

A Primer on Check and ATM Cards

The following information has been gathered in order to assist you as you introduce your students to the latest trends in the wide range of financial service products, namely debit cards.

what is a debit card?

A debit card is a banking card enhanced with automated teller machine (ATM) and point-of-sale (POS) features so that it can be used at merchant locations. A debit card is linked to an individual's checking account, allowing funds to be withdrawn at the ATM and point-of-sale without writing a check. Each financial institution creates an identity for its debit card to customize the product and differentiate it in the market. Debit cards can also be called deposit access cards.

what is an example of a debit card?

One type of debit card is a financial institution's ATM card with point-of-sale features that incorporates a specific acceptance mark (Visa ® or MasterCard ®). Payment is completed by signing a sales draft or by entering a PIN. Then the amount of the sale is deducted from the cardholder's checking account within one to three days.

These debit cards are accepted anywhere consumers use their Visa or MasterCard credit cards.

Another type of debit card is an ATM card bearing a PLUS ® or CIRRUS ® logo. When cardholders use the card at an ATM or merchant location that accepts PLUS or CIRRUS, the cardholder enters the PIN and the amount of the sale is automatically deducted from the cardholder's checking account.

A regular ATM card doesn't have a Visa or MasterCard logo, but instead has a PLUS or CIRRUS logo and is good only where the merchant accepts those brands or at an ATM.

what does it do?

A debit card enables the cardholder to pay for purchases directly via his or her checking account, replacing cash and checks.

how is a debit card used?

When using a debit card to pay for goods and services, the purchase amount is deducted from the cardholder's checking account. Depending on the type of card, processing a check card transaction requires the cardholder either to sign a sales draft, or to enter a PIN into special terminal equipment, just like at an ATM.

benefits of using a debit card:

- Makes the payment process at the checkout counter quicker and more convenient. There is no need to fill out a check or to present identification and wait while the identification is written down or verified.
- Eliminates the need to carry a checkbook and a lot of cash.
- Doesn't deplete the available cash in your wallet.
- Can be used out of town or at locations where personal checks are not accepted.
- Reduces the possibility of loss or theft of cash.

disadvantages of using debit cards:

- Although accepted at over 10.5 million locations around the world, debit cards cannot be used in all situations (making cash and checks necessary in some situations).
- The cardholder must be certain of his or her checking account balance, as it might be possible to make purchases beyond the funds available.

where are check cards accepted?

Check cards can be used at merchant locations wherever the card logo is displayed.

what does it cost?

Banks determine the fees for each card and/or transaction.

how do you keep track of your check card transactions?

Debit card holders receive receipts at each ATM or merchant location. Users typically record debit card purchases in their checkbook registers. By deducting debit card transactions from their accounts on a regular basis, debit card holders can maintain the most up-to-date available balances.

what if you lose your ATM receipt?

All check card transactions will appear as deductions on your next checking account statement from your financial institution.