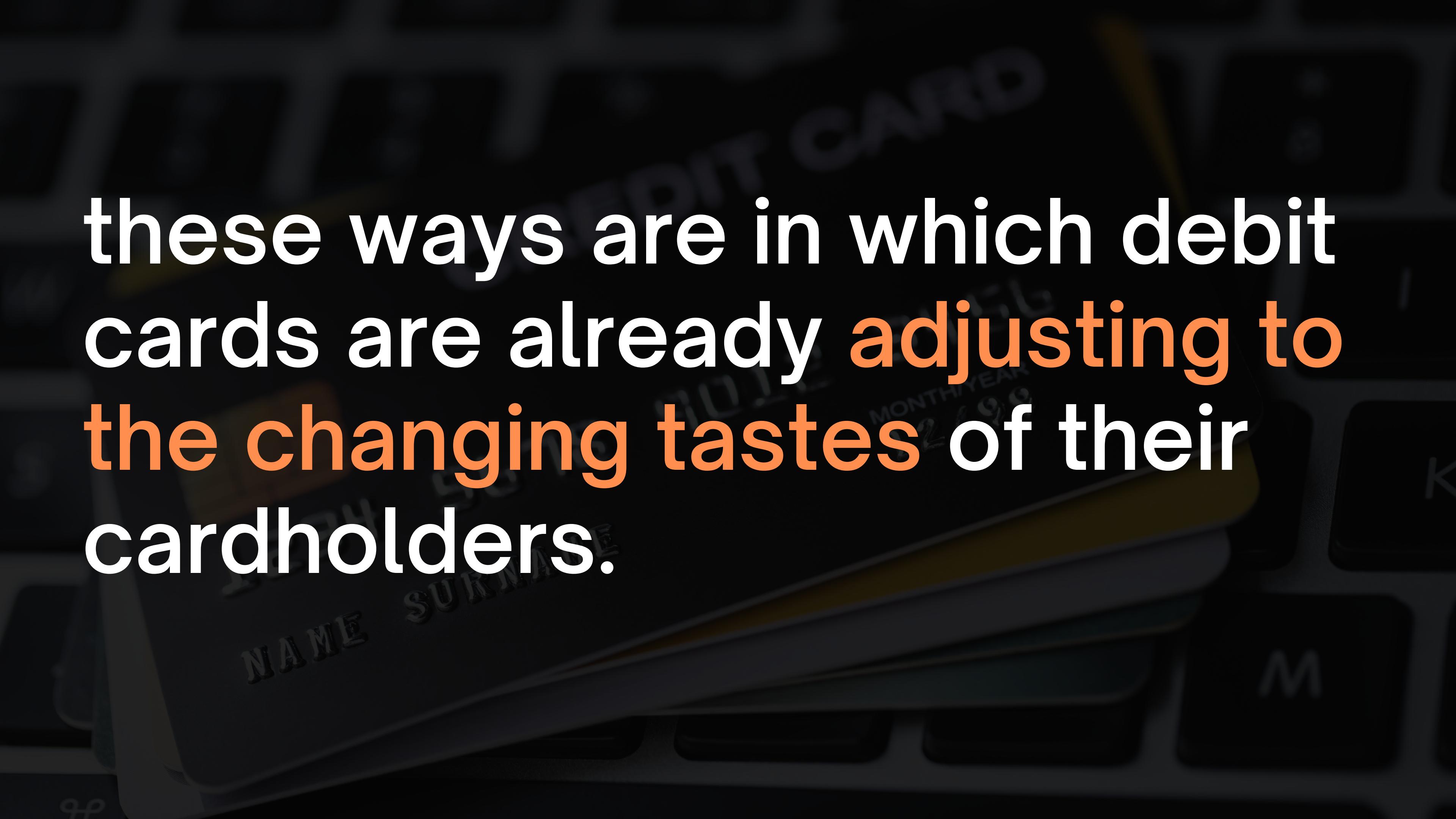
## Current situation

- Safety of NFC > Safety of EMV
- Phone centricity
- Personal Control over financial management
- future-rich online banking



## Ready for future

- Connection of Debit card and mobile wallets.
- Convenience and Flexibility of Debit card



these ways are in which debit cards are already adjusting to the changing tastes of their cardholders.

# Conclusion for Debit Card

**Numerous advantages, despite certain drawbacks**

Flexibility, Interest-Free, Cashless Transactions which is helpful in pandemic situations where there is contact-less transactions needed, Way to control black market, Future of Transactions



Do you have  
any questions?

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