

**Course Name : O Level(B4-1st sem.)**  
**Topic : Card(credit/debit)**

**Subject : ITT&NB**  
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## Card(credit/debit)

Credit card and debit cards typically look almost identical, with 16 digit card number, expiration dates and personal identification number (PIN) codes. But that is where the similarity ends. Debit cards allow bank customers to spend money by drawing on funds, they have deposited at the Bank. Credit cards allow customers to borrow money from the card issuer up to a certain limit in order to purchase items or withdraw cash.

### Credit card

A **credit card** is a payment card issued by financial institutions to users (cardholders) to borrow money from those institutions. Cardholders agree to pay the money back, with interests, according to the institution's terms. Most major credit cards, which include Visa, MasterCard, Discover, and American Express, are issued by banks, credit unions, or other financial institutions.

#### Types of Credit cards

There are many types of credit cards. Some of them are as given below:-

##### **Standard Credit Cards**

It simply extends a line of credit to their users because they offer no frills or rewards.

##### **Rewards Credit Cards**

Rewards cards are those cards that offer rewards on credit card purchases. There are three basic types of rewards cards: cashback, points, and travel.

##### **Secured Credit Cards**

Secured cards require a security deposit to be placed on the card.

##### **Prepaid Credit Cards**

It requires the cardholder to load money onto the card before the card can be used. Purchases are withdrawn from the card's balance.

##### **Business Credit Cards**

Business credit cards are designed specifically for business use.

### Advantages of using a credit card

- A credit card is safer than carrying cash.
- Earn reward points when you spend.
- Credit cards work in any currency.
- Credit cards give you an emergency line of credit.
- Low-cost loans

### Disadvantages of using a credit card

- Paying high rates of interest
- Credit card fraud.
- Annual fees
- Temptation: Since they're so easy to use, they also make it easy to overspend.

## Debit card

A debit card is a payment card that deducts money directly from a consumer's checking account rather than via loan from a bank. Debit cards eliminate the need to carry cash or physical checks to make purchases directly from your savings. It is also known as bank card, or check card.

**Debit cards can function in two ways:**

- Like an ATM card for immediate withdrawals of cash
- Like a check when buying an item

### Types of Debit Cards

There are many types of debit cards. Some of them are as given below:-

- **Check Card.:** A check card is a debit card that functions like writing a check. ...
- **Visa Debit Card.:** A Visa debit card is backed by Visa, a credit card processing network. ...
- **Maestro Debit Card:** Maestro is a debit card service owned by MasterCard, more commonly seen in Europe. Maestro cards require a PIN to verify the transaction.
- **Prepaid debit card:** A prepaid debit card will keep your spending completely within your budget since there's no way to spend more than you loaded onto the card..

### Advantages of Debit card

**The key advantages are as follows:**

- Debit card can be easily obtained.
- They are widely accepted around the world.

- No more debts.
- You don't have to carry cash with you.
- Multiple debit cards can be associated with one account.

### **Disadvantages of Debit card**

- It is easier to steal your money if you lose a debit card.
- It can be easy to lose track of your account balance.
- Many debit cards have daily limits.
- They wear out over time.
- Additional fees on ATM withdrawals.

### **Exercise:**

1. Write short notes on following:
  - a. Debit card
  - b. Credit card