

Project report on debit and credit cards essay sample

[Literature](#), [Russian Literature](#)



What is a Bank?

Finance is the life blood of trade, commerce and industry. Now -a-days, banking sector acts as the backbone of modern business. The term bank is derived from the French word Banco which means a Bench or Money exchange table. In olden days, European money lenders or money changers used to display (show) coins of different countries in big heaps (quantity) on benches or tables for the purpose of lending or exchanging. A bank is a financial institution which deals with deposits and advances and other related services. It receives money from those who want to save in the form of deposit and it lends money to those who need it. Definition of a Bank

Section 5(b) of the Banking Companies Act, 1949 defines banking as “ accepting for the purpose of lending or investment of deposits of money received from the public, repayable on demand and withdrawable by cheque, draft, order or otherwise”. Features of a Bank

1. Dealing in Money
2. Individual / Firm / Company
3. Acceptance of Deposit
4. Giving Advances
5. Payment and Withdrawal
6. Agency and Utility Services
7. Profit and Service Orientation
8. Ever Increasing Functions
9. Connecting Link

10. Banking Business

11. Name Identity

Functions of Bank

The functions of banks are briefly highlighted in following Diagram or Chart.

A. Primary Function of Banks

1. Accepting Deposits:

- a. Saving Deposits
- b. Fixed Deposits
- c. Current Deposits
- d. Recurring Deposits

2. Granting of Loans and Advances:

- a. Overdraft
- b. Cash Credits
- c. Loans
- d. Discounting of Bill of Exchange

B. Secondary Function of Banks

1. Agency Functions

- a. Transfer of Funds
- b. Collection of Cheques
- c. Periodic Payments

- d. Portfolio Management
 - e. Periodic Collections
 - f. Other Agency Functions
2. General Utility Functions
 - a. Issue of Drafts and Letter of Credits
 - b. Locker Facility
 - c. Underwriting of Shares
 - d. Dealing in Foreign Exchange
 - e. Project Reports
 - f. Social Welfare Programmes

What is a Debit Card?

A debit card is a plastic card issued by banks to customers. It allows instant purchase, removing the correct balance from the user's attached bank account. Most debit cards have two features:

- The ability to purchase items at stores that have automated debit card machines
 - The ability to withdraw cash from a bank account at an automatic transaction machine (ATM)
- Types of Debit Cards system

The following are found in the front of a typical debit card:

1. Issuing bank logo
2. EMV chip
3. Hologram
4. Card number
5. Card brand logo

6. Expiration date

7. Cardholder's name

The following are found in the reverse side of a typical debit card:

1. Magnetic stripe

2. Signature strip

3. Card security code

Advantages of Debit Cards

•Money Management and Control.

Debit transactions are deducted directly from a checking account and recorded in one place on a monthly statement. •Security.

Debit cards offer better protections than cash or checks, and Zero Liability means consumers pay nothing for fraudulent purchases. •Acceptance.

Debit cards can be used at millions of locations worldwide, and can be used over the phone and on the Internet. •Convenience.

Debit card transactions are quick and simple, getting you out of the store faster; automatic bill pay via debit eliminates worries about missed payments. •Rewards.

More debit cards are also offering rewards so purchases earn points toward travel, merchandise or even cash.

Federally Imposed Maximum Liability for Unauthorized Card use (United States) Reported Maximum Card Holder Liability

Credit Card Debit Card

Before Use \$0 \$0

Within 2 business days \$50 \$50

After 2 but before 60 business days \$50 \$500

After 60 business days Unlimited Unlimited

Disadvantages of Debit Cards

1. Record keeping is mandatory.

When you're using a debit card you have to note each transaction so you're not in danger of over drafting from your account. You also run the risk of severe embarrassment if you're rejected from a store with a long line of customers behind you. 2. Convenience is not always guaranteed.

If you happen to be at a place that doesn't take a debit card, then you're up the creek. It only seems like every store or restaurant takes a debit card. You're bound to come across a place that won't take your card at least once or twice a month. 3. Hidden fees are everywhere.

If you're not using an ATM affiliated with your bank then you're going to have to pay a fee. On top of that, many banks then charge a foreign ATM fee. These fees can get as high as ten dollars. 4. Internet scams are commonplace.

If you use your debit card to purchase goods online then you have to be careful. Your information can get lost in cyberspace and fall into the wrong hands. 5. Is your card lost or stolen?

This is the worst feeling in the world. You want to believe that nobody would ever do anything wrong with your information, but your card can fall into the wrong person's hands.

Personal Identification Number

1. To enable the cardholder to use the card, a Personal Identification Number (PIN) will be issued to the customer in the first instance.
2. IOB bank exercises utmost care and caution when issuing the PIN/s and also ensures, to the maximum extent possible, that the same is not disclosed to anyone except the cardholder.
3. The PIN shall be mailed to him and the cardholder shall ensure that the same is received in a sealed envelope.
4. This PIN may subsequently, be changed by the cardholder, at his own risk, at any IOB bank ATM or at designated IOB bank branches.
5. The cardholder shall not record the PIN in any form so as to facilitate PIN coming to knowledge of a third party.
6. The cardholder grants express authority to IOB bank for carrying out transactions and instructions authenticated by the PIN and shall not revoke the same.
7. IOB bank will also not be liable for any consequences connected with the use/ misuse of the card by any third party due to the card falling in the hands of any third party.
8. If any third parties gain access to the services, including the Account, the cardholder will be responsible.