Debit or credit? How often do you hear that question? Take a minute to really consider before you answer — not only does the card you use affect the amount of money in your accounts, but it can also affect your long-term financial security.

We all know the difference the choice makes. The debit card means that the expense comes directly out of your checking account. The credit card goes into an account that still needs to be paid. When you are the victim of fraud from identity theft, each of these cards works differently as well. How each affects your long-term financial fitness when fraud strikes should be considered.

Did you know that 7.5 million people were the victims of fraud caused by data breaches this past year? Eight billion dollars was lost in this fraud affecting 42 percent of all of us. Whether you choose to use a debit card or a credit card can change your liability if you become a victim of fraud.

Debit cards have caught up with the safety features offered on credit cards. You are only liable for $50 of charges after reporting, no matter if it is a debit or a credit card. VISA and MasterCard have stepped up their game by requiring the large credit card issuers, such as Capital One, Chase, and Citibank, to guarantee a zero percent liability for their customers. Companies often drop disputed charges. Check with your company to find out what terms they extend.

Debit cards offer the same $50 liability limit, but the way it is handled can make a big difference in your pocketbook.

Both debit and credit cards offer zero liability when you are the victim of fraud. When your credit card is compromised by fraud, you call the company and they drop any disputed charges, freeze your account, issue a new card and you are ready to go. The only inconvenience may be the time it takes to get that new card in your hands.
Debit cards work differently. When you use your debit card, the money is automatically deducted from your account. If someone gets your debit card number, they can empty your account. The money is gone, leaving checks or other payments hitting an empty account. Overdrafts or bounced checks are the next result. In effect, you are left with no account to work with until the fraud charges are resolved by the bank. Rest assured it will be straightened out, but the time in between the fraud and the straightening out can certainly add stress to your life.

The credit card is borrowed funds. If fraud strikes, it takes a while for the consumer to be liable for payment. With different billing cycles, it may be 25 to 55 days before you even become liable for the debt. If you are watching your account, it can be resolved in this time period, freeing you from any liability for the fraudulent spending.

Do you choose debit or credit? Credit cards offer maximum convenience and minimum hassle if you are the victim of fraud. Using a debit card requires you to keep closer tabs on your accounts. Develop the habit of checking your cards, whether debit or credit, on a regular basis to protect your accounts from fraud.

Roxie Rodgers Dinstel is associate director of Cooperative Extension Service, a part of the University of Alaska Fairbanks, working in cooperation with the U.S. Department of Agriculture. Questions or column requests can be e-mailed to her at rrdinstel@alaska.edu or by calling 907-474-7201.