Comparing CARDS

IT'S A MONEY THING®

PAPER OR PLASTIC?

Every time you make a purchase, you're choosing from a wide range of payment methods. Cash, debit or credit? Card A, B or C?

Even though each option represents a way to access basically the same thing (your money), it pays to be smart about when to use each payment type and to understand the differences between them.

Think of it like an instant personal cheque.

Debit card transactions take money out of your chequing account immediately, whether it's at the store or at the ATM.

Think of it like a convenient way to borrow money.

Credit card transactions (which you could be charged interest on) are covered by the card issuer or financial institution, and you then have to pay them back at a later date.

Think of it like cash, but in card form.

Prepaid debit cards are not linked to your chequing account, nor do they allow you to borrow money.

HOW SHOULD I PAY?

Are you eligible for a credit card?
(If you are 18 or under, or if you have problems with your credit, the answer is probably no)

Yes → **Is your purchase in-store or online?**

- In-store
- Online

Do you carry a balance on your credit card?

- No, I pay my balance in full each month
- Yes, credit cards make it so easy to spend money!

You don't want to end up paying tons of interest on regular purchases—stick to the basics until your credit card habits are under control

Are you visiting a foreign country?

- No, I'm shopping local
- Yes, I love travelling!

Is it a large purchase or an electronics purchase?

- Yes, I'm getting a new tablet!
- No, I'm just picking up a couple of things

Some credit cards offer extended warranties on large purchases, which helps protect your big buys

Is there a monthly limit on your debit transactions?

- Yes, if I exceed it, I pay an extra fee
- No way—I can use my card as often as I want

If your debit transactions are limited, you can use your credit card to make multiple purchases; paying your credit card balance in full from your chequing account will only use a single debit transaction each month

No → **Is there a monthly limit on your debit transactions?**

- Yes, if I exceed it, I pay an extra fee
- No way—I can use my card as often as I want

Paying in cash for small purchases can help reduce the amount of debit transactions you make in a month

Are you visiting a foreign country?

- No, I'm shopping local
- Yes, I love travelling!

Does the vendor accept cards?

- Yes
- I just noticed the "cash only" sign—oops!

Do you have any cash on you?

- Yes
- No

Time to locate an ATM—in most cases, it makes more sense to use your debit card at the ATM, since there are higher fees associated with using a credit card for a cash advance

Does your credit card have a rewards program?

- Yes
- No / I have debit card rewards too

If you have good credit habits, it's worth taking advantage of the credit card rewards available to you

Then it comes down to preference and the features of your particular cards

Some travellers prefer using prepaid debit—that way, if your card is lost or stolen, it can't be used to access your account or ring up charges beyond the amount loaded onto the card

CREDIT | **DEBIT** | **CASH** | **PREPAID DEBIT**

WHAT YOU NEED TO KNOW ABOUT YOUR PAYMENT CARDS

Are you able to answer these questions about your cards?

DEBIT

- ☐ What is the monthly fee for your chequing account?
- ☐ Can the monthly fee be waived with a minimum balance?
- ☐ Is there a monthly transaction limit on your debit card?
- ☐ Can you use other financial institutions' ATMs? Is there a fee for doing so?
- ☐ Are there online banking tools available to you to help manage your chequing account?

CREDIT

- ☐ What is the annual fee for your credit card?
- ☐ What is the interest rate?
- ☐ Is there a rewards or cash-back program associated with your credit card?
- ☐ Does your credit card offer extended warranties on certain purchases?
- ☐ How much are you charged for cash advances (ATM withdrawals using a credit card)?

PREPAID DEBIT

- ☐ How much does a prepaid card cost you? There may be a combination of different fees including monthly, activation, reloading, ATM, maintenance and transaction fees.
- ☐ Is there a fee for checking the balance on your card?

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