

EDITORIAL REVIEW

Digital Federal Credit Union Secured Card Review: Low Costs, High Hurdles

A low interest rate and lack of fees are great upsides for people with bad credit, but you'll need to jump through a few hoops to take advantage of this secured card.

By Gregory Karp – NerdWallet.com
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Make no mistake. DCU, which offers the [DCU Visa® Platinum Secured Credit Card](#), is one of the good guys in the secured-card industry, with its share of predators.

This DCU card has a number of consumer-friendly features that are laudable for a secured card — notably low interest rates and a dearth of fees, including an annual fee of \$0.

But the card's luster is dulled by the hassle of joining a credit union in order to apply, coupled with no chance of earning spending rewards. More importantly, it has an exceptionally high required deposit compared with top competitors.

That puts the card out of reach for paycheck-to-paycheck consumers looking to build or rebuild credit with a secured card. In short, the card is good for a segment of secured-card shoppers: those with ailing credit but healthy cash flow.

» MORE: [Understanding secured credit cards](#)

- DCU Visa® Platinum Secured Credit Card: Basics
- Card type: [Secured](#).
- Annual fee: \$0.
- Interest rate: The ongoing APR is 13.75%, Variable.
- Required deposit: \$500.

DCU encourages cardholders to contact them after a year to talk about getting [an unsecured card](#). Factors for approval include credit score, income and payment history.

- Rewards: None.
- Foreign transaction fees: None.
- Cash advance fees: None.
- Balance transfer fees: None.

Why you might want the DCU Visa® Platinum Secured Credit Card

NO FEES

Cards for people with bad credit are notorious for high fees: annual fees, monthly fees, processing fees, application fees, the list goes on. The DCU Visa® Platinum Secured Credit Card eliminates just about all of them, including ones that are standard on most cards. Beyond the \$0 annual fee, the card imposes no fee for purchases outside the U.S., while many other cards charge 3%. Even [cash advances](#) are fee-free, and you don't pay a higher interest rate on advances. (Many cards charge a fee and impose a higher rate.) You must put down a hefty refundable security deposit when you open the account. But beyond that, the card costs very little.

LOW INTEREST RATE

The ongoing APR is 13.75%, Variable. That's around 10 percentage points lower than the rates people with poor credit would typically be offered, and it's lower even than rates on many cards for people with good credit. In general, it's best not to carry a balance on a credit card from month to month. If you pay in full, you don't have to worry about interest, and keeping balances low is good for your credit score. But if you have to carry debt, it won't cost as much with this card as it would with many others.

NO LIMIT TO YOUR CREDIT LINE

As a secured card, the DCU Visa® Platinum Secured Credit Card requires a collateral deposit equal to your credit line. But the DCU Visa® Platinum Secured Credit Card doesn't put a cap on how high that credit line can be. As long as you have enough cash held with the credit union to cover it in case you default, you can have all the spending flexibility you need.

CREDIT-BUILDING HELP

The purpose of a secured card is to help you rebuild your credit. That can't happen if the card issuer doesn't report your card activity to the companies that compile credit reports, the basis for credit scores.

Some small, local banks may report to only one or two of the three major credit bureaus, or none at all. The DCU Visa® Platinum Secured Credit Card reports to all three major bureaus, making it easier for you to get back on track to building good credit. You also get free access to your FICO credit score, so you can track your progress.

Why you might want a different card

SECURITY DEPOSIT REQUIRED

The security deposit required to open any secured card account is a barrier for some people. It often requires coming up with hundreds of dollars and tying up that money for as long as the account is open. If you want a high credit line, you have to put up a deposit to match.

The DCU Visa® Platinum Secured Credit Card requires a whopping \$500 security deposit, far more than any other card that NerdWallet recommends. Many of them require just \$200. That puts this card out of reach for some people who simply can't come up with \$500 or can't afford to lose use of that much cash.

Your deposit at DCU does earn a little interest while it's unavailable to you. But in our view, a secured card should be judged on how well it helps you improve your credit so you can ditch it and get approved for a regular unsecured credit card, along with other benefits of having decent credit.

A high deposit requirement is a problem because it makes the card too expensive for too many people. (An exception to this criticism is a specific subset of potential applicants: those who have plenty of cashflow but thin or damaged credit. For them, the card shines.)

By contrast, a different card, the Capital One® Secured Mastercard®, requires a far lower security deposit. You may be able to qualify to pony up a deposit less than your credit line. A \$200 initial credit line can be had for a deposit of \$49, \$99 or \$200. The issuer allows you to pay your deposit in installments. And if you make your first five monthly payments on time, you could gain access to a higher credit line with no additional deposit required. That's the kind of flexibility needed by people watching their nickels.

CREDIT UNION MEMBERSHIP REQUIRED

With most credit cards, you don't need to have an account with the issuer's retail bank to be approved. Not so with the DCU Visa® Platinum Secured Credit Card. You must be a member of the Massachusetts-based Digital Federal Credit Union. There are several paths to membership:

- You work for or are retired from a participating employer.
- You live, work, worship or attend school in a community that has been designated as underserved, and the credit union has a branch in it.
- You are related to a current member.
- You belong to a participating organization based in Massachusetts. This is the easiest way in for people outside the credit union's service area. For membership fees as low as \$10, you can join participating organizations, which include environmental and educational nonprofits and other groups.

Because membership criteria are loose, this requirement may not be a big deal. And more broadly, there are plenty of reasons to love consumer-friendly credit unions. Still, it's another hoop to jump through when applying for the secured card.

NO REWARDS

If you're struggling with bad credit, rewards aren't as important as building good credit. Still, it's nice to get a little something back for your spending.

The [Discover it® Secured](#) requires a minimum deposit of \$200, and it earns 2% cash back at gas stations and restaurants on up to \$1,000 in combined purchases each quarter. All other purchases earn 1% cash back. The annual fee is \$0.

Explore other options across all credit card categories at NerdWallet's [top credit cards](#) page.

Is the DCU Visa® Platinum Secured Credit Card right for you?

The DCU Visa® Platinum Secured Credit Card ticks some important boxes, with its low fees, low interest and flexibility. But its unusual requirements — a high deposit and credit union membership — will be a deal-breaker for some. Still, if you're building credit and have the upfront cash, this card has allure.