Smart cards can provide identification, authentication, data storage and application processing.[[1]](http://en.wikipedia.org/wiki/Smart_card#cite_note-0)

The benefits of smart cards are directly related to the volume of information and applications that are programmed for use on a card. A single contact/contactless smart card can be programed with multiple banking credentials, medical entitlement, driver’s license/public transport entitlement, loyalty programs and club memberships to name just a few. Multi-factor and proximity authentication can and has been embedded into smart cards to increase the security of all services on the card. For example, a smart card can be programed to only allow a contactless transaction if it is also within range of another device like a uniquely paired mobile phone. This can significantly increase the security of the smart card.

Governments gain a significant enhancement to the provision of publically funded services through the increased security offered by smart cards. These savings are passed onto society through a reduction in the necessary funding or enhanced public services.

Individuals gain increased security and convenience when using smart cards designed for interoperability between services. For example, consumers only need to replace one card if their wallet is lost or stolen. Additionally, the data storage available on a card could contain medical information that is critical in an emergency should the card holder allow access to this.

#### How Smart Cards Work

A smart card contains more information than a magnetic stripe card and it can be programmed for different applications. Some cards can contain programming and data to support multiple applications and some can be updated to add new applications after they are issued. Smart cards can be designed to be inserted into a slot and read by a special reader or to be read at a distance, such as at a toll booth. Cards can be disposable (as at a trade-show) or reloadable (for most applications).

An industry standard interface between programming and PC hardware in a smart card has been defined by the PC/SC Working Group, representing Microsoft, IBM, Bull, Schlumberger, and other interested companies. Another standard is called OpenCard. There are two leading smart card operating systems: JavaCard and [MULTOS](http://whatis.techtarget.com/definition/0,,sid9_gci555420,00.html).

 you may be able to use a smart card to:

* Dial a connection on a mobile telephone and be charged on a per-call basis
* Establish your identity when logging on to an Internet access provider or to an online bank
* Pay for parking at parking meters or to get on subways, trains, or buses
* Give hospitals or doctors personal data without filling out a form
* Make small purchases at electronic stores on the Web (a kind of cybercash)
* Buy gasoline at a gasoline station

A **credit card** is a small [plastic](http://en.wikipedia.org/wiki/Plastic) card issued to users as a system of [payment](http://en.wikipedia.org/wiki/Payment). It allows its holder to buy goods and services based on the holder's promise to pay for these goods and services.[[1]](http://en.wikipedia.org/wiki/Credit_card#cite_note-0) The issuer of the card creates a [revolving account](http://en.wikipedia.org/wiki/Revolving_account) and grants a [line of credit](http://en.wikipedia.org/wiki/Line_of_credit) to the [consumer](http://en.wikipedia.org/wiki/Consumer) (or the user) from which the user can borrow money for payment to a [merchant](http://en.wikipedia.org/wiki/Merchant) or as a [cash advance](http://en.wikipedia.org/wiki/Cash_advance) to the user.

A credit card is different from a [charge card](http://en.wikipedia.org/wiki/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](http://en.wikipedia.org/wiki/Credit_card_interest) being charged. Most credit cards are issued by [banks](http://en.wikipedia.org/wiki/Bank) or [credit unions](http://en.wikipedia.org/wiki/Credit_union), and are the shape and size specified by the [ISO/IEC 7810](http://en.wikipedia.org/wiki/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.

How credit cards work

Credit cards are issued after an account has been approved by the credit provider, after which cardholders can use it to make purchases at [merchants](http://en.wikipedia.org/wiki/Merchant) accepting that card. Merchants often advertise which cards they accept by displaying [acceptance marks](http://en.wikipedia.org/wiki/Acceptance_mark) – generally derived from logos – or may communicate this orally, as in "Credit cards are fine" (implicitly meaning "major brands"), "We take (brands X, Y, and Z)", or "We don't take credit cards".

When a purchase is made, the credit card user agrees to pay the card issuer. The cardholder indicates consent to pay by signing a [receipt](http://en.wikipedia.org/wiki/Receipt) with a record of the card details and indicating the amount to be paid or by entering a [personal identification number](http://en.wikipedia.org/wiki/Personal_identification_number) (PIN). Also, many merchants now accept verbal authorizations via telephone and electronic authorization using the Internet, known as a [card not present transaction](http://en.wikipedia.org/wiki/Card_not_present_transaction) (CNP).

[Electronic](http://en.wikipedia.org/wiki/Electronics) [verification](http://en.wikipedia.org/wiki/Credit_card_verification) systems allow merchants to verify in a few seconds that the card is valid and the credit card customer has sufficient credit to cover the purchase, allowing the verification to happen at time of purchase. The verification is performed using a [credit card payment terminal](http://en.wikipedia.org/wiki/Credit_card_terminal) or [point-of-sale](http://en.wikipedia.org/wiki/Point_of_sale) (POS) system with a communications link to the merchant's [acquiring bank](http://en.wikipedia.org/wiki/Acquirer). Data from the card is obtained from a [magnetic stripe](http://en.wikipedia.org/wiki/Magnetic_stripe_card) or [chip](http://en.wikipedia.org/wiki/Smart_card) on the card; the latter system is called [Chip and PIN](http://en.wikipedia.org/wiki/Chip_and_PIN) in the [United Kingdom](http://en.wikipedia.org/wiki/United_Kingdom) and [Ireland](http://en.wikipedia.org/wiki/Ireland), and is implemented as an [EMV](http://en.wikipedia.org/wiki/EMV) card.

For [card not present transactions](http://en.wikipedia.org/wiki/Card_not_present_transaction) where the card is not shown (e.g., [e-commerce](http://en.wikipedia.org/wiki/Electronic_commerce), [mail order](http://en.wikipedia.org/wiki/Mail_order), and telephone sales), merchants additionally verify that the customer is in physical possession of the card and is the authorised user by asking for additional information such as the [security code](http://en.wikipedia.org/wiki/Card_Security_Code) printed on the back of the card, date of expiry, and billing address.

Each month, the credit card user is sent a statement indicating the purchases undertaken with the card, any outstanding fees, and the total amount owed. After receiving the statement, the cardholder may dispute any charges that he or she thinks are incorrect (see [Fair Credit Billing Act](http://en.wikipedia.org/wiki/Fair_Credit_Billing_Act) for details of the US regulations). Otherwise, the cardholder must pay a defined minimum proportion of the bill by a [due date](http://en.wikipedia.org/wiki/Expiration), or may choose to pay a higher amount up to the entire amount owed. The credit issuer charges [interest](http://en.wikipedia.org/wiki/Interest) on the amount owed if the balance is not paid in full (typically at a much higher rate than most other forms of debt). Some financial institutions can arrange for automatic payments to be deducted from the user's bank accounts, thus avoiding late payment altogether as long as the cardholder has sufficient funds.

### Interest charges

Credit card issuers usually waive interest charges if the balance is paid in full each month, but typically will charge full interest on the entire outstanding balance from the date of each purchase if the total balance is not paid.

For example, if a user had a $1,000 transaction and repaid it in full within this grace period, there would be no interest charged. If, however, even $1.00 of the total amount remained unpaid, interest would be charged on the $1,000 from the date of purchase until the payment is received. The precise manner in which interest is charged is usually detailed in a cardholder agreement which may be summarized on the back of the monthly statement. The general calculation formula most financial institutions use to determine the amount of interest to be charged is APR/100 x ADB/365 x number of days revolved. Take the Annual percentage rate (APR) and divide by 100 then multiply to the amount of the average daily balance (ADB) divided by 365 and then take this total and multiply by the total number of days the amount revolved before payment was made on the account. Financial institutions refer to interest charged back to the original time of the transaction and up to the time a payment was made, if not in full, as RRFC or residual retail finance charge. Thus after an amount has revolved and a payment has been made, the user of the card will still receive interest charges on their statement after paying the next statement in full (in fact the statement may only have a charge for interest that collected up until the date the full balance was paid, i.e. when the balance stopped revolving).

The credit card may simply serve as a form of [revolving credit](http://en.wikipedia.org/wiki/Revolving_credit), or it may become a complicated financial instrument with multiple balance segments each at a different interest rate, possibly with a single umbrella credit limit, or with separate credit limits applicable to the various balance segments. Usually this compartmentalization is the result of special incentive offers from the issuing bank, to encourage [balance transfers](http://en.wikipedia.org/wiki/Balance_transfer) from cards of other issuers. In the event that several interest rates apply to various balance segments, payment allocation is generally at the discretion of the issuing bank, and payments will therefore usually be allocated towards the lowest rate balances until paid in full before any money is paid towards higher rate balances. [Interest rates](http://en.wikipedia.org/wiki/Interest_rate) can vary considerably from card to card, and the interest rate on a particular card may jump dramatically if the card user is late with a payment on that card *or any other credit instrument*, or even if the issuing bank decides to raise its revenue.

### [[edit](http://en.wikipedia.org/w/index.php?title=Credit_card&action=edit&section=6)]Benefits to customers

The main benefit to each customer is convenience. Compared to debit cards and cheques, a credit card allows small short-term loans to be quickly made to a customer who need not calculate a balance remaining before every transaction, provided the total charges do not exceed the maximum credit line for the card. Credit cards also provide more fraud protection than debit cards. In the UK for example, the bank is jointly liable with the merchant for purchases of defective products over £100.[[4]](http://en.wikipedia.org/wiki/Credit_card#cite_note-3)

Many credit cards offer rewards and benefits packages, such as offering enhanced product warranties at no cost, free loss/damage coverage on new purchases, and points which may be redeemed for cash, products, or airline tickets. Additionally, carrying a credit card may be a convenience to some customers as it eliminates the need to carry any cash for most purposes.

Advantages  
  
A credit card can:  
  
1. Offer free use of funds, provided you always pay your balance in full, on time.  
2. Be more convenient to carry than cash.  
3. Help you establish a good credit history.   
4. Provide a convenient payment method for purchases made on the Internet and over the telephone.  
5. Give you incentives, such as reward points, that you can redeem.  
  
Disadvantages  
  
On the other hand, credit cards can:

1. Cost much more than other forms of credit, such as a line of credit or a personal loan, if you don't pay on time.  
2. Damage your credit rating if your payments are late;  
3. Allow you to build up more debt than you can handle;   
4. Have complicated terms and conditions;

Read more at http://www.articlealley.com/article\_32102\_63.html?ktrack=kcplink

A **debit card** (also known as a **bank card** or **check card**) is a plastic card that provides an alternative payment method to [cash](http://en.wikipedia.org/wiki/Cash) when making purchases. Functionally, it can be called an electronic check, as the funds are withdrawn directly from either the [bank account](http://en.wikipedia.org/wiki/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.[[1]](http://en.wikipedia.org/wiki/Debit_card#cite_note-0)[[2]](http://en.wikipedia.org/wiki/Debit_card#cite_note-1)

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](http://en.wikipedia.org/wiki/Credit_card), 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.

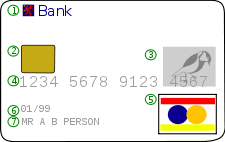
Debit cards may also allow for instant withdrawal of cash, acting as the [ATM card](http://en.wikipedia.org/wiki/ATM_card) for withdrawing cash and as a [check guarantee card](http://en.wikipedia.org/wiki/Check_guarantee_card). Merchants may also offer[cashback](http://en.wikipedia.org/wiki/Debit_card_cashback) facilities to customers, where a customer can withdraw cash along with their purchase.

## Types of debit card systems

[](http://en.wikipedia.org/wiki/File:Smartcard2.png)

[http://bits.wikimedia.org/skins-1.5/common/images/magnify-clip.png](http://en.wikipedia.org/wiki/File:Smartcard2.png)

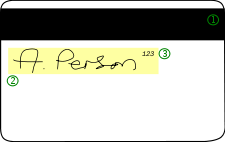
Debit card

[](http://en.wikipedia.org/wiki/File:CCardFront.svg)

[http://bits.wikimedia.org/skins-1.5/common/images/magnify-clip.png](http://en.wikipedia.org/wiki/File:CCardFront.svg)

An example of the front of a typical debit card:

1. Issuing bank logo
2. [EMV chip](http://en.wikipedia.org/wiki/EMV)
3. [Hologram](http://en.wikipedia.org/wiki/Hologram)
4. [Card number](http://en.wikipedia.org/wiki/Credit_card_number)
5. Card brand logo
6. Expiration date
7. Cardholder's name

[](http://en.wikipedia.org/wiki/File:CCardBack.svg)

[http://bits.wikimedia.org/skins-1.5/common/images/magnify-clip.png](http://en.wikipedia.org/wiki/File:CCardBack.svg)

An example of the reverse side of a typical debit card:

1. [Magnetic stripe](http://en.wikipedia.org/wiki/Magnetic_stripe#Financial_cards)
2. [Signature](http://en.wikipedia.org/wiki/Signature) strip
3. [Card Security Code](http://en.wikipedia.org/wiki/Card_Security_Code)

There are currently three ways that debit card transactions are processed: **online debit** (also known as **PIN debit**), **offline debit** (also known as **signature debit**) and the **Electronic Purse Card System**.[[3]](http://en.wikipedia.org/wiki/Debit_card#cite_note-how-2) It should be noted that one physical card can include the functions of an online debit card, an offline debit card and an electronic purse card.

Although many debit cards are of the [Visa](http://en.wikipedia.org/wiki/Visa_(credit_card)) or [MasterCard](http://en.wikipedia.org/wiki/MasterCard) brand, there are many other types of debit card, each accepted only within a particular country or region, for example [Switch](http://en.wikipedia.org/wiki/Switch_(debit_card)) (now: Maestro) and [Solo](http://en.wikipedia.org/wiki/Solo_(debit_card)) in the [United Kingdom](http://en.wikipedia.org/wiki/United_Kingdom), [Interac](http://en.wikipedia.org/wiki/Interac" \o "Interac) in [Canada](http://en.wikipedia.org/wiki/Canada), [Carte Bleue](http://en.wikipedia.org/wiki/Carte_Bleue) in [France](http://en.wikipedia.org/wiki/France), [Laser](http://en.wikipedia.org/wiki/Laser_(debit_card)) in [Ireland](http://en.wikipedia.org/wiki/Republic_of_Ireland), "EC electronic cash" (formerly [Eurocheque](http://en.wikipedia.org/wiki/Eurocheque" \o "Eurocheque)) in [Germany](http://en.wikipedia.org/wiki/Germany) and [EFTPOS](http://en.wikipedia.org/wiki/EFTPOS) cards in Australia and New Zealand. The need for [cross-border compatibility](http://en.wikipedia.org/wiki/Single_Euro_Payments_Area) and the advent of the [euro](http://en.wikipedia.org/wiki/Euro" \o "Euro)recently led to many of these card networks (such as [Switzerland](http://en.wikipedia.org/wiki/Switzerland)'s "EC direkt", [Austria](http://en.wikipedia.org/wiki/Austria)'s "Bankomatkasse" and [Switch](http://en.wikipedia.org/wiki/Switch_(debit_card)) in the [United Kingdom](http://en.wikipedia.org/wiki/United_Kingdom)) being re-branded with the internationally recognised [Maestro](http://en.wikipedia.org/wiki/Maestro_(debit_card)) logo, which is part of the [MasterCard](http://en.wikipedia.org/wiki/MasterCard) brand. Some debit cards are dual branded with the logo of the (former) national card as well as [Maestro](http://en.wikipedia.org/wiki/Maestro_(debit_card)) (e.g. EC cards in Germany, Laser cards in Ireland, Switch and Solo in the UK, Pinpas cards in the Netherlands, Bancontact cards in Belgium, etc.). The use of a debit card system allows operators to package their product more effectively while monitoring customer spending. An example of one of these systems is ECS by [Embed International](http://en.wikipedia.org/wiki/Embed_International).

### [[edit](http://en.wikipedia.org/w/index.php?title=Debit_card&action=edit&section=2)]Online Debit System

Online debit cards require electronic authorization of every transaction and the debits are reflected in the user’s account immediately. The transaction may be additionally secured with the [personal identification number](http://en.wikipedia.org/wiki/Personal_identification_number) (PIN) [authentication](http://en.wikipedia.org/wiki/Authentication) system and some online cards require such authentication for every transaction, essentially becoming enhanced [automatic teller machine](http://en.wikipedia.org/wiki/Automatic_teller_machine) [(ATM) cards](http://en.wikipedia.org/wiki/ATM_card). One difficulty in using online debit cards is the necessity of an electronic authorization device at the [point of sale](http://en.wikipedia.org/wiki/Point_of_sale) (POS) and sometimes also a separate [PINpad](http://en.wikipedia.org/wiki/PINpad" \o "PINpad) to enter the PIN, although this is becoming commonplace for all card transactions in many countries. Overall, the online debit card is generally viewed as superior to the offline debit card because of its more secure authentication system and live status, which alleviates problems with processing [lag](http://en.wikipedia.org/wiki/Lag) on transactions that may only issue online debit cards. Some on-line debit systems are using the normal authentication processes of Internet banking to provide real-time on-line debit transactions. The most notable of these are Ideal and POLi.

### [[edit](http://en.wikipedia.org/w/index.php?title=Debit_card&action=edit&section=3)]Offline Debit System

Offline debit cards have the [logos](http://en.wikipedia.org/wiki/Logo) of major credit cards (e.g. [Visa](http://en.wikipedia.org/wiki/VISA_(credit_card)) or [MasterCard](http://en.wikipedia.org/wiki/MasterCard)) or major debit cards (e.g. [Maestro](http://en.wikipedia.org/wiki/Maestro_(debit_card)) in the [United Kingdom](http://en.wikipedia.org/wiki/United_Kingdom) and other countries, but not the [United States](http://en.wikipedia.org/wiki/United_States)) and are used at the [point of sale](http://en.wikipedia.org/wiki/Point_of_sale) like a credit card (with payer's signature). This type of debit card may be subject to a daily limit, and/or a maximum limit equal to the current/checking account balance from which it draws funds. Transactions conducted with offline debit cards require 2–3 days to be reflected on users’ account balances. In some countries and with some banks and merchant service organizations, a "credit" or offline debit transaction is without cost to the purchaser beyond the face value of the transaction, while a small fee may be charged for a "debit" or online debit transaction (although it is often absorbed by the [retailer](http://en.wikipedia.org/wiki/Retailer)). Other differences are that online debit purchasers may opt to withdraw cash in addition to the amount of the debit purchase (if the merchant supports that functionality); also, from the merchant's standpoint, the merchant pays lower fees on online debit transaction as compared to "credit" (offline) debit transaction.

### [[edit](http://en.wikipedia.org/w/index.php?title=Debit_card&action=edit&section=4)]Electronic Purse Card System

[Smart-card](http://en.wikipedia.org/wiki/Smart-card)-based electronic purse systems (in which value is stored on the card chip, not in an externally recorded account, so that machines accepting the card need no network connectivity) are in use throughout Europe since the mid-1990s, most notably in Germany (Geldkarte), Austria (Quick), the Netherlands (Chipknip), Belgium (Proton), Switzerland (CASH) and France ([Mon€o](http://en.wikipedia.org/wiki/Mon%E2%82%ACo" \o "Mon€o), which is usually carried by a debit card). In Austria and Germany, all current bank cards now include electronic purses.

### [[edit](http://en.wikipedia.org/w/index.php?title=Debit_card&action=edit&section=5)]Prepaid Debit Card

Prepaid debit cards, also called reloadable debit cards or reloadable [prepaid cards](http://en.wikipedia.org/wiki/Prepaid_cards), are often used for recurring payments.[[4]](http://en.wikipedia.org/wiki/Debit_card#cite_note-3) The payer loads funds to the cardholder's card account. Prepaid debit cards use either the offline debit system or the online debit system to access these funds. Particularly for companies with a large number of payment recipients abroad, prepaid debit cards allow the delivery of international payments without the delays and fees associated with international checks and bank transfers.[[5]](http://en.wikipedia.org/wiki/Debit_card#cite_note-4) Providers include [Caxton FX](http://en.wikipedia.org/wiki/Caxton_FX) prepaid cards,[[6]](http://en.wikipedia.org/wiki/Debit_card" \l "cite_note-5) Escape prepaid cards, Travelex prepaid cards[[7]](http://en.wikipedia.org/wiki/Debit_card#cite_note-6) and Transcash prepaid cards[[8]](http://en.wikipedia.org/wiki/Debit_card#cite_note-7). Whereas, web-based services such as stock photography websites ([istockphoto](http://en.wikipedia.org/wiki/Istockphoto" \o "Istockphoto)), outsourced services ([oDesk](http://en.wikipedia.org/wiki/ODesk" \o "ODesk)), and affiliate networks ([MediaWhiz](http://en.wikipedia.org/w/index.php?title=MediaWhiz&action=edit&redlink=1" \o "MediaWhiz (page does not exist))) have all started offering prepaid debit cards for their contributors/freelancers/vendors.

## [[edit](http://en.wikipedia.org/w/index.php?title=Debit_card&action=edit&section=6)]Advantages and Disadvantages

The widespread use of debit and check cards have revealed numerous advantages and disadvantages to the consumer and retailer alike.

The following allegations seem to be based **only** on the current situation within the U.S.A. Please read with caution as they may not apply to any other countries.

**Advantages**

* A consumer who is not credit worthy and may find it difficult or impossible to obtain a credit card can more easily obtain a debit card, allowing him/her to make plastic transactions.
* For most transactions, a check card can be used to avoid check writing altogether. Check cards debit funds from the user's account on the spot, thereby finalizing the transaction at the time of purchase, and bypassing the requirement to pay a credit card bill at a later date, or to write an insecure check containing the account holder's personal information.
* Like credit cards, debit cards are accepted by merchants with less identification and scrutiny than personal checks, thereby making transactions quicker and less intrusive. Unlike personal checks, merchants generally do not believe that a payment via a debit card may be later dishonored.
* Unlike a credit card, which charges higher fees and interest rates when a cash advance is obtained, a debit card may be used to obtain cash from an ATM or a PIN-based transaction at no extra charge, other than a foreign ATM fee.

**Disadvantages**

* Use of a debit card is not usually limited to the existing funds in the account to which it is linked, most banks allow a certain threshold over the available bank balance which can cause overdraft fees if the users transaction does not reflect available balance.
* Many banks are now charging over-limit fees or non-sufficient funds fees based upon pre-authorizations, and even attempted but refused transactions by the merchant (some of which may be unknown until later discovery by account holder).
* Many merchants mistakenly believe that amounts owed can be "taken" from a customer's account after a debit card (or number) has been presented, without agreement as to date, payee name, amount and currency, thus causing penalty fees for overdrafts, over-the-limit, amounts not available causing further rejections or overdrafts, and rejected transactions by some banks.
* In some countries debit cards offer lower levels of security protection than credit cards[[9]](http://en.wikipedia.org/wiki/Debit_card" \l "cite_note-autogenerated1-8). Theft of the users PIN using skimming devices can be accomplished much easier with a PIN input than with a signature-based credit transaction. However, theft of users' PIN codes using skimming devices can be equally easily accomplished with a debit transaction PIN input, as with a credit transaction PIN input, and theft using a signature-based credit transaction is equally easy as theft using a signature-based debit transaction.
* In many places, laws protect the consumer from fraud much less than with a credit card. While the holder of a credit card is legally responsible for only a minimal amount of a fraudulent transaction made with a credit card, which is often waived by the bank, the consumer may be held liable for hundreds of dollars, or even the entire value of fraudulent debit transactions. The consumer also has a shorter time (usually just two days) to report such fraud to the bank in order to be eligible for such a waiver with a debit card[[9]](http://en.wikipedia.org/wiki/Debit_card" \l "cite_note-autogenerated1-8), whereas with a credit card, this time may be up to 60 days. A thief who obtains or clones a debit card along with its PIN may be able to clean out the consumer's bank account, and the consumer will have no recourse.

|  |  |  |
| --- | --- | --- |
| **Federally Imposed Maximum Liability for Unauthorized Card Use (United States)** | | |
| **Reported** | **Maximum Card Holder Liability** | |
| **Credit Card** | **Debit Card** |
| **Before Use** | $0 | $0 |
| **Within 2 business days** | $50 | $50 |
| **After 2 but before 60 business days** | $50 | $500 |
| **After 60 business days** | Unlimited | Unlimited |

[[10]](http://en.wikipedia.org/wiki/Debit_card#cite_note-nolo-9)[[11]](http://en.wikipedia.org/wiki/Debit_card#cite_note-ITRC-10)

* In the [UK](http://en.wikipedia.org/wiki/United_Kingdom) and [Ireland](http://en.wikipedia.org/wiki/Republic_of_Ireland), among other countries, a consumer who purchases goods or services with a credit card can pursue the credit card issuer if the goods or services are not delivered or are unmerchantable. While they must generally exhaust the process provided by the retailer first, this is not necessary if the retailer has gone out of business. This protection is not provided by legislation when using a debit card but may be offered to a limited extent as a benefit provided by the card network, e.g. Visa debit cards.
* When a transaction is made using a credit card, the bank's money is being spent, and therefore, the bank has a vested interest in claiming its money where there is fraud or a dispute. The bank may fight to void the charges of a consumer who is dissatisfied with a purchase, or who has otherwise been treated unfairly by the merchant. But when a debit purchase is made, the consumer has spent his/her own money, and the bank has little if any motivation to collect the funds.
* In some countries, and for certain types of purchases, such as [gasoline](http://en.wikipedia.org/wiki/Gasoline) (via a [pay at the pump](http://en.wikipedia.org/wiki/Pay_at_the_pump) system), [lodging](http://en.wikipedia.org/wiki/Lodging), or [car rental](http://en.wikipedia.org/wiki/Car_rental), the bank may place a hold on funds much greater than the actual purchase for a fixed period of time[[9]](http://en.wikipedia.org/wiki/Debit_card#cite_note-autogenerated1-8). However, this isn't the case in other countries, such as Sweden. Until the hold is released, any other transactions presented to the account, including checks, may be dishonoured, or may be paid at the expense of an [overdraft](http://en.wikipedia.org/wiki/Overdraft) fee if the account lacks any additional funds to pay those items.
* While debit cards bearing the logo of a major credit card are accepted for virtually all transactions where an equivalent credit card is taken, a major exception in some countries is at car rental facilities[[12]](http://en.wikipedia.org/wiki/Debit_card#cite_note-11). In some countries, such as Canada & Australia, car rental agencies require an actual credit card to be used, or at the very least, will verify the creditworthiness of the renter using a debit card. In Canada and additional unspecified countries, car rental companies will deny a rental to anyone who does not fit the requirements, and such a credit check may actually hurt one's[credit score](http://en.wikipedia.org/wiki/Credit_score), as long as there is such a thing as a credit score in the country of purchase and/or the country of residence of the customer.

Debit card is just like your [ATM card](http://www.blurtit.com/q941712.html); when you open a bank account bank issues you a card which is backed up by the equal amount of money that is available in your account. The bank gives out such electronic cards for use rather then carrying[physical](http://www.blurtit.com/q700315.html) [cash](http://www.blurtit.com/q951806.html) and it helps in avoiding theft or loss. If your approved amount will be more than your account balance, card will declined the request of the transaction which means bank is not authorizing you to draw the money from your [account](http://www.blurtit.com/q700315.html" \t "undefined)because of the less balance in your account.   
  
Normally, when you go to a [hotel](http://www.blurtit.com/q890450.html) to have a room there, they swap your card to obtain pre-authorization information to make sure that you have money in your account and bank will give an approval code to secure that transaction. All the five star [hotels](http://www.blurtit.com/Travel/Hotels/) always have a sign on their front desk mentioned that Credit/Debit cards are accepted her in case a [customer](http://www.blurtit.com/q700315.html) is using a debit card. The money from your account comes immediately and this whole phenomenon is very hard to understand but this is how debit card works.  
  
That message means that as soon as [hotel](http://www.blurtit.com/q700315.html) will swap the card to obtain $100 approval from bank, your bank will hold that money out of your account, if you use that money from your bank then you will be left with no option for paying money to the hotel for the staying period.