

Credit and Other Cards

Other Cards

	Credit Cards	Debit Cards
Payments	Buy now, pay later .	Buy now, pay now.
Interest Charges	Yes if you carry a balance or your card offers no "grace period."	No.
Other Potential Benefits	Freebies , such as cash rebates and bonus points good for travel deals. Some purchase protections .	Easier and faster than writing a check . Avoid debt problems. More cards now offering freebies. Some purchase protections .
Other Potential Concerns	Fees and penalties . Also, not all cards offer grace periods (time to repay without incurring interest). Over-spending can cause debt problems .	Fees on certain transactions. You may overdraw your account if you are lax about recording debit card transactions.

Cash Cards

Cash cards, similar to prepaid phone cards contain a set amount of value, which can be read by a special cash card reader. Participating retailers will use the reader to debit the card in increments until the value is gone. The cards are like cash because they have no built-in security; if lost or stolen, they can be used by anyone. Check with the card issuer to see whether you can register the card so you can cancel it in the event it is lost or stolen.

Stored Value Cards

Stored value cards include:

- Telephone cards with prepaid minutes.
- International gift cards that can be used anywhere the VISA or MASTERCARD logo is displayed.

Some items to keep in mind about stored value cards:

- Reduce or eliminate check-cashing fees.
- Offer 24-hour access to funds; no need to wait in lines.
- Make money transfers more easily available to families.

Be sure to ask about any fees associated with a stored value card, such as monthly fees or inactivity fees.

Smart Cards

A smart card resembles a credit card in size and shape, but inside it is completely different. The inside of a smart card usually contains an embedded microprocessor or computer chip. The chip is under a gold contact pad on one side of the card.

The most common smart card applications are:

- Credit cards.
- Electronic cash.
- Wireless communication.
- Loyalty systems (like frequent flyer points).