

Your Credit Union Debit Card

Learn how debit card transactions post to your account.

Greater Texas Federal Credit Union (Greater Texas) is committed to providing members with an understanding of how debit card transactions post to an account to help prevent member overdrafts and possible fees that may result.

How does a PIN transaction post to my account?

When you select the “debit” option (PIN number) during our normal hours of operation (approximately 6:30am - 6:30pm Monday through Friday/ 8:30am - 1:30pm on Saturday), the transaction is received by Greater Texas in real time and is posted to your account immediately. If the “debit” option is selected during off-hours the transaction will not post to your account until the next business morning. These clearing procedures apply to all ATM withdrawals as well. *PIN number transactions post to your account in the order which you perform them.*

How does a “credit” or “signature” transaction post to my account?

Anytime you select the “credit” option (or pay by phone/internet) the merchant obtains an “authorization” for a specific dollar amount. An authorization is essentially a “promise to pay” and is not considered a completed transaction. Greater Texas is then directed to place a temporary hold (48 hours maximum) for that dollar amount in your account. The merchant is responsible to collect on the authorization by sending a clearing message to Greater Texas, at which time the hold on your funds is released (if it’s still in place) and the item will post to your account. Merchants are generally allowed to collect on an authorization at any time, even if the 48 hour hold on your funds has expired. Greater Texas is not responsible for determining when a merchant chooses to collect on an authorization.

If Greater Texas receives a clearing message from the merchant during our normal hours of operation, the transaction will post to your account immediately. If we receive the clearing message during off hours, the transaction will post on the next business morning.

“Credit” transactions post to your account in an order determined by the merchant. Each individual merchant tells us when it’s OK to post a transaction to your account. Those messages are collected by Greater Texas in the order they were received and posted accordingly.

Does Greater Texas “reorder” or rearrange debit card transactions before posting them to my account?

Greater Texas **does not** reorder, rearrange or alter debit card transaction clearings. We receive clearing messages 24 hours a day (both “credit” & “debit”) and they all are posted **in the order received** by Greater Texas or (if after hours) are stored **in the order received** by Greater Texas and posted accordingly on the next business morning.

How do debit card refunds and credits post to my account?

A credit or refund on your card will post to your account immediately provided that:

1. The refund or credit is processed by the merchant during our normal hours of operation AND
2. Your card is open and active

A credit or refund on your card may be delayed if:

1. The merchant does not immediately process the credit after issuing it to your card; OR
2. Your card is closed; OR
3. The merchant processes your credit before/after our normal hours of operation, in which case the credit or refund will post on the next business morning

How can a debit card transaction cause an overdraft? (If you have opted into overdraft coverage on your debit card)

As mentioned, if you select “credit” the merchant will obtain an authorization which places a hold on funds in your account. This means the amount of the authorization is temporarily unavailable to you for no more than 48 hours. If another item (such as an outstanding check or ACH payment) is presented to your account during those 48 hours (and the merchant has not yet collected on the authorization), you may incur an overdraft or the item may be returned due to the unavailability of funds.

For Example: If you have \$100.00 available in your account and you select “credit” at the store for \$75.00, an authorization hold for

that amount will be placed on your account. You would then have \$25.00 *available* for spending or to cover your outstanding items.

This is often the reason why the available balance is less than the total balance when viewing your account.

A debit purchase may also cause an overdraft when you give your card or card number to a merchant who intends to settle your amount due at a later time; perhaps for a rental car or hotel room. The merchant will usually obtain a “pre-authorization” up front for an estimated dollar amount even if your final bill won’t be due for several days or longer. These “pre-authorizations” cause a hold to be placed on your funds which could lead to an overdraft when other outstanding items are presented for clearing.

An overdraft may also be caused by pay-at-the-pump purchases. When you select “credit”, the pump will usually authorize \$1.00 and place a hold on your funds for that same amount. However, your final bill at the pump may end being as much as \$100.00. Because the full amount of your bill is not being held in your account, the funds may not be available when it comes time for the gas station to collect.

How do multiple overdrafts occur? *The best way to explain is through some examples.*

Example 1: Three (3) purchases are made using you debit card. *In this example, “debit (PIN)” was selected for each purchase.*

--\$50.00 Available Balance in the Account--

Purchase #1: \$20.00 in the morning | Purchase #2: \$20.00 at lunch | Purchase #3: \$20.00 at dinner

Added together, these purchases total \$60.00 which is \$10.00 more than the account balance. Because “debit” was selected during our normal hours of operation, each purchase clears the account immediately in the order performed. After the first two purchases clear the account, only \$10.00 is available for the final purchase. As a result, one overdraft will occur resulting in one fee (\$27).

Example 2: Now using the same transactions, *only this time “credit (signature)” was selected for each purchase.*

--\$50.00 Available Balance in the Account--

Purchase #1: \$20.00 in the morning | Purchase #2: \$20.00 at lunch | Purchase #3: \$20.00 at dinner

Because “credit” was selected, the purchases do not clear immediately but are instead placed on hold in the account. After all three holds are in place, the available balance is -\$10.00.

The next day, merchant #1 decides to collect which removes one of the holds from the account. The available balance was -\$10.00 but when the \$20.00 hold is removed the available balance is increased but only to \$10.00. This will not be enough to cover the \$20.00 purchase and therefore an overdraft will occur. After the purchase and overdraft fee*(\$27) post to the account, the available balance is reduced to -\$37.00.

When merchant #2 collects on their purchase, the \$20.00 hold is removed this takes the available balance from -\$37.00 to -\$17.00. There will not be enough available funds to cover purchase #2 and a second overdraft will occur. After purchase #2 and the second fee (\$27) post to the account, the available balance goes down to -\$64.00. Purchase #3 will not have enough funds available to clear. One more overdraft will occur which will reduce the account balance to -\$91.00.

In the first example, selecting “debit” only caused one overdraft. This is because the first two transactions cleared immediately without the need for a hold, leaving only the third transaction to clear against unavailable funds.

However, in our second example (using “credit”) the first two transactions did not clear immediately but were instead placed on hold. Once the third transaction was authorized, funds were no longer available for any of the transactions to clear against and three overdrafts occurred as a result. Had purchase #3 been authorized after the first two cleared, there would have only been one overdraft. By simply waiting to make purchase #3, \$54.00 in overdraft fees would have been saved.

Greater Texas promotes responsible debit card use by encouraging members to keep transaction registers and to monitor their accounts regularly. We understand that overdrafts may occur due to unplanned expenses or emergencies. If your available balance is close to (or at) zero, it’s important to make sure that previous card purchases have cleared the account before making any further purchases. This simple step can help you avoid multiple overdrafts.

*Overdraft fees subject to change; see current fee schedule.

Federally Insured by NCUA, Equal Housing Lender