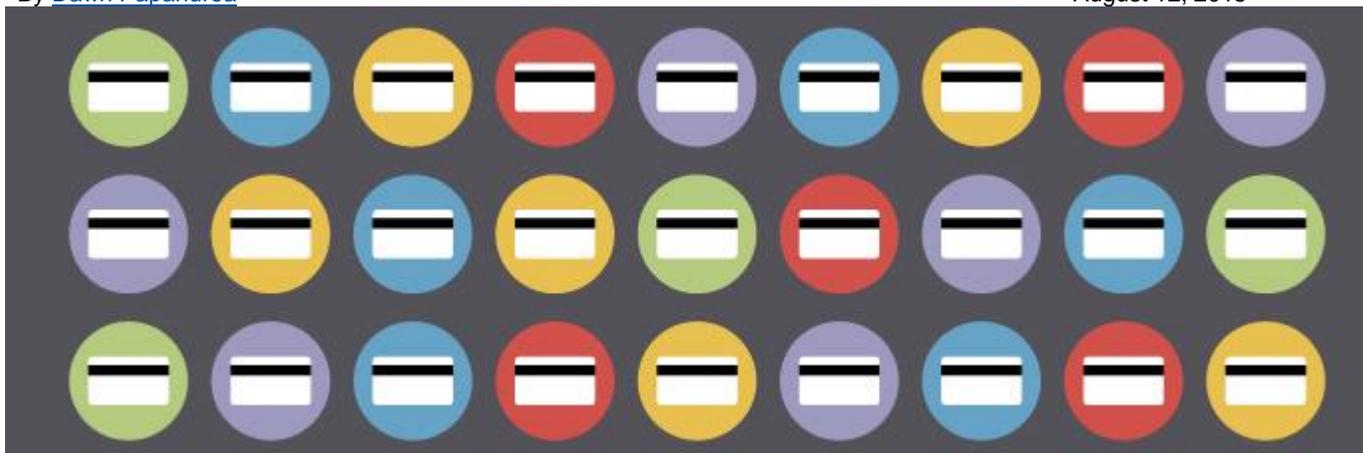


What's your debit card style?

By Dawn Papandrea

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Some people swipe their debit cards for nearly every purchase and never carry cash. Others refuse to use them because they fear identity theft. No matter which camp you fall into, one thing is for certain — debit card use is more prevalent than ever before, especially among younger consumers.

In a recent TD Bank survey, 74 percent of millennials said they couldn't imagine *not* having a debit card. "I have noticed that it seems to be a generational thing," says Michael Chadwick, CEO of Chadwick Financial Advisors. "The millennials and Gen Xers are very much debit card-oriented, while boomers seem to be more credit card-oriented."

Regardless of age, read on to identify your debit card style, along with some expert strategies for using your checking account-linked plastic more efficiently.

If you're a Serial Swiper...

You fall into this category if you never have cash on hand and end up swiping even the smallest of purchases, even your morning coffee. You also think nothing of handing over your debit when you go shopping or are out at a restaurant.

On the plus side: "With debit, you don't need to worry about carrying a balance because the money comes directly out of your bank account," says Ryan Bailey, head of deposit products, payments and non-real estate lending at TD Bank. Add to that the fact that there is no interest or fees to worry about, a debit card is a great tool that gives you easy access to cash for free.

Word of caution: Debit and credit cards are treated differently by consumer protection laws, explains Alex Matjanec, CEO of MyBankTracker. "Under federal law, your personal liability for fraudulent charges on a credit card can't exceed \$50. But if a fraudster uses your debit card, you could be liable for \$500 or more, depending on how quickly you report it," he explains. While this policy can vary depending on your bank, it's still important to remember that a debit card doesn't offer any buffer between a thief and the funds in your bank account.

Smart strategy: To stop being overly reliant on your debit card, try to get in the habit of carrying some green around with you. “I do recommend carrying a small amount of cash, especially if you’re traveling, in case your card does get declined for some reason,” says Bailey.

Also, be on the lookout for card reading devices, says Chadwick. “When you’re swiping, you have to make sure you’re using a machine where there are no alterations. In most cases, you can usually see if something doesn’t look or feel right,” he explains. More important, Chadwick says to try to avoid letting your card out of your sight. “A waiter can easily walk off and put your card through a card reader and now your debit card has been copied,” he warns.

If you're a Debit Downer...

With all of the data breaches on the news all the time, you don't trust anyone with your bank account information.

On the plus side: There's nothing wrong with being cautious when it comes to your personal information. In fact, keeping tabs and monitoring your bank accounts online frequently is a great way to catch any kind of fraudulent activity and report it before it snowballs, says Chadwick. This can happen whether you use your debit card or not.

Word of caution: You don't have to be so extreme and live life in fear. “It’s one of these things that the media takes and blows out of control,” says Chadwick. In his 20 years in financial services, he says he's only had a couple of clients who had trouble with bank account fraud. The odds are really in your favor, he says.

Smart strategy: If you opt for credit cards whenever a non-cash purchase is necessary, just be sure you're not creating a debt load for yourself (something that debit card users don't have to worry about). “The costs associated with carrying a balance on a credit card are prohibitive,” says Chadwick.

If you're an Online Debit Dipper...

From Amazon to Ticketmaster to Etsy, you have your debit card account number stored on sites at which you frequently shop. It saves you time, and it's the same as paying cash.

On the plus side: Debit can be a convenient tool for online shopping for those who don't have access to credit cards, or who are trying to get their credit balances under control. Because you still need some sort of account number to use online, but you don't want to add to your debt load, debit saves the day.

Word of caution: A lot of identity theft does happen via the Internet. Be sure if you do use your debit card online that you are on the real, secure website of a reputable merchant (look for “https” in the URL when checking out). And even though it might seem inconvenient, don't store your card number for future use.

Smart strategy: Thanks to technology, there are lots of special features that allow you to use your card while keeping your information protected, says Bailey. From Visa Checkout to Apple Pay, you now have the ability to make purchases in which your card information does not go to the merchant at all. “It's called a tokenized transaction,” says Bailey.

Likewise, Chadwick says he tries to use Paypal when he shops online. “It's an extra layer of protection,” he says. He can still have the funds withdrawn from his checking account, but without having to input his card number directly.

If you're a Credit Trainee...

For many young adults, debit cards are often the first step toward learning how to use plastic for purchases.

On the plus side: "Debit may be better for you if you aren't yet disciplined," says Bailey. Learning how to control spending and live within a budget by having a finite amount of funds in your account is good practice for later.

Word of caution: "If you only use your debit card to pay bills, you're not building up a credit history or improving your credit score," says Matjanec. That's because debit card activity is not reported to the three credit bureaus (Experian, Equifax, and Transunion) and, therefore, will not impact your credit score.

Smart strategy: Once you're comfortable with plastic, in order to begin building (or rebuilding) credit, you must move to a credit product, says Chadwick. "Secured cards are perfect for that. Once you show responsibility, you can begin increasing that line of credit and move to unsecured cards. That's really where you want to go," he says.

While there is no definitive right or wrong way to use your debit card, as long as you swipe responsibly and stay in control of your finances, you'll be in good shape. And says Bailey, you can bank on the fact that debit cards are here to stay: "Debit is the fastest growing payment mechanism in the country, and we can expect to see that trend continue."