



Debit cards are a common means of payment for many customers. In the last guide, we discussed deferred debit cards, more commonly known as credit cards, and revolving credit cards.

In this guide, we will discuss the characteristics and advantages of debit cards.



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# 1

## What is debit card?

A card meant for payments and purchasing products, which charges the customer's bank account for the transaction amount **immediately**, in contrast with deferred debit (credit) cards where the charges are made once a month.

Debit cards are an upgraded alternative to cash, with the advantages of a credit card (ability to make Internet and phone transactions while protecting the customer against misuse).

# 2

## Characteristics of the debit card

- You can use it to withdraw cash.
- The level of security on the card is identical to the level of security on a credit card.
- There is protection against misuse of the card, similar to a credit card.
- There is no credit facility on the card.
- A debit card generally does not entitle its holder to club discounts or benefits.

## 3

### Eligibility to receive a debit card

In general, every customer is entitled to receive a debit card, even if the bank does not want to issue the customer credit (so he cannot receive a deferred debit or credit card).

In addition, the Banking Supervision Department at the Bank of Israel requires the banks to offer the card to a new customer opening a current account.

## 4

### Payment of fees for use of a debit card

To encourage the use of debit cards among the broad public, the Banking Supervision Department has instructed the banks to lower fees for debit cards in the following manner:

A customer who, in addition to holding a credit card, holds a debit card issued by the same banking corporation, receives a full exemption from fees for the use of the debit card for a period of three years.

A customer who holds only a debit card – usage fees will be lower than those charged for credit cards.

## 5

### Advantages of a debit card

- Convenient means of payment for consumer who wish to manage their expenses on an on-going basis.
- Assists in more informed financial management, since charges are made near the time the transaction is made, and are reflected immediately in the account. This enables better control of expenses.
- Lowers the frequency of withdrawing cash, and may lead to savings in the costs of cash withdrawals from ATM machines.
- Enables customers whom the bank does not wish to provide with a credit card to use electronic means of payment, through which they can, for instance, make Internet purchases, pay bills, and so forth.
- Enables teens who manage a bank account to obtain a card as early as age 14, and thereby benefit from the advantages of an electronic means of payment as listed above.

## 6

### Transactions that cannot be made with a debit card

- Transactions in installments.
- Transactions with an amount that is not known in advance (such as renting a car, etc.).
- Transactions through a standing order.
- Putting down a deposit, such as for a hotel reservation.

## 7

### **Can you go into overdraft in your account when using a debit card?**

If there is a credit facility in the customer's bank account, then the customer can go into overdraft up to the facility's limit, when using the debit card, and be charged interest on the overdraft balance in the current account accordingly.

## 8

### **Can you use a debit card for purchases on foreign websites or while traveling abroad?**

Debit cards can be used abroad or for purchases from foreign Internet sites, similar to a deferred debit (credit) card, and you should be clear on the fees involved in such transactions.

## 9

### **The next step...**

We invite you to enquire with the bank where you manage your current account, and ask them to issue you a debit card. The enquiry can also be made online.