



STUDENT ADVOCATES  
FOR FINANCIAL EDUCATION

## DEBIT CARD DANGERS

### FINANCIAL TIP OF THE WEEK

Debit Cards:  
Electronic withdrawals from  
your bank account.

- ATM Withdrawals
- Debit Card Purchases



*A good thing?  
Right?  
Not so fast!!*

### Center for Responsible Lending

#### Research Findings:

- 46% of overdrafts were from debit card transactions
- Check overdrafts cost \$.86 per dollar (median)
- Debit Card overdrafts cost \$2.17 per dollar (median)
- Median debit overdraft as an APR >20,000%
- 60% of respondents thought adequate funds were in their accounts

- Financial Institutions increasingly enroll consumers in overdraft programs unless the consumer “opts out”
- What does this mean?
  - You can take out more money than you have in your bank account
  - The bank will charge you a ‘fee’ for the overdraft
  - Overdraft loans are short term and very expensive
  - Separate flat rate fees continue to grow as long as the account is in arrears
  - Annual Percentage Rates (APR) can be quadruple digits or more