



Debit Card v Credit Card Which offers greater protection in the event of fraud?

Many people think that Credit Cards and Debit Cards offer the same protections in the event of fraudulent use.

They DON'T! Let's learn more...

Debit Cards:

Financial institutions assume that as the debit card has a unique PIN supposedly known only to you, that **YOU** are using the card and thus initiating the transaction in good faith. Transactions are linked to, and are directly deducted from your checking or savings account immediately. You either have enough funds in your account to cover the transaction or you don't.

YOU are responsible for checking your accounts for any kind of fraudulent transaction and the penalties and potential outcomes are very different from fraudulent Credit Card activity.

There are notification periods within which penalties are imposed:

Under the **Electronic Fund Transfer Act (EFTA)**, your liability depends on when you report the fraud:

- **Within 2 days:** Maximum loss is **\$50**.
 - **After 2 days but within 60 days:** Maximum loss is **\$500**.
 - **After 60 days:** You could lose **everything** in your account.
- Since debit card fraud pulls money **directly from your bank account**, it can take longer to recover funds.

Credit Cards:

Credit Cards have an attaching line of credit (credit limit) that is tapped into when you use the card. Since purchases are made using the bank's money (credit), the bank is more motivated to quickly investigate and **reverse fraudulent charges**.

Credit Cards: Protected by the **Fair Credit Billing Act (FCBA)**

- Limits your liability for fraud to **\$50** (most issuers waive this, making it **\$0**).
- Fraudulent charges are **reversed immediately**, and you don't have to pay while the bank investigates.
- Transactions are **processed later**, giving time for fraud detection before you're billed.

The Bottom Line...

Factor	Credit Card	Debit Card
Fraud Protection Law	FCBA (Stronger)	EFTA (Weaker)
Liability Limit	\$50 max (or \$0 with zero liability policies)	Up to \$500 or more if reported late
Funds at Risk?	No—bank's money is used	Yes—your personal bank funds
Dispute Process	Fast and easier	Slower and harder
Chargeback Rights?	Stronger—banks favor cardholders	Weaker—funds already withdrawn
Zero Liability Guarantee?	Most issuers provide it	Some banks offer, but not guaranteed