

Debit cards proving popular - www.radionz.co.nz, 8 April 2009

New Zealanders becoming increasingly resistant to using credit cards are choosing a new type of purchasing method.

Westpac New Zealand says issues of Visa debit cards, which withdraws funds straight from a user's account, are far outstripping their credit-based equivalent.

The debit cards were introduced into Australia in the early 1980s but only appeared in New Zealand in 2006.

Westpac was the first to introduce the cards and says at the end of last year online use of its debit cards had doubled from 2007.

It says customers are using them to buy goods online and to ensure that debts are not run up.

The bank says for every new credit card, it is handing out three debit cards.

Kiwibank and ASB introduced the cards in March, and Visa New Zealand believes more banks will follow.

The Federation of Family Budgeting Services says it welcomes a trend away from credit card use.

Chief executive Raewyn Fox says debit cards are a good budgeting tool, as people are not paying any interest and are spending money they have.

However, Ms Fox says consumers should be careful to check what fees and penalties are associated with the card.