

Title:

Debit Cards: The Good and the Bad

Word Count:

661

Summary:

Even if you write the check while waiting in line, it will take you forever to pay by check in most stores.

Keywords:

debit cards

Article Body:

Even if you write the check while waiting in line, it will take you forever to pay by check in most stores. They have to see your driver's license, write down all of your info, circle your address and then run it through the system. It isn't the store's fault. The need for all of the double-checking is caused by check fraud and identity theft.

Many shoppers, myself included, have turned to debit cards. Debit cards aren't really like credit cards, they are an electronic check. But some banks are starting to offer frequent flier miles, rebates and cash rewards to regular debit card users. The lines are blurring for some consumers.

When you shop with a debit card, you need to know how it works and the drawbacks.

There are two types of debit cards: PIN cards and signature cards. With a PIN card, the money is automatically deducted from your account. You must use your PIN number to use the card. Sometimes you can even get cash back from a merchant.

Signature cards are often called check cards. The money is deducted from your checking account within usually two or three days. You don't have to enter a PIN, you simply sign the receipt.

Most cards today will perform as both types of cards. You can use it as a PIN card and receive money back or as a signature card. Both types will work in an ATM machine. With a PIN card, the money comes out of your account immediately. With a signature card, you have to keep track of your receipts, because, like

checks, the money will not come out for a few days.

Debit cards are a good alternative to credit cards. You have the convenience of a card with a limitation to the money that is in your checking account. While you can't go on a spending spree, you must keep track of when you use the card. It can be quite surprising how it all adds up.

Debit cards don't have some of the legal protections that credit cards have. Credit cards give you the right to withhold payments on an item that is defective. Debit cards don't allow this, so you would have to try to get a refund or replacement item. For large purchases, you are often advised to use a credit card. Then simply sit down and make the payment to your credit card company that same day.

Debit cards require that you report a theft of your card within two days of discovering the loss to recoup some of your stolen money. If you follow all guidelines, you will only be liable for \$50. After two days, you are liable for \$500. After 60 days, you are left holding the empty bag.

Credit cards often will offer more protection than the law allows. Several cards offer zero liability for unauthorized use of a debit card.

While a debit card often gives you the ability to use it in place of a credit card, say for telephone or internet shopping, there are times that you should use a credit card instead. Hotels, rental-car companies and even gas stations will place a hold on your account for a certain amount of money until you check out or return the car. The practice ensures them that you have the money to pay the bill.

If you use a card with the available credit, you probably won't have any problem. But when using a debit card, be careful. The amount they place on hold is exactly as if it has already been spent. This could prevent you from having checks go through or withdrawing money from your account.

The best advice for using a debit card is to be meticulous about keeping your receipts and writing them down in your register. It is so convenient, often we lose track of how and where we have spent the money.