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What is a virtual credit card, and how do you get one?

A virtual card is essentially a credit card number you can use to make a purchase online or over the phone. Here's how it works

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Virtual credit cards have been around for many years, but consumers are showing more interest in using them as a tool to limit potential damage from identity theft or fraud. Trying to decide whether a virtual card makes sense for you? Here's what you need to know.

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It seems that everything from the doctor's office to the classroom has gone virtual in 2020, and credit cards are no exception.

Virtual credit cards have been around for many years, but consumers are showing more interest in using them as a tool to limit potential damage from identity theft or fraud. That's particularly true in recent

Trying to decide whether a virtual card makes sense for you. Here's what you need to know.

See related: [More issuers offering virtual card numbers to cut fraud risk](#)

What is a virtual credit card?

A virtual card is not a physical [credit card](#) at all. Instead, your existing credit card issuer or bank gives you a “virtual card,” which is essentially just a credit card number that you can use to make a purchase online or over the phone.

You can set parameters for that number. For example, it might only work with a single retailer or for a set period of dates. If a fraudster gets access to that number, they can't use it to make purchases that don't fit within those parameters, rendering it fairly useless.

“Virtual credit cards can be useful for consumers who want an added level of security on their purchases,” says John Breyault, a vice president at the National Consumers League, which operates the website [Fraud.org](#). “If I have a virtual credit card number on my Amazon account, and Amazon gets hacked, my actual credit card would not be compromised. The hackers would have this virtual credit card number, which they can't use on any other sites.”

Charges made on a virtual credit card appear on your credit card statement like any other charge made with your regular credit card.

How do you get a virtual credit card?

You get a virtual credit card by requesting one from a credit card issuer with whom you already have a relationship. You can usually do this by visiting the card website or logging into the associated app.

Once you request a virtual credit card, the provider will give you a unique 16-digit number, expiration date and security code, which you can use online just like you would a traditional credit card.

Not all credit card issuers offer virtual cards, so if your current card does not support the service, you might consider shopping around for a new card that does provide it.

Since virtual cards are a service offered by issuers of traditional cards, it's difficult to compare one against the other. Instead, [choose a credit card](#) that offers a virtual card and provides benefits and services that make sense for you.

Some major credit card issuers, including Citi and Capital One, support virtual cards. And American Express is now [partnering](#) with Coupa Pay to offer virtual card numbers to U.S. customers for business-to-business transactions.

But some do not — in September 2019, Bank of America said it would [discontinue ShopSafe](#), its virtual card program.

Some fintech companies also provide virtual card services. In September, PayPal [launched PayPal Key](#), allowing users to create a virtual account numbers they can use for purchases with the charge going to their PayPal account. The app [Token](#) offers a similar service, generating alternative account numbers for users who don't want to share their credit card information for certain purchases.

The new [X1 credit card](#), launching this winter, offers a host of high-value rewards, but it also provides users with automatically expiring virtual credit cards to help avoid getting charged unwittingly when subscriptions or free trials expire.

Are virtual credit cards safer than physical credit cards?

Virtual credit cards can minimize the damage that hackers can do if they get access to your credit card number and help you avoid the hassle of a compromised account.

“While regular credit cards have robust fraud protections, they still require you to notice the fraudulent transaction, and alert your card issuer,” says Jason Steele, credit card expert at Money.com. “After the issuer cancels the card and sends you a new one, you have to update your information with any companies that have your credit card information on file. It's quite the nuisance.”

If a criminal steals your virtual account number, you have the same protections you enjoy with traditional credit cards, under the Fair Credit Billing Act. That limits your potential liability for fraudulent purchases to

unintentional purchases, such as automatic subscription renewals.



Tip: Under federal law, a merchant cannot enroll you in an [auto-renewal arrangement](#) without providing written information that “clearly and conspicuously” reveals all the “material terms of the transaction” before getting your billing information.

What’s the difference between virtual credit cards and mobile wallet cards?

Like virtual cards, [mobile wallet](#) cards also prevent merchants from accessing credit card numbers from merchants, but they do so in a different way. Once you add your credit card to a mobile wallet, such as Google Pay, Apple Pay or Samsung Pay, you can use your phone to pay for purchases rather than using your actual credit card.

The mobile wallet uses tokenization and encryption to obscure your credit card info from the retailer, so you don’t have to deal with obtaining a virtual number. Another difference is that you can use mobile wallets in-store at the point of sale, while you can typically only employ virtual account numbers for online or telephone purchases.

As mobile wallets become more popular, virtual cards may follow suit, says Jaclyn Homes, a director at Auriemma Group.

“If you become very comfortable and used to using a digital wallet like Apple Pay or [Walmart Pay](#), virtual cards have the same benefits,” she says. “They kind of go hand-in-hand.”

Virtual cards require some legwork upfront to use. You have to contact your card issuer every time you want to make a purchase to request a new number. Depending on the parameters, you also may not be able to save your card information with a retailer for quicker checkouts in the future.

Another potential drawback is that you could run into difficulty if you need to return an item purchased with a virtual credit card. If the card number has already expired by the time you attempt to make the return, you may need to go through some extra steps in the return process.

While virtual credit cards have many benefits, they're not an entirely failsafe option. Merchants can still charge you too much or add fraudulent charges to a bill, or take a payment without delivering the goods and services provided.

"One drawback of virtual cards is that they could make consumers feel too safe," says Steven Dashiell, credit card expert at Finder.com. "You wouldn't want to let your guard down and think that you don't have to check your account ever."

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Beth Braverman is a freelance journalist writing about personal finance, careers and parenting. She enjoys traveling, cooking and cashing in her hard-earned credit card rewards.

In Innovations and Payment Systems

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