

Welcome to financial possibility

# moneyville

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## 10 ways to curb your debit card habit

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Nine out of ten Canadians have a debit card in their wallet. And with more than 55,000 automated bank machines across the country, that means there's a lot of access to cash.

According to Interac, half of Canadians say debit is their favourite way to buy things and more than a third visit an ATM more than once a week.

While it's convenient, this easy access can also be a temptation, especially for those trying to keep spending under control. When you're using your card at a store you don't see your new balance, making it harder to keep your budget in check. Frequent debits also mean potentially higher fees — and that can add up quickly.

Here are 10 things you can do to curb your debit card use and keep costs to a minimum.

### Don't pay bank fees

Never withdraw money from any bank except your own, unless it's an emergency. "It's a total waste of money," says Laurie Campbell of Credit Canada. If you use another ATM you will be charged a fee from your own bank and a fee from the one you are using. Also, open a no fee account. The two heavyweights of no-fee banking in Canada are President's Choice Financial and ING Direct. Both banks offer a complete online banking service with no fees.

### Check your fee package

All the big five banks have accounts tailored to your debit card habits. In most cases, with a minimum \$1,000 balance you can get a fee package with unlimited debit transactions and online banking. Find out from your bank what the requirements are to have an unlimited account.

### Keep Separate Accounts

One of the easiest ways to control your spending is to have two accounts. One dedicated to paying bills and one for discretionary spending — with no overdraft protection. Only deposit a set amount of money into the discretionary account. This way if you burn through all the money the transaction is simply declined. A little bit embarrassing, but it will control your spending and all your bills will still get paid.

### Have a smaller daily limit

If you're still pulling out the debit card and spending more than you can afford, ask the bank to decrease your daily limit. This will stop you from making that second or third debit in a day to buy something you don't need.

### Make a realistic budget

Taking a lump sum of cash out at the beginning of the week will help keep your spending in check. But before you do that, honestly calculate how much you need. If you are under budgeting you are mostly likely to go back to the bank machine and may be tempted to take out more than you need and incur extra fees.

### Don't double spend by using your credit card

Karen Collacutt of Money Coaches Canada says people forget what they bought with cash. She warns, "Don't double spend your money." If you're taking money out for an activity, then you can't dip into your credit card when that cash runs out. For example, if the budget for eating out is \$100 a week then take that cash out and don't charge any restaurant meals to your credit card.

### Keep your bank receipts

On the back of the ATM receipt write down where you intend to spend that money. This will avoid you wondering "Where did I spend that \$100 I took out two days ago?". Keep bank receipts for at least two weeks so you can refer to them when you're at the machine again.

### Bill splitting

If you're putting a restaurant charge on your card and your friends are giving you cash. Take that cash immediately and deposit it to the bank. Don't use that money to buy anything. It can be a harsh lesson that the money has been spent out of your wallet and it wasn't even yours.

### Track your spending online



Now that Christmas is over it's time to get back on track. Here are ways to keep your debit card spending under control.

Chris So / The Toronto Star

Banks are making it easier for you to stay on top of where your cash is going. Chris deVries with BMO Bank of Montreal recommends using BMO's MoneyLogic, to really track spending. It breaks down where your cash is going and can help you cut back.

**Don't link your line of credit to your bank card**

Banks have made it extra easy to withdraw money from a line of credit. This money starts incurring interest the second you take it out. It can be easy to lose sight of how much money you have borrowed from your line of credit. Cutting off bank card access will make it harder to get a hold of borrowed cash.

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