

The Advocate, Summer 2004 / Balancing Your Checkbook

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The Hidden Costs of Debit Cards

Many of us have discovered the convenience of debit cards. Most debit cards act like credit cards, but instead of billing the consumer every month, the money needed for the purchase is taken directly out of a checking account.

What many of us don't know is that this convenience comes at a price. Often the bank that issues the debit card charges a fee every time the card is used to purchase goods and services. Also, in many cases, if you get cash from an ATM (Automatic Teller Machine) that is not from your own bank, there is a fee to use the ATM plus an additional fee charged by your bank.

Debit cards can be very useful. In some ways they are safer to use than credit cards, because the money is taken out of your account immediately. But they can be risky too. Proper use of debit cards must include recording every transaction so you know exactly how much money is being taken out of your account.