

FLY WITH THE WIND!

Engaging Inuit Youth in the Canadian Economy

Debit Cards

Debit cards are a relatively new concept in Canada. They have grown quickly in popularity and are now quite common across the country. Generally, debit cards can be used wherever you can use a credit card and the transaction is similar as well — just insert, swipe or tap your card into the terminal, punch in your Personal Information Number (PIN) and away you go. But this is where the similarities end.

The main difference between a credit card and debit card is where the money comes from. With a credit card, you are actually borrowing the money for a certain period of time. The debit card is using your own money and it is linked to your bank account (usually your chequing account). When you use the debit card at a store, the money you spend is taken right out of your account, although the actual process may take a couple of days. You should monitor the amount in your account and how much you are spending with the debit card to make sure you have enough money to cover the amounts you spend.

You can use a debit card to take money out of ATMs (automated teller machine). But if you use an ATM that does not belong to your bank, you will be charged a fee. Debit cards can also be used to purchase goods and services over the telephone by punching in the card number, in addition to the PIN and sometimes a password. Some debit cards will also allow you to buy things over the Internet. Most debit cards have a maximum limit that can be withdrawn in one day. If you need more than this amount, you will have to wait until the next day to get extra cash. The limit amount can be changed by talking to the issuing bank.

Some stores may offer “cash back” which allows you to get cash directly from the store, rather than going to an ATM or bank. Generally, you have to make a purchase at the store in order to get this service. Then, the amount you want in cash is added to



the amount owed for purchases. There is usually no charge for this and it can help reduce the cost of using ATMs that aren't part of your bank's debit card system.

Security is always something to be aware of. Debit cards have a PIN and some have special chip technology that can help prevent unauthorized use. Be careful with your PIN numbers and monitor your account for any unusual activity or purchases you don't recognize. If you lose your card, call the issuing bank right away to let them know. Most importantly, keep your PIN a secret. Nobody should ever ask you for your PIN, including companies that you are buying from. Never give your PIN out to anyone.

Virtually all banks in Canada offer debit cards, but you will likely have to have an account with them to be able to get one. Applications are generally quite easy and fast, and the cards can often be used within a day or two of you receiving them.



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