



## What is the use of Cards?

### Cards

Plastic currency is the latest buzzword which everyone is familiar with. Primarily there are two types of cards. The first type is **Credit Cards** and then there are **Debit Cards**.

### Credit Cards

A credit card is a small plastic card issued to users as a system of payment. It allows the holder to buy goods and services based on the holder's promise to pay for these goods and services. The issuer of the card creates a revolving account and grants a line of credit to the consumer (or the user) from which the user can borrow money for payment to a merchant or as a cash advance to the user.

A credit card is different from a charge card: a charge card requires the balance to be paid in full each month. In contrast, credit cards allow the consumers a continuing balance of debt, subject to interest being charged. Most credit cards are issued by banks or credit unions, and are the shape and size specified by the ISO/IEC 7810 standard as ID-1. This is defined as 85.60 × 53.98 mm (3.370 × 2.125 in) (33/8 × 21/8 in) in size.

In simple terms, credit card is like availing a short term loan from the bank which has issued you the credit card.

### 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 Functionally, it can be called an electronic check, as the funds are withdrawn directly from either the bank account, or from the remaining balance on the card.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



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withdrawing cash and as a check guarantee card. Merchants may also offer cashback facilities to customers, where a customer can withdraw cash along with their purchase.