



Debit and Credit Cards

Debit Card

A Debit card or Check card as it is commonly called is mailed to you within a few days of opening a bank account. Debit cards typically are used as substitutes for cash and checks, to pay for everyday items, including gasoline, groceries, restaurant, meals and department store purchases. Debit card transactions give you no grace period. They are a quick, pay now deal. With a debit card, you avoid interest charges. Whenever you swipe your card at any supermarket or store the money comes directly out of your checking account (some stores have the option of withdrawing money from the savings account), so you never have an outstanding balance to pay each month. You must be fastidious about keeping receipts and recording transactions in a timely fashion to balance your account. You will not incur interest charges unless you dip into an overdraft line of credit tied to your checking account. Your bank may charge an annual, monthly, or per transaction fee for using a debit card. The debit card can also be used for an occasional ATM withdrawal.



For all these transactions you will need to enter a personal four-digit number called the pin. This number should never be disclosed to anyone or stored in your wallet. It should be something you can easily remember. Try to avoid birthdays, anniversaries and last 4 digits of your social security number. The card can also be used as a credit card if you sign for the transaction rather than enter a pin. In this case the money would be deducted from your account within 2 or 3 days rather than immediately but would still accumulate no interest.

It is recommended that you write down the card numbers along with the 1800 number mentioned on the back of the card in case you need to report your card as stolen or lost.

Credit Card

A credit card is a good idea to have as an extra cash reserve for large purchases or in case of an emergency. You also may choose a credit card if you'd like to use the incentives many offer, like frequent-flier programs, replacement of lost or stolen merchandise or warranty extensions on products purchased with the card. If you need to take out a cash advance using a credit card, keep in mind you'll incur an interest charge. Credit cards are a type of loan - not paying your bills on time can cost you a lot of money in credit card interest and will become part of your credit history for seven years. Every month a minimum amount is usually due.



You can also apply for credit from a particular store. This credit amount can be used to purchase items from any branch of the store or even to shop online.

Large retail stores, furniture shops, clothing stores, etc offer this type of credit. Macys, Sears, JC Penney, Kmart, Wal-Mart, and CVS are just some examples of stores offering store credit. Usually store credit cards charge a higher rate of interest as compared to other credit cards.