2007 Check card survey sheds light on check card fees, purchase protection, blocking

by Bend_Weekly_News_Sources

Bankrate, Inc. announced that it has released its exclusive 2007 Check Card Study. Bankrate examined the top five banks' and top five thrifts' check card programs in the top 10 U.S. markets. The survey finds that transaction fees have almost vanished, zero-liability fraud protection is increasing and new rewards programs are helping to drive check card usage across all age and income demographics. To view Bankrate's 2007 Check Card Survey go to http://www.bankrate.com/checkcardstudy.

"The convenience and security of check cards has become the top reason consumers choose debit for day-to-day transactions," said Ellen Cannon, assistant managing editor at Bankrate.com. "However, with their increasing popularity, consumers should be aware that check cards carry numerous regulations," Ms. Cannon added.

The data gathered provides informative insights on fees for PIN and signature transactions, fraud protection, transaction limits, rewards programs and the puzzling 'blocking' standards merchants use to guarantee full payment on purchases.

Bankrate's Senior Financial Analyst, Greg McBride, CFA provides insight regarding the obscure 'blocking' standards merchants apply to check cards when purchasing certain items. "Be aware that gas stations and rental car agencies may block a certain portion of your balance for a few days until the transaction is posted. If caught unaware, cardholders could inadvertently overdraw their accounts", said Greg McBride. "If your balance is running low, using a debit card in such instances could backfire," McBride added.

Highlights of the survey include:

Blocking: Blocking is used frequently among hotels, car rental agencies and gas stations to ensure that a consumer has sufficient funds in their checking about to pay for a purchase. For example, if your total gas purchase is $10, the merchant may "block" out $50 to guarantee their money. The extra $40 will be unavailable until that transaction has posted, possibility causing the consumer to overdraw funds if they to not allocate the "blocked" amount accordingly.

PIN vs. Signature transactions: Most banks have discontinued fees for both PIN based and signature based check card transactions. However, a few banks do charge a minimal fee for PIN check card transactions either on a monthly basis or per transaction.

Rewards programs increasing: Check card reward programs are increasing to simulate credit card reward programs. Currently, 47 banks surveyed offer a variety of different rewards programs for check card

transactions.

Zero liability fraud protection: The popularity of check cards has spurred numerous bank-card issuers to offer the same protections as credit cards. However, the time it takes to restore funds to an account is much different than withholding payment on a fraudulent purchase from a credit card.

Per-day limit on transactions: The study finds that most banks set check card daily spending limits based on an individual's account.

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