

Using Debit Cards

A debit card lets you pay with money that's in your checking account. Debit cards aren't the same as credit cards. Here's how to know the difference.



What's the difference between a debit card and a credit card?

When you open a checking account at a bank or credit union, you usually get a debit card.

Read more about **Opening a Bank Account** at [consumer.gov/yourmoney](https://www.consumer.gov/yourmoney).

Debit cards look like credit cards, but they use money you already have. Credit cards use money you borrow.

With debit cards:

- ▶ You don't get a bill every month. Money comes out of your checking account right away.
- ▶ You don't pay extra money in interest.
- ▶ You don't build a credit history.

With credit cards:

- ▶ You get a bill every month.
- ▶ You might pay extra money in interest if you don't pay the whole bill every month.
- ▶ You can build a credit history if you pay your bill on time. It helps even more if you can pay the whole bill each month when it's due.

Prepaid cards are a different kind of debit card. You buy a prepaid card and load money on it to spend. Many have extremely high fees.

When would I use a debit card?

Debit cards help you:

- ▶ buy things without using a check or cash
- ▶ get cash back when you buy something at a store
- ▶ get cash at an ATM

Some debit cards are free to use, but some have fees.



What if I use all the money in my checking account?

Your debit card will be declined if your account doesn't have enough money. You won't be able to buy things.

Some banks and credit unions have overdraft protection. This lets you use your debit card even when there's not enough money in your account. But you might have to pay an overdraft fee and interest.

How can I keep my debit card safe?

- ▶ **Keep your debit card and PIN private.** A PIN is a security code that you type in when you use a debit card. Never share your PIN or card numbers.
- ▶ **If you lose your debit card, let your bank or credit union know right away.** Ask them to cancel the card and send a new card.
- ▶ **Ask your bank or credit union for account alerts by email or text.** These remind you of how much money is in your account.

Your debit card use will show up on the statement you get every month from your bank or credit union. If you see a charge on your statement that you didn't make, tell your bank or credit union right away. If you wait, you might not get your money back.

