

ICICI BANK CUSTOMER EDUCATION SERIES

A TIMES BUSINESS ASSOCIATE COMMUNICATION

How To Manage Your Credit Card Better



The credit card can be a great boon when used prudently and responsibly. There are many reasons why people use a credit card – for sudden, high-value purchases, the need to buy those little essentials that cannot wait till payday, to meet emergency expenses, etc.

Here are a few things to bear in mind when you want to use your credit card to maximum advantage:

Interest-free period – The maximum interest-free credit period, usually about 48 days, is counted from the date of purchase and not from the date of the card statement. This impacts the amount of time left for you to pay the credit-card bill before the interest-clock starts ticking.

Annual fee – Not all cards are free. Many come with an annual fee that may vary from a few hundred rupees to a few thousand. Often, the fee is waived for the first year for new customers.

Interest rate – Interest rates vary from card to card. If the total amount due is not paid by the 'Payment Due Date', interest will be charged on the difference between the 'Total Amount Due' and what you have paid and also on all the new transactions from the date of each transaction. The charges apply till the entire amount outstanding is settled in full.

Overdue fees – These are charges for an overdue bill, charges on spends exceeding your credit limit or charges for late payment. The interest rate in such situations may sometimes be higher than what is applied to outstandings carried forward.

For other fees and charges, read the **Most Important Terms and Conditions** of your credit card. This document is available on the bank's website, 'Welcome' kit and with every monthly credit-card statement.



To minimise your costs and draw maximum advantage from your credit card, the golden rule could be, "Pay in time and pay in full".



Remember, a cash advance taken with a credit card attracts interest from the very day you withdraw the money till the day you pay it back.

BE AN INFORMED CONSUMER. Watch this space every Monday.