

Credit Cards vs. Debit Cards

SAFA Financial Literacy Lesson

What are Credit Cards?

Credit cards are a payment card which allows you to borrow money to pay for goods and services, and in exchange, you must pay back the money with interest and with any other fees.



What are Debit Cards?

Debit cards are a payment card that are linked to your bank account, so whenever you make a transaction, it withdraws money from your bank account.



How to Get a Credit Card

Firstly, make sure that you have an appropriate credit score. For certain credit cards, banks require above a certain credit score. Then, check for offers for the best credit cards using online resources. Make sure to check conditions for the specific card that you desire so that you are aware of any fees. After this, you can apply for a credit card using your name, address, date of birth, social security number, annual income, and employment status. After you are approved, you will eventually receive your credit card.



How to Get Debit Cards



Make sure you have a proper bank account. After this, you can request for a debit card online through your bank account's website or app. You will have to activate it using the number on the back of the card. In order to get a debit card, you must share identifying information about you, including your driver's license, social security card, a bill with your current name and address, proof of address, state identification card, and if you are applying for a student or college bank account, confirmation of enrollment in an accredited school or college/trade school

Differences

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You will have to pay off loans with credit cards, while debit cards take money from your bank account so you will not have debt.

Credit cards can allow for your credit to improve, while debit cards do not.

There are fewer fees and no interest charges with debit cards in comparison to the fees and interest charges with credit cards