

# DEBIT CARDS

## What are They? How Do They Work? How Do They Differ?

### What is a Debit Card?

A debit card is any card that *takes money out of* a **positive balance account**. Credit cards take money out of a *line-of-credit loan* instead. At Summit Credit Union, your debit card accesses your Free Checking Account.

Debit cards can use different networks to debit your account though. Summit Credit Union offers two types of debit cards:

- ▶ ATM/Point-of-Sale (POS)
- ▶ Visa

### What is a POS Debit Card?

A POS Debit card will look like an ATM card but can do *much more* than simply access an ATM! Most gas stations, discount, grocery, and drug stores allow you to use your ATM card to make purchases at the *point of sale* (thus the name)!

On the back of your card you will see the logo for Star, the network we use to process your POS transactions. This network is nationwide and can be used anywhere you see its logo. Even if you don't see the logo, simply ask if you can do a transaction *using a PIN*. If you can, you likely can use your card!

### What is a Visa Debit Card?

This is what most people think of when they speak of a *debit card*. Having the *Visa logo* means you have the choice of having your transaction processed by the *Visa network*. Like Star, Visa is the name for a processing network. Visa has processed credit transactions for decades but now they have extended their network to processing debit transactions as well. So, when you use your Summit Credit Union debit card with Visa logo you have the option of having your transaction processed with either the Visa or Star network!

Remember, *Visa* doesn't mean credit, it just means it's *processed* by the Visa network!

### Why Do They Ask Me "Credit or Debit"?

The machines merchants use to process your transactions consider all *Visa* transactions to be *credit* transactions, whether they come from a line-of-credit or a checking account. So, when they ask "Credit or Debit?" what they are really asking is "Do you want me to process this through the Visa network?"

Keep in mind that in this context:

- ▶ *Credit* means the **Visa** network will process the transaction.
- ▶ *Debit* means the **Star** network will process the transaction.

### Does it Matter Who Processes My Transaction?

No.. either way the funds will be debited from your Summit Credit Union Free Checking Account. There are, however, some differences between the two networks:

#### ATM/POS

- ▶ Identity confirmed by entering PIN
- ▶ Account is immediately debited
- ▶ Some merchants will allow you to get additional cash back

#### Visa Network

- ▶ Identity confirmed with signature comparison
- ▶ Merchant gets authorization and places funds on hold
  - ◆ Funds become **unavailable**, but remain in your account *until the transaction clears*
  - ◆ The *actual* balance will then differ from the *available* balance
- ▶ Additional funds cannot be requested while making a purchase

### Summit Credit Union Prefers Visa

Visa transactions are more financially beneficial to Summit Credit Union than ATM transactions. As you know, we are a not-for-profit financial cooperative, which means we operate with very low overhead. Since Visa transactions can help us to keep costs down, they also allow us to *charge fewer fees* and *give back more in dividends* to our members! So, remember to say "Credit" when given the choice!

### Variety is Good!

The bottom line is: *check your options!* You will be surprised by the number of places you can use your ATM/POS card! In fact, more places every day are deciding to accept *both* types of debit cards! In those cases *you have your choice*: choose **credit** to have your checking account debited by **Visa** (*and help YOUR Credit Union's bottom line*); or choose **debit** to have your checking account debited by **Star**. Either way you have a powerful tool at your fingertips to access your funds from Summit Credit Union any place, any time!



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