

BUSINESS/FINANCES

WHEN TO USE CREDIT CARD, DEBIT CARD OR CASH

Online Shopping

- Use a credit card

For online purchases, don't use your debit card. Your debit card is linked directly to your checking account. This means that your checking account is vulnerable to thieves using your debit card number to clean out your account. In case of fraudulent use, your bank is likely under regulation to limit your liability, but you will still have to endure the hassle of getting your balance restored which might take some time. And during that time you may experience other problems because the balance in your checking account is not what you had expected.

Restaurants

- Use a credit card
 Use cash

Don't use a debit card. The same rules apply here that are mentioned under Online Purchases above.

Fast Food Restaurants

- Use cash
 Use a debit card
 Use a credit card

If you are paying at the register when you order, use your debit card or cash.

Big Ticket Items

- Use a credit card

Shopping for furniture or expensive electronics? Most credit cards offer more consumer rights should you have a dispute with the vendor. A debit card does not always offer these same consumer rights. And if you already paid in cash, you don't have any leverage if you have a dispute with the retailer.

Some credit cards also offer extended warranties. And in some purchases, such as buying electronics or renting a car, some credit cards also offer additional property insurance to cover the item.

Deposits

- Use a credit card

This provides the store with its security deposit, and you still have access to all of the money in your bank account. If you were to use cash or debit, you may have a dispute and unable to get the deposit money back.

Recurring Payments

- Use a credit card

Imagine the hassle that might be involved with trying to stop a membership payment for something like a health club that you no longer belong to. Now imagine the charges aren't going onto your credit card, but instead coming right out of your bank account.

Another reason not to use the debit card for recurring charges is the bookkeeping aspect. If you forget to deduct that automatic payment from your checkbook one month, you could be looking at overdraft fees and embarrassment.

Future Travel/Purchases

- Use a credit card

If you use your debit card, you will be debited almost immediately even for travel or delivery in the future. So if you're purchasing travel tickets that you won't receive and use for six months or making a reservation for a few weeks from now, you'll be out the money immediately. Also by using the credit card, you will have dispute rights that might not come with your debit card.

Hotels

- Use a credit card

Different hotels have differing policies so ask about their policy regarding deposits and holds before you present your card.

Some hotels will place holds to cover them in the event that you may leave without settling the entire bill. The holds or deposits can be for amounts in the hundreds to make sure you don't run up a long distance bill, empty the mini bar or trash the room. Holds are almost unnoticeable if you're using credit, but can be an issue for debit cards where your checking account may have only enough of a balance to cover what you need.

Gas Stations/Grocery Stores

- Use cash
 Use a debit card
 Use a credit card

Some gas stations offer a discount for cash but not debit cards.

If you use your debit card, pay at the pump and select the PIN number option which should debit only the amount you've actually spent.

If you don't pay at the pump and don't have cash, use a credit card. But be aware that some gas stations might place a hold for more than the amount you requested in case you are one of those customers who leaves without paying.

NOTE: Check the ATM before using. Take a good look at the ATM machine before using it. Criminals are getting better with skimmers, so if there is something not right about the ATM machine or card reader, don't use it. Even if this ATM is on bank property, it might have been compromised. Also be aware of your surroundings when using an ATM.