



# First Bank Blue Earth

Banking • Investments • Insurance

## **DEBIT CARD BEST PRACTICES WHEN CONNECTED TO BUSINESS CHECKING ACCOUNT**

We are providing you with information related to a debit card that is used for business.

### **Protecting Your Debit Card**

While debit cards can offer advantages used for business, they need to be protected carefully because debit cards lack most of the legal safeguards limiting the liability from unauthorized purchases that consumer debit cards enjoy.

In fact, if a debit card is connected with your business checking account – often cited as one of the primary benefits debit cards offer – can place your funds at risk if your debit card or account are compromised.

Unlike a consumer debit card, a debit card linked to a business checking account is not protected under federal banking laws. And the fact that funds are withdrawn from the account immediately means your bank must restore any funds that are removed fraudulently – which can be a time-consuming process to determine the source of fraud.

### **Protection Is Critical**

Despite the benefits and convenience, you also need to monitor and protect your account carefully because once funds are withdrawn from your account, it's a lot harder to get them back than simply reversing a charge.

Federal banking regulations including the Electronic Funds Act have established a \$50 limit on the fraudulent use of consumer debit cards, but the act doesn't offer similar protections for debit cards used for business purposes.

The payment card companies have developed voluntary zero-liability programs, but those require businesses to protect their cards from loss or theft, and to report any loss or theft to your bank promptly. While these protections should help in most instances, money can be removed from your account before you discover the loss or theft of your card – and those funds won't be restored until your bank investigates the fraudulent use.

To reduce the risk of a business debit card being compromised, company owners should take the following steps:

- Establish transaction limits for spending categories, amounts, or locations you're unlikely to patronize.
- Turn off debit cards on weekends or other periods employees won't need to use a company debit card.
- Create account alerts for large purchases.
- Avoid withdrawing funds at off-brand ATMs or ATMs not in banks because those are more likely to have been compromised by card readers known as skimmers.

By taking reasonable steps, you can enjoy the convenience of business debit cards while reducing the associated financial risks.

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