

TUTORIAL 1 - CREDIT BASICS

The ICICI Bank Credit Builder Programme Tutorials are an attempt to empower you with information so that you can manage credit responsibly and thereby, build a strong credit history. For more details, refer www.icicibank.com/creditbuilder

To manage credit responsibly, you must first understand what credit is. Tutorial 1 lists down some basic and important stuff you should know. The subsequent tutorials contain more details.

1. Credit

Credit has been around in various formats since ancient times – it's probably as old as the concept of money itself. The earliest records date back to 2000 B.C in India and Babylonia.

So, what is it ?

When you buy something today and pay for it later, you have just taken Credit.

Simply put, credit can help you get the things you want when you don't have the cash on hand to get them.

2. Credit Card

Your credit card is a form of credit - a substitute for money in the form of a plastic card enabling you to buy now but pay later.

- You can use them to buy stuff in millions of places, both in store or online.
- You can also use credit cards for balance transfers and taking out cash from an ATM.
- And if you need money to make good an emergency or unforeseen expenditure, you don't have to run around applying for loans at the eleventh hour – you already carry one in the form of your card.

3. Secured Credit Card

The ICICI Bank Instant Credit Card is a secured credit card, i.e it is issued against the security of a Fixed Deposit.

It is an excellent choice to help you begin building a good credit score and comes loaded with benefits and features that you would want in your credit card. Visit www.icicibank.com for details.

4. Credit Score

Your credit score is a number that indicates to lenders how "credit worthy" you are.

- It is calculated using records of how well you are repaying or have repaid any credit.
- Most lenders provide repayment information to credit reference agencies (CIBIL in India) which calculate and maintain your credit score.
- This score is used for decisions on whether to lend further to you, without which, it is difficult for lenders to know whether you will repay your borrowing on time.

Using the ICICI Bank Secured Credit Card responsibly will show you are comfortably in control of your money, and help you build a good credit history. A good score, in turn, can improve your chances of getting a future loan approved.