

## Debit Cards: Dilemma or Discipline? - 01-07-2010

by vcmorris - The Thin Pink Line Blog: women and work, women and leadership, women and careers, women and negotiation, women and money, work/life balance - <http://thethinpinkline.com>

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by vcmorris - Thursday, January 07, 2010

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Debit cards are great as long as you do the math – regularly.

When it comes to debit cards – it's important to stay in check. By that I mean be disciplined and always record in your check register the amount you just spent from your checking account. The concept is basic but many people find themselves in a debit dilemma because they forget to do that.

It's a good mindset/discipline to always think of debit cards this way: you're paying *now* – unlike with credit cards where you're paying *later*. To use your debit card means you have to have money in the bank *right now* to cover your purchase.

In the event your debit card is lost or stolen, the Federal Reserve (<http://www.frbsf.org/publications/consumer/plastic.html>) – says:

- Your liability is limited to \$50 *if* you notify the financial institution within two business days of discovering the loss or theft.
- *However*, you could lose as much as \$500 if you delay.
- And if, within 60 days after receiving your statement on which the unauthorized charge appears, you don't report it, you risk *unlimited loss* – meaning you could lose all the money in your account (plus anything in your maximum overdraft line of credit.)

Debit cards can share some of the same features and protections of credit cards:

- Zero liability: (as mentioned above) you're generally not liable for unauthorized purchases as long as you notify the lender immediately.
- Fraud protection: the law requires financial institutions to replace funds within ten business days of notification (though sometimes sooner) for losses resulting from fraudulent card use.
- Disputes: you may have dispute resolution options if an issue arises from a debit card purchase.

Debit cards are hugely popular these days. But given the potential risk due to the direct access to your checking account, here are some suggestions on how to wisely and mindfully use yours:

- Protect your ATM/debit card as you would cash.
- If your card's lost, stolen or you suspect it is being used fraudulently, report it immediately to your bank.
- Save your debit transaction receipts for better oversight of your account and be sure to always shred them when disposing of old receipts.
- Choose and memorize a safe PIN which means avoiding obvious numbers such as your birthday or address and share it with no one.
- Always know how much money you have in your account, and review bank statements carefully.

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- Remember - your debit card may allow you to access money that you have set aside to cover a check that has not yet cleared your bank.

It's a good idea to *always* notify your financial institution before traveling out-of-state (and certainly when out of the country) if you plan to use your debit card. Some banks will even send you alerts when your card is being used outside of its normal usage area – which is an attempt to prevent suspected fraud or theft.

And finally, know your card's limits. Your debit card will have a "purchase limit" and also a "withdrawal (such as via your ATM) limit". Usually they are not the same amount. If you don't know what those limits are – find out! It's your money, so take it personally. Mind over your money matters because mind over money - matters.

Here's to your health and wealth.

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