

DIFFERENT TYPES OF BANKING CARDS

1. Match the types of banking cards with their definitions below.

Charge cards	Co-branded credit cards	General-purpose credit cards	Secured cards
Stored-value or "smart" cards	Debit cards	ATM cards	Premium cards
Single or limited-purpose credit cards	Credit cards	Affinity credit cards	

- A. _____ provide you with the convenience of purchasing power based on your agreement to pay the full amount of the charges due each month, so there is no finance charge.
- B. _____ provide you with a revolving loan or credit limit based on your agreement to pay at least the minimum amount due on the amount of credit you use by the payment date. A finance charge is applied to the outstanding balance the amount you do not pay by the due date. For example, if you purchase \$200 in one month and you pay the minimum amount due of \$15, you will pay a finance charge on the outstanding balance the next month. You can avoid paying finance charges by paying your balance in full that is, paying off the outstanding revolving loan balance. However, revolving _____ give you the flexibility of making minimum payments when that is most convenient for you. The cost of this convenience is the finance charge. Typically, _____ have a revolving credit limit. That means that as soon as you pay for credit you have used, it becomes available again. For example, if you had a credit limit of \$500, then spent \$100, your available credit would be \$400 until you repaid the outstanding \$100, when your available credit would be \$500 again.
- C. _____ are credit cards that can be used to pay for just about anything, any where from clothes at department stores to meals at restaurants as well as to get cash advances. Many people prefer a _____ because they can use it in many different establishments. Another advantage of using this type of card is that it combines many different types of expenses in a single bill, making payment easier.
- D. _____ are credit cards that can be used only in a specific store or group of stores, or for a specific purpose. Some people prefer to have separate credit accounts, such as a gasoline credit card, a credit card at a chain or specialty store, plus other cards.
- E. _____ are charge or credit cards that offer additional benefits such as travel upgrades, special insurance or exclusive seating for concerts. Generally, _____ require a substantial income and an excellent credit history, offer a higher credit limit, and may charge higher fees. To find out if you qualify for one of these cards, call the company's toll-free number to learn about application requirements and costs. Apply only if you fulfill the application requirements, and if the card provides you with benefits and services you believe to be worthwhile.

- F. _____ are associated with specific organizations and offered to people affiliated with those organizations. Generally, an _____ is co-sponsored by the organization it is associated with, and the organization receives a percentage of the sales or profits generated by the card. Rates, fees and benefits of _____ vary widely, and may make these cards more expensive to use than similar, non-affiliated cards. People who use them generally do so to help support an organization or cause they care about.
- G. _____ are co-sponsored by two companies and have benefits and rewards designed specifically for their joint customers. Other popular _____ are available to owners or prospective owners of automobiles, investors in mutual funds and credit union members.
- H. _____ are credit cards guaranteed by a bank account or deposit made by the applicant. The credit limit is based on the amount of deposit and may be the same amount or larger. _____ are useful to establish or improve a credit record, particularly if someone has never had credit or has a poor credit history. The APR on a _____ is usually higher than on an unsecured credit card. Application and processing fees may also be required. Interest may or may not be paid on your deposit.
- I. _____ look like credit cards but are actually prepaid cards. A _____ has a set value which decreases as the card is used. For example, a \$10 phone card is programmed to provide \$10 worth of service. When the card value is depleted, you buy another card. _____ are more flexible because they contain an integrated microchip that can be programmed to provide information codes as well as financial information. The prepaid value of a _____ decreases as you use the card but can be increased by paying for additional value. Many colleges issue _____ that give students access to food services, vending, photocopying, laundry, telephone and other purchases as well as access to the library, laboratories and other secured areas on campus.
- J. _____ look like credit cards and can be used in many places where a credit card is used. The difference between a credit card and a _____ is that a _____ accesses the money in your bank or investment account to pay for purchases. The payment amount is transferred from your account to the merchant's account the same day you do not have a "float" of a few days between the time of purchase and payment collection. An advantage of a _____ is that you can't spend money you don't have you don't create debt because you aren't buying on credit; you are paying with funds in your bank or investment account. A disadvantage is that _____ are not subject to many of the consumer legal rights that apply to credit cards regarding returns, resolution of errors, fraud or other issues.
- K. _____ are used to get cash and complete other transactions at a bank machine or automatic teller machine (ATM). Many _____ can be used in selected computer networks. _____ are increasingly being used as debit cards as well. Like all debit cards, the money for these purchases is transferred out of your account within that day's business cycle. If you aren't sure if your _____ is also a debit card, you can call the Customer Service number on the back of your card and ask the representative.

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Dr Marta Rzepecka