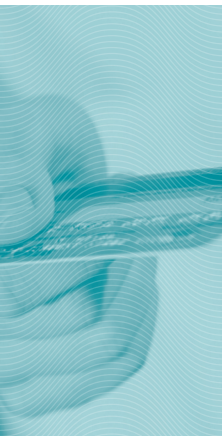


# Practical Money Skills

Canada



PRACTICAL MONEY GUIDES

## DEBIT CARD BASICS

What you need  
to know about using  
your debit card

The VISA logo, featuring the word "VISA" in a bold, blue, sans-serif font with a yellow and orange swoosh above the letter "I".

# MONEY IN THE BANK

If credit cards mean “pay later,” debit cards mean “pay now.” These cards are issued by your bank, tied to your bank account and are like paying with cash. With debit cards, you’ve got to have the money in the bank to cover your purchases. These cards can look similar to credit cards so make sure you know what type of card your financial institution has issued you.

## PRACTICAL MONEY GUIDES

BUDGET BASICS

CREDIT HISTORY

CREDIT CARD BASICS

**DEBIT CARD BASICS**

PREPAID CARD BASICS

IDENTITY THEFT

When you understand how to manage your finances, you’ve got an invaluable tool in taking control of your life. Wise use of these skills can provide peace of mind, financial freedom, increased buying power and a secure future. This guide is one of a series on **PRACTICAL MONEY SKILLS FOR LIFE.**

## Using Debit Cards

In recent years debit cards have risen in popularity, often replacing payment by cash and cheque. A debit card is unlike a credit card in that it is tied directly to a bank account. When you make a purchase with a credit card, you are taking out a loan of money from the card issuer, whereas a debit card purchase withdraws money directly from your bank account.

There are benefits to each method. Credit card users who pay off their bill each month benefit from a free loan of money. On the other hand, consumers concerned with debt load can limit their spending by using debit cards. Debit cards are also useful for young Canadians or new Canadians who may not yet qualify for credit, or those who are unable to get credit.

Because your debit card is tied to your bank account, there are specific considerations and precautions to keep in mind when you use them.

## Stay in Check

Always know your current bank account balance and available funds. And don't forget about cheques that haven't cleared your account.

Consider using your financial institution's online banking website to help manage debit card purchases, cheques and bill paying all at once.

## When Using a Debit Card Don't Forget to

- Keep sales receipts or copies.
- Record your transactions in your cheque register as soon as possible or check transactions online.
- Remember to account for any bank fees that may apply.
- Review statements carefully. If you suspect a mistake, call your financial institution immediately.

## Stop Surcharges

Many banks charge a fee if you use your debit card at another institution's ABM. Instead of paying extra, choose a bank or credit union with ABMs convenient to where you live and work or use your debit card to get cash back when making purchases, if that option is offered by the retailer.

## Be Secure

For maximum security, check to see if your debit card issuer offers free alerts for your debit card. Some financial institutions may offer automatic account alerts by phone or email.

## KNOW YOUR LIMITS

Many debit cards have daily spending and cash withdrawal limits. These limits are meant to protect you in case your card is stolen. But remember, your card might be declined if you exceed your limits even if you have enough money in the bank. Know your limits and contact your bank if you need to raise or lower amounts.

Also remember to track your spending. When you make a purchase, withdraw money from your account or pay bills that exceed your account balance, you may be subject to “overdraft fees.” Some financial institutions offer overdraft protection, and they’ll cover your cheque or debit transaction so it doesn’t bounce. But this protection often comes with a price tag too. Your financial institution may charge a fee for each purchase that uses overdraft, as well as an additional fee for being overdrawn. Balance your account regularly to avoid added fees.

### Protect your PIN

Your debit card will require a Personal Identification Number (PIN) for authentication. Choose a unique number. Avoid obvious choices like your address, phone number or birth date.

Always keep your PIN private. Memorize it. Don’t write it down anywhere. And never tell it to anyone. If you feel your PIN has been compromised or someone may have identified it, change it immediately by contacting your financial institution.

Your financial institution’s cardholder agreement outlines your responsibilities to protect your PIN.

### Hit the Road, Plan Ahead

Like credit cards, debit cards are accepted at millions of locations worldwide. Remember for your protection, usage across international lines can cause a fraud or security alert with your financial institution if it’s different from normal spending patterns. If possible, let your bank know your travel plans in advance.

## DEBIT CARDS — THE EXTRA PROTECTIONS

Did you know that many of the same features and protections offered by credit cards are also offered with debit cards?

**ZERO LIABILITY** Visa Zero Liability provides cardholders with protection against fraud for purchase made in store, online, over the phone and by mail. Under the Visa Zero Liability policy, cardholders pay \$0 for purchases made through unauthorized card use. It is important to continually monitor your monthly statement to identify any unauthorized transactions, which cardholders should report unauthorized transactions to the card issuer immediately. Your cardholder agreement defines unauthorized transactions.

**THE RIGHT TO DISPUTE** With Visa Debit, you may have dispute resolution options should an issue arise with a debit card purchase. Check with your card issuer, and save all of your receipts.

Practical Money Skills  
 Canada



For more information, visit  
[www.practicalmoneyskills.ca](http://www.practicalmoneyskills.ca)