

Minnwest Message

Pay as you go with debit cards.

One of the best concepts about debit cards is that they require discipline. It's pay as you go and it requires that you keep your checking account in balance. Unlike credit cards, you are using your own funds and they're safer than carrying cash. Since debit transactions are directly deducted from your checking account, you are able to control your finances and impulse spending easier. With a debit card, there are no bills, no interest fees and no monthly payments. You spend what you have and when you want. After all, it's your money and you're in control.

Remember to record all of your debit card transactions (including ATM transactions) immediately in your check register. Make sure you have sufficient funds in your account. And, immediately report lost or stolen cards or discrepancies in your bank statement to Minnwest Bank.

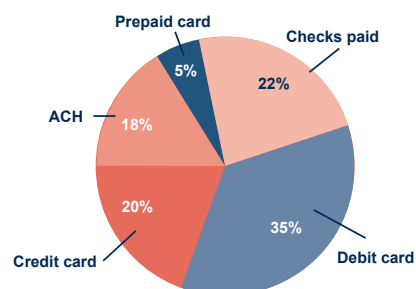
Questions about Debit Cards

Liability, debit vs. credit cards, insufficient funds, signature vs. PIN accounts

Debit cards are now more popular than credit cards and checks for handling what is termed noncash payments. With their rise in popularity, so do a number of questions about debit card usage. Whether you have a Minnwest MasterCard® ATM/Debit Card or also hold other debit cards, you'll find answers to your questions in this issue of Community Connection.

Debit cards lead in noncash payment types

Debit cards surpassed credit cards and checks in noncash payment methods in 2009



Source: 2010 Federal Reserve Payment Study creditcards.com

How does a debit card work?

A debit card works like a check, without all the hassles. You present the card as though it was a credit card and the transaction is handled exactly the same way, except the money is deducted directly from your checking account. You can also use it as an ATM card. In fact, many financial institutions, including Minnwest, combine the debit and ATM card into one card for convenience.

What's the difference between a signature debit card and a PIN debit card?

Basically, the difference is how you "sign off" on your debit card transactions. In other words, there are two ways to pay with a debit card. You can either sign your name or enter your PIN when you authorize a transaction. When you authorize a transaction by entering your personal identification number, or PIN, your bank account is debited immediately. If you opt instead to authorize payment by signing a sales slip, as you would for a credit card, the payment is processed through a credit card network and the actual withdrawal from your account occurs later—usually within a couple of days. The PIN debit is considered more secure from identity theft. In addition, you can request "cash back" or additional cash at participating merchants only when you use your PIN.

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Is using a debit card for major purchases better than using a credit card?

Yes and no.

YES: Many people like a debit card because the amount immediately reflects directly in their checking account and they will not be tempted to roll over the balance to the next month as they would with a credit card. Thus, saving money from credit card interest fees. Plus, they will not be tempted to make impulse purchases and can control their budgets.

NO: Debit cards do not have the same type of consumer protection as credit cards. The Fair Credit Billing Act (FCBA) states that users of credit cards are protected against fraud and will only pay up to \$50 for the amount in question; the FCBA does not apply to debit cards.



Also, if you are dissatisfied with a purchase or there is a dispute over a charge, the FCBA states that with a credit card you can withhold payment until further investigation by the creditor. This cannot be done with a debit card. In addition, a credit card may have other features such as replacement or reimbursement for purchases that have been

damaged or stolen, travel and car insurance, plus extended warranties.

Be aware that some business will put a “hold” on funds from both credit and debit cards. This practice is common at hotels, car rental agencies and even gas stations. That means these businesses can place a hold on more money than you expect until the bill is paid in full. This can be more detrimental on a debit card, since it can “freeze” those funds during that period.

What is my liability if my card is lost or stolen?

Your liability under federal law for unauthorized use of your ATM or debit card depends on how quickly you report the loss. It could be as little as \$50 or much more. **If you report an ATM or debit card missing before it's used without your permission**, the Electronic Funds Transfer Act (EFTA or Regulation E) says the card issuer cannot hold you responsible for any unauthorized transfers. If unauthorized use occurs before you report it, your liability under federal law depends again on how quickly you report the loss.

For example, if you report the loss within two business days after you realize your card is missing, you will not be responsible for more than \$50 for unauthorized use. However, if you don't report the loss within two business days after you discover the loss, you could lose up to \$500 because of an unauthorized transfer. You also risk unlimited loss if you fail to report an unauthorized transfer within 60 days after your bank statement containing unauthorized use is mailed to you. That means you could lose all the money in your bank account and the unused portion of your line of credit established for overdrafts. However, for unauthorized

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80% of consumers

Consumers who currently own a debit card compared to 78% who own a credit card. 17% own prepaid cards. (Source: “The Survey of Consumer Payment Choice,” Federal Reserve Bank of Boston, January 2010)

382 million

Number of Visa debit cards in circulation in the U.S. as of yearend 2009, compared to 270 million Visa credit cards. (Source: Visa.com)

Between 2006 & 2009

Period when debit card transactions outpaced credit card usage. When not paying with cash, Americans used:

- Debit cards: 37.9 billion
- Checks: 24.4 billion
- Credit cards: 21.6 billion
- ACH (Automatic Clearing House transfers): 19.1 billion
- Prepaid cards: 6 billion

(Source: 2010 Federal Reserve Payment Study done every 3 years)

71% of Americans aged 18 to 24

Americans who used a debit card in the month preceding the September 2008 survey, compared to just 51% of this age who indicated a credit card in the same time period. (Source: Javelin, “Credit Card Spending Declines” study, Mar '09)

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transfers involving only your debit card number (not the loss of the card), you are liable only for transfers that occur after 60 days following the mailing of your bank statement containing the unauthorized use and before you report the loss.

If unauthorized transfers show up on your bank statement, report them to the card issuer as quickly as possible. Once you've reported the loss of your ATM or debit card, you cannot be held liable for additional unauthorized transfers that occur after that time. That's why we advise that you safeguard your card and know where it is at all times.



MasterCard debit cards, such as Minnwest's MasterCard ATM/Debit Card, features Zero Liability for Lost & Stolen Cards provided you meet certain conditions. Review those conditions at www.mastercard.us/zero-liability.html

What should I do if my card is ever lost or stolen?

Phone Minnwest Bank immediately by calling the Minnwest MoneyLine at 1-888-616-BANK (2265). If you are outside the U.S., call collect at 973-682-2652.

Will my debit card still work if I don't have any money in my account?

Financial institutions are now required by Regulation E to obtain account holders' consent before charging fees for debit-initiated overdrafts. If you accepted overdraft protection, then the bank will allow a merchant to complete your transaction, despite an inadequate balance in your account. Remember you will be charged an overdraft fee if this occurs. If you opted out of overdraft protection and the amount of money in your account at the time of your purchase is insufficient to cover the purchase, the merchant will decline your card.

A waiter asked me for my PIN number. Should I have given it to him?

No one, not even an employee of your bank, should ask you for your PIN. That number should be kept secure, never written on or kept with your debit card, and it should never be given to store employees, bank employees or merchants.

Can I use my Minnwest debit card outside of the U.S.?

Due to increased fraud taking place outside of the U.S., some foreign countries may be blocked for debit card transactions. Contact Minnwest for further details.

Can I use my debit card on the internet?

Yes. Many sites now employ technologies that allow secure PIN debit transactions to be conducted over the internet. For internet safety, sign on to MasterCard's SecureCode with Minnwest's MasterCard ATM/Debit Card.

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47% of Americans over 65

The percentage who said they used a debit card in the month preceding the September 2008 survey, while 63% said they used a credit card in the same period.

(Source: Javelin, "Credit Card Spending Declines" study, March 2009)

74% of monthly college spending

The amount of spending using cash and debit cards. Only 7% is with credit cards.

(Source: Student Monitor annual financial services study, 2008)

1966

The year, according to the Kansas Federal Reserve, the first debit card was issued by the Bank of Delaware in the U.S. But there seems to be some contradiction to this because Seattle's First National Bank claims it issued the first card to preferred customers in 1978.

125 million

Number of MasterCard debit cards in circulation in the U.S. as of yearend 2009, compared to 203 million MasterCard credit cards.

(Source: MasterCard.com)

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SecureCode is a simple and secure way to pay at thousands of online stores. Cardholders will need to activate the FREE protection service by creating their very own SecureCode password which verifies the cardholder's identity when the shopper makes purchases at participating online merchants. To register your MasterCard ATM/Debit Card, go to www.minnwestbank.com/services.aspx



Minnwest MasterCard® ATM/Debit Card

It's as easy to use as 1 – 2 – 3

That's because a Minnwest MasterCard ATM/Debit Card does triple duty! It functions as a check card, a PIN debit card and an ATM card.

1. Use it instead of a check wherever MasterCard is accepted.
2. Get cash back when you make a debit card purchase using your PIN number. It's a quick, easy and FREE method if you are short of cash.
3. Use it as your ATM card. Get cash or conduct transactions at over 15,000 surcharge-free MoneyPass ATMs nationwide.

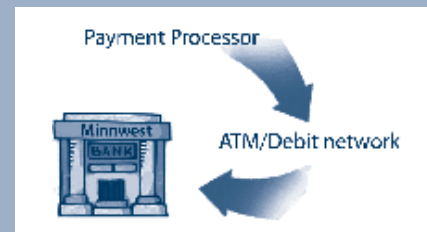
This little card packs a lot of power and convenience for you. It comes with every Minnwest checking account. Request your triple-action card today!



Member FDIC

What happens behind the scenes when I use my debit card?

It takes only a few seconds to access your money using a debit card, but how does your money make it from your financial institution to an ATM, or to the cash register at a store? The process is simpler than you think.



Step 1: The transaction is sent to a payment processor for appropriate handling.

Step 2: The processor forwards the transaction to an ATM/debit network.

Step 3: The network routes the transaction to the cardholder's financial institution, which verifies its validity, and the available funds, then approves or declines the transaction.

In a matter of seconds, the approval or decline is sent back through the pathway in reverse, either completing your transaction or denying the request. PIN-based transactions are almost instantly recorded in your account. Signature-based transactions can take up to two days to be reflected in your account.

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