

Debit CARDS - Everything you need to know about Debit Cards!

A **debit card** (also known as a bank card or check card) is a plastic card that provides an alternative payment method to cash when making purchases. Functionally, it can be called an electronic check, as the funds are withdrawn directly from either the bank account, or from the remaining balance on the card. In some cases, the cards are designed exclusively for use on the Internet and so there is no physical card.

In many countries the use of debit cards has become so widespread that their volume of use has overtaken or entirely replaced the check and, in some instances, cash transactions. Like credit cards, debit cards are used widely for telephone and Internet purchases and, unlike credit cards, the funds are transferred immediately from the bearer's bank account instead of having the bearer pay back the money at a later date.

Debit cards may also allow for instant withdrawal of cash, acting as the ATM card for withdrawing cash and as a check guarantee card. Merchants may also offer cashback facilities to customers, where the customer can withdraw cash along with the purchase.

ATM Cards

ATM cards are issued by banks, essentially to give bank customers flexibility in their banking hours. In most areas, you can use an ATM card to withdraw money, make deposits, transfer money between accounts, find out your balance, get a cash advance, and even make loan payments at all hours of the day or night.

Debit Cards

Debit cards combine the functions of ATM cards and checks. When you pay with a debit card, the money is automatically deducted from your checking account.

Combo ATM/debit cards. Many banks issue a combined ATM/debit card that looks just like a

credit card and can be used wherever credit cards are accepted. But don't be mistaken -- they are not credit cards. The money you spend comes out of your checking account immediately.

Pros of debit cards.

Many people prefer debit cards over checks for two reasons:

- you don't have to carry your checkbook and present identification, and
- you pay your bills immediately, unlike when you use a credit card and get the bill later.

Cons of debit cards.

There are disadvantages to using debit cards.

- Payment is immediate. Many people prefer having 20-25 days to pay their credit card bills.
- No right to withhold payment. Because the money is immediately transferred, consumers using debit cards don't have the right to withhold payment in the event of a dispute with the merchant over the goods or services purchased.
- Transaction fees. Some banks and merchants charge transaction fees for using debit cards.
- High risks if stolen. If your debit card number is stolen during an online purchase, the thief may drain your bank account before the bank is able to complete its investigation. This is why you should use a debit card wisely when shopping online and ensure the site you are shopping with is trusted and encryption is used for communication.

Indian legal position is concerned, any offence pertaining to online payment through debit cards comes within the purview of Information Technology Act, 2000 read with relevant provisions of Indian Penal Code, 1860.