

Prepaid, debit or credit cards

- the main differences

Before launching a [card issuing program](#), our customers consider which **card product** to use. In this article we will summarize the key differences and considerations.

There are three main groups of **payment cards**: pre-paid, debit and credit cards. Below we summarize **the most important differences**.

Prepaid cards

- user has to reload a card account to use a card (like in debit cards by the way)
- you can issue anonymous, non-reloadable gift cards
- in some cases merchants block BINs of prepaid cards more often than for debit or credit cards
- you can have consumer and business prepaid cards
- in many countries, from legal perspective, there is no difference between prepaid and debit cards

Debit cards

This is the biggest group of cards in the world:

- user has to have a payment account or current account connected with a card
- user has to go through a **KYC** (Know Your Customer) process
- user has to reload a payment account to use card
- usually you cannot issue anonymous cards, because in general they are always reloadable
- sometimes, if you give a loan to your customer, a debit card can work like a credit card
- you can have consumer or business debit cards
- you can have Gold or Platinum debit cards

Credit cards

- user applies for credit and gets it in the form of a card
- usually connected with a revolving credit (something like credit line) and a grace period (no interest for 40-50 days)
- because of the credit, the user needs to go through KYC and credit scoring, so it is more difficult to issue than prepaid or debit cards
- you can have Gold, Platinum or World Elite credit cards

- you can have consumer or business credit cards
- usually an interchange fee is a bit higher than in case of debit cards
- sometimes approval rates for transactions are higher, some merchants (car rental) require credit cards from their customers
- because credit line is connected with this product, usually it is more profitable than a prepaid or debit portfolio

These are the main differences between the above mentioned products. In most cases, you should be thinking about **debit cards** because they give you the same benefits as **prepaid** ones, and you can convert them into **credit cards** by giving loans to your customers.

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