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& **WIN IT** for **INDIA!**

## Frequently Asked Questions

### WHY IS IT IMPORTANT TO HAVE ACTIVE DEBIT CARDS?

Debit cards make your payments more convenient and more secure through an electronic payment facility direct from your bank account. Debit cards can be used for purchases online or at shops. They also can be used to withdraw cash from an ATM.

### HOW DO DEBIT CARDS BENEFIT CUSTOMERS?

Major benefits to customers are:

- It is more convenient to carry a small, plastic card instead of a bulky Cheque book or a large amount of cash.
- Easy to obtain: Once you open an account most institutions will issue you a debit card upon request.
- Convenience: Purchases can be made using a chip-enabled terminal or by swiping the card rather than filling out a paper cheque.
- Safety: You don't have to carry cash or a Cheque book. Debit cards are protected by a four digit pin number that you set yourself. This pin is needed to make any purchase with your debit card.
- Readily accepted: When out of town (or out of the country), debit cards are usually widely accepted (make sure to tell your financial institution you're leaving your city to avoid an interruption in service).
- It's a cash card too: Debit cards still have the ability to give you cash. You can take them to an ATM and use them there to withdraw the cash.

### CAN I USE MY DEBIT CARD IF I HAVE NOT USED IT FOR LONG?

Yes. However, it may require activation. Please check the forwarding letter that came with your debit card, as well as your bank website.

### HOW DO I GENERATE A PIN ?

Banks provide a PIN by mail, which is either dispatched by the bank to the cardholder address. Some banks also offer a Green Pin facility online. Banks also facilitate the change of a PIN to suit your requirements.



## WHAT ARE THE RECENT STEPS TAKEN FOR PROMOTING DEBIT CARD PAYMENTS?

Some of the recent initiatives towards popularizing debit card usage are:

- Small merchants with turnover up to Rs. 20 Lakh – MDR (Merchant Discount Rate) in which a merchant (Shopkeeper) pays the Bank for a POS transaction will not exceed 0.40% with a cap of Rs. 200 per transaction and QR based card acceptance not exceeding 0.30% MDR from January 1, 2018.
- Small merchants with a turnover exceeding Rs. 20 Lakh - MDR (Merchant Discount Rate) in which a merchant (Shopkeeper) pays the Bank for a POS transaction will not exceed 0.90% with a cap of Rs. 1000 per transaction and QR based card acceptance not exceeding 0.80% MDR from January 1, 2018.\*
- Excise duty payable on the acquisition of a POS machine, which was earlier 16.5%, has been waived off

## WHAT SHOULD YOU DO IF A SHOP ASKS YOU FOR AN ADDITIONAL AMOUNT FOR USE OF YOUR DEBIT CARD?

As per the norms prescribed by card networks, shops should not ask for any additional amount called a surcharge or convenience fee. You can refuse to pay an additional amount for use of your card and register a complaint to your bank on its website or otherwise.

## WHY SHOULD MERCHANTS ENCOURAGE CARD USE?

Merchants benefit by encouraging debit card transactions as follows:

- The cost of a digital transaction is lower than handling cash.
- One does not need to deposit cash in a bank as the amount will be automatically credited to the account and therefore much safer.
- Credit history is created for the merchant which will enable them to take more support from banks and other government financial initiatives from time to time.
- Manual reconciliation is not required by the merchant as it is available electronically.
- Accepting payment cards can enable merchants to increase their revenues.
- Increased sales: Cards enable consumers to make quicker and easier payments.
- Better customer service: Electronic payments offer customers more flexible payment options, faster checkout times for customers, and a more efficient way of paying. Also, innovations such as Equated Monthly Instalment (EMI) payments allow consumers the ability to purchase and take possession.

*\* As per RBI- December 06, 2017 circular on Rationalisation of Merchant Discount Rate (MDR) for Debit Card Transactions*



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