

Some debit cards come with rewards or other incentives for using them. How can I know which one is a good deal?

As with similar financial products, rewards-linked debit cards are designed to encourage people to use a certain bank and its services. Similar to many credit cards, some debit cards offer rewards, such as cash back, giving you the opportunity to earn points for your purchases. Before opening a new account or changing banks to get a different perk, study the fine print. Begin by reading the disclosures that explain the account terms and fees to understand the potential benefits as well as the costs, such as fees for overdrawing your account (discussed below).

How is it possible to overdraw my account if my bank or bank network must approve a debit card transaction?

Because debit card payments are electronic, they are deducted from your account more quickly than when using a paper check. Oftentimes, a debit card purchase is posted within 24 hours instead of a few days, as may be the case with a paper check. This means there is less time to make a deposit to cover a purchase, if necessary.

In addition, even if a transaction was approved, you may overdraw your account because the bank won't know what other withdrawals you have made that day until it settles all transactions later that day. Or, suppose you don't realize you have only \$100 in your bank account and you want to use your debit card to buy a \$200 item. Depending on the terms of your account, the bank might approve the \$200 purchase as a convenience, but it also might assess an overdraft fee for that transaction and subsequent ones until you make a sufficient deposit.

Note: If your debit card is linked to your savings account, you can transfer money to your checking account when funds get low to avoid these fees. Mobile banking apps also make it easy to check your account balance for sufficient funds before making a purchase.

If I use a debit card to make a purchase can the merchant put a temporary "block" or "hold" on other funds in my account?

Yes, in certain circumstances merchants can take these steps as protection against fraud, errors, or other losses. For example, a hotel might put a hold on a certain amount when you use a debit or credit card to reserve a room. Another example is when you use your debit card at the gas