

Empowerment through Financial Education

A Program of the Southeastern Credit Union Foundation

Debit Card Basics

A debit card is tied directly to a checking account, so when you make a purchase with that card, money is withdrawn from your account.

Key Concepts:

- **Debit card:** allows you to spend money or withdraw money directly from your checking or savings account.
- **Withdrawal:** removing funds from a bank account. Many debit cards have daily cash withdrawal limits that protect you in case your card is stolen. Remember, your card might be declined if you exceed your limits, even if you have enough money in the bank.
- **Declined transaction:** your card may be declined for several reasons such as the card has expired, you do not have enough funds in your account to cover the purchase; the card issuer sees suspicious activity that could be a sign of fraud; or a hotel, rental car company, or other business placed a block (or hold) on your card for the estimated total of your bill.
- **Overdraft:** An overdraft occurs when you don't have enough money in your account to cover a transaction, but the bank pays the transaction anyway. If this happens, you may be subject to overdraft fees.
- **Account register:** accounting ledgers that allow you to see each transaction that contributes to the accounts along with their running balances.
- **Temporary Holds on Cards:** Sometimes when you use your debit card for a "credit type" transaction like reserving a hotel room, your financial institution may put a temporary hold on your account. Once the transaction is complete and the final bill is settled, the hold will be released.

Debit Card Basics

Using Debit Cards: When using a debit card, consider these tips for managing your account:

- You'll need to keep track of debit card transactions by using an account register. Track purchases and ATM withdraws by keeping receipts or copies and making sure to put them in your register before throwing them away. Try using [this template](#) to start.
- Always know your current bank account balance and available funds. This means keeping track of all transactions, including withdrawals that are still pending and any upcoming automatic payments you have tied to the account and/or debit card.
- Review monthly statements carefully. If you suspect a mistake or fraudulent use, contact your credit union immediately.
- Be sure to secure your card and account information. Use of your debit card will require a Personal Identification Number (PIN) for security. Choose a unique number. Avoid obvious choices like your address or birthday. Keep the PIN private.

Extra Protections:

- Many of the same features and protections offered by credit cards are also offered by debit cards, including:
- **Zero Liability:** You are generally not liable for unauthorized purchases on your debit card if you notify your financial institution immediately.
- **Funds and Fraud:** Federal law mandates that financial institutions replace funds for losses resulting from fraudulent use within 10 business days of notification.
- **The Right to Dispute:** You may have dispute resolution options should an issue arise with a debit card purchase. This often applies to signed purchases only but check with your card issuer.

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