



The Best Times to Use a Debit Card

How often have you been to a store and upon checkout, wondered if you should use your credit card or debit card? Does it really matter? It all depends on the situation at hand.

How debit cards and credit cards work:

Debit Cards

Debit cards withdraw money directly from your checking account. Unlike credit cards, you will not get a bill or pay interest on what you spent. However, depending on how your checking account is set up, you could pay an overdraft fee if you spend more than what you have in your account. Also, a debit card can easily be used at ATMs and at stores to obtain cash back.

Credit Cards

Credit cards allow you to borrow money, much like a loan. This money must be repaid, with interest if you do not pay your entire bill when it comes due. Every credit card has a credit limit which is the maximum amount of money you can charge to a card.

When it comes to security, if someone steals your debit card information and withdraws money from your account, there is a good chance that money is gone forever. Credit cards are protected against fraudulent charges by federal law, and you can dispute any charges by dishonest sellers. However, many credit unions, like Nymeo offer additional protection up to a certain dollar amount and have fraud assistance on debit transactions.

Rewards and Perks

Aside from fraud prevention, many credit cards offer a rewards program. Credit cards often have cash back and ways to earn points toward gift cards and other items. There are less options for debit card rewards. Unlike other debit card programs, Nymeo's debit card provides a unique reward program. When members swipe their debit card anywhere, Nymeo donates funds directly to the local Food Bank for the School Pantry Program. More information here about [Swipe out Hunger](#).

When to use a debit card:

To Avoid fees

A surcharge may be added to your bill if you use a credit card. Examples include using a credit card to get money out from an ATM, to pay taxes, or to pay a tuition bill.

Buying from a small business

Businesses must pay a credit card processing company money to offer credit cards as an accepted form of payment. To help offset this cost, the store may set a credit card minimum, ensuring you spend enough to make the credit card charge worth it.

Too much credit card debt

If you're currently facing deep consumer debt on your credit card, have

only recently paid off your credit card debt, or struggle to resist spending beyond your means, you should be reaching for your debit card more than a credit card.

Enjoy flexibility of usage

Today, online banking and mobile banking apps help to make transferring funds in and out of accounts easy and quick. You could be in line at the grocery store and quickly transfer funds into your checking account to utilize your debit card. When using your credit card, you will have to pay the bill or incur interest fees.

What if you pick “credit” when you use your debit card?

When using your debit card, you often have the option to pick a “credit” transaction versus “debit”, which requires a signature rather than entering a PIN. However, choosing “credit” will not make your debit card act like a credit card. It does not help you establish credit history, and it does not give you additional consumer protections. Also, choosing “credit” transactions might take a few days to clear where a “debit” transaction hits your checking account right away.

Overall, the easiest way to decide which card to use in the moment is to match the card type to your goal. If you are avoiding debt, use your debit card. If you are trying to build credit and can pay off your bill each month, use a credit card.

For a preview of upcoming topics or to review previous Tutorial Tuesday topics visit <https://www.nymeo.org/tutorial-tuesdays>.



This is an advertisement. Nymeo Federal Credit Union
Copyright 2020

[Unsubscribe](#)

Nymeo Federal Credit Union | 240-436-4000 | 855-436-4100 | [nymeo.org](https://www.nymeo.org)
5210 Chairmans Court, Frederick MD 21703