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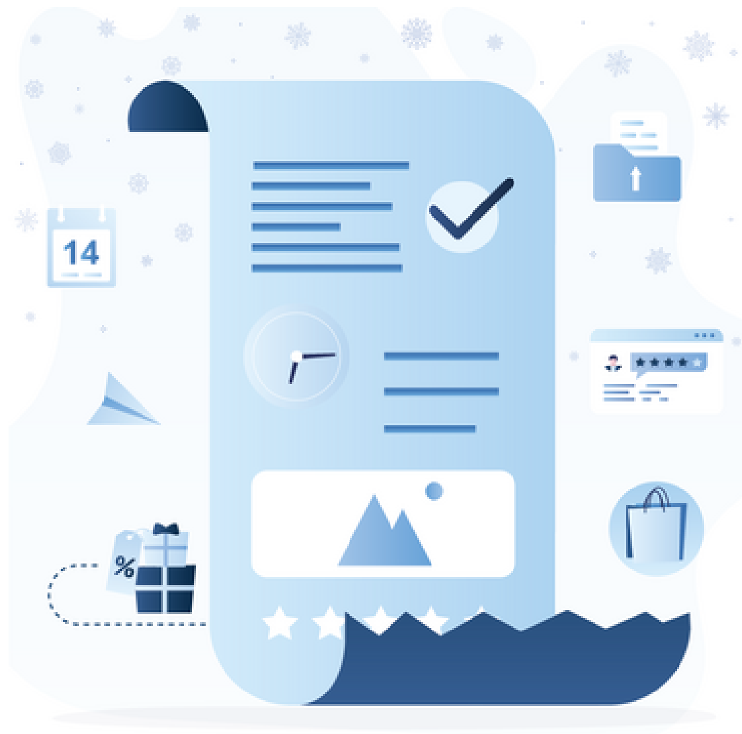
FDIC Consumer News

November 2025

Banking on the Holidays



Make a Plan and Avoid Holiday Scams

The holiday season is known for gift giving which can impact your finances. Creating a spending plan (https://playmoneysmart.fdic.gov/game/14?tab=Tools) may help you balance competing priorities. Here are some banking tips related to credit cards, debit cards, and gift cards that can help you with your holiday season spending.

Create Your Gift List and Comparison Shop

Consider making a list of people you intend to shop for – family, friends, coworkers, and others. Think of what you plan to buy for each person and how much you intend to spend. A clear list might help you stay organized and could give you a snapshot of what you are comfortable with spending and where you may need to adjust.

As you browse deals, compare prices across stores and online retailers. Shopping for bargains can save you money and keep you within budget. However, sales from retailers can lead to impulse buying and overspending, particularly when purchasing items that are not on your original list.

Track Your Purchases

Check off each gift as you buy it and record the actual amount you spent or save the receipt. Saving receipts may also help in case of the need to return items. This ensures you stay on top of your finances as the season progresses.

Use Credit and Debit Cards Strategically

Credit Cards

Credit cards can be a valuable tool for holiday shopping when used responsibly. They can offer convenience, rewards, and consumer protections, and might make it easier to manage purchases and track expenses. Federal law provides safeguards against inaccurate and unauthorized charges on credit cards. Anti-fraud and purchase protection features could add security. If possible, pay off balances promptly to avoid interest charges and start the new year on strong financial footing.

Debit Cards

If you're using your debit card, federal law provides protections when you transfer funds through electronic methods like point-of-sale (POS) terminals at retailers and automated teller machine (ATM) transactions; as well as recurring withdrawals from your bank account.

What You Need to Know About Credit and Debit Card Billing Issues (https://www.fdic.gov/consumers/consumer/news/october2018.html) has more on the difference between credit and debit cards and consumer protections.

Understand Gift Card Terms and Rules

Federal law provides protections when you buy certain types of gift cards, including store and restaurant (also known as merchant) gift cards. These cards can only be redeemed at the stores and restaurants that sell them. Bank gift cards, which carry the logo of a payment card network (e.g., Visa, MasterCard, American Express), are also subject to federal legal protections and can be used wherever the brand is accepted.

Under federal requirements, gift cards cannot expire until at least five years from the date they were activated and there are limits when certain fees can be charged. For instance, a card issuer cannot charge a dormancy or inactivity fee on a gift card unless there has been no activity for one year and the issuer clearly states its policy. Also, some states have separate laws that provide added protection in certain circumstances.

Monitor Account Activity for Fraud

Check your credit card statements or account activity on your mobile app regularly for any unusual or unauthorized charges. Immediately report any of these transactions to your credit card issuer. For tips on avoiding credit card fraud, read how to Avoid Scams While Shopping Online for Bargains (https://www.fdic.gov/consumer-resource-center/2022-12/avoid-scams-while-shopping-online-bargains). To help monitor your credit card and bank accounts, check with your bank to see if they offer spending and/or fraud alerts. Many banks also offer online banking apps that might allow you to review transactions from your smart phone.

Additional Resources:

What You Should Know About Gift Cards | FDIC.gov (https://www.fdic.gov/consumer-resource-center/2024-12/what-you-should-know-about-gift-cards)

FDIC's *How Money Smart Are You?* (https://playmoneysmart.fdic.gov/games)

Federal Trade Commission, Don't let scammers get in the way of your holiday shopping (https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&ved=2ahUKEwifuIz5p4eQAxUGmmoFHehCEP4QFnoECBcQAQ&url=https%3A%2F%2Fconsumer.ftc.gov%2Fconsumer-alerts%2F2024%2F11%2Fdont-let-scammers-get-way-your-holiday-shopping&usg=AOvVaw1kt7eVaXrWM7GNy26RAaRw&cshid=1759469882991647&opi=89978449)

Last Updated: November 19, 2025