Have card,

But not wildly or unknowingly! It's all about making your credit cards work for you.

What to do when you just *have* to get that outfit that's on sale? Check your credit card for further additional discounts that could help stretch your ringgit. – AP

By DZIREENA MAHADZIR
starmag-feedback@thestar.com.my

THERE you are minding your own business, and "50% off!" flashes before your eyes. When you are in one of your favourite stores. And if you buy two items, you get further discounts! *And* you get to save while using your card!

The catch-22 is, if you spend money, you're not saving – yet, at the same time, you *do* save because it's on sale! That sort of makes sense, right? Well, it does to shopaholics....

But, actually, with the economy being as sluggish as it currently is, you are really helping because every time you buy something, you're stimulating the economy.

And, frankly, when else are you going to get all these things on sale? Jimmy Choo shoes at RM400? Dior python heels at RM600? A BCBG dress at RM300? As a friend said, how do you go back to paying RM2,000 minimum for a brand when you can now get it for so, so much less?

Does all this sound like we're advocating wild shopping sprees? No, that's not it at all. What we'd like to share is how to take advantage of all these sales, do your bit to stimulate the economy, and shop smart – all by making your credit cards work harder for you.

Choose the right card

What do you spend most of your money on? Do you travel, shop, or eat more? Or do you do all of the above? Banks nowadays offer different cards that allow you to do one or all of those three things and a whole host of other things – golf, anyone? – while also helping you to stretch your ringgit in smart ways.

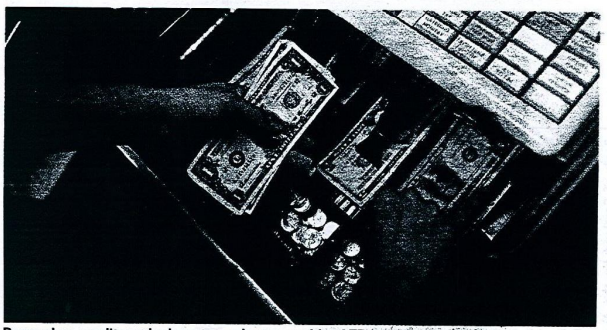
Citibank Bhd was among the first banks in this country to offer cards tailored to a particular type of customer when it began giving its Blue card to young executives in 2000.

The bank – which is celebrating the 50th anniversary of its establishment in Malaysia this year – comes up with different types of cards to suit different types of customers by doing a lot of research and data analysis, says Lum Choong Yu, Citibank vice president, card usage and merchant business, global consumer group, Citibank Bhd.

For example, for those who travel a lot, whether for work or pleasure, either by air or road, there are cards linked with AirAsia and Shell. Apart from discounts when using the services of these two companies, these cards also offer their users reward points that allow them to redeem gifts – so you benefit from the travel and petrol connections while also getting gifts when you use those connections.

"It's about how we give the best value for our customers. In Citi, we call it spending smart," explains Lum. "Not everyone is aware of the offers and options available. We provide these services, let the customers make a choice, and allow them to enjoy the benefits," he says.

"It's important that customers understand what benefits their cards offer. For example, we have a 0% instalment scheme with certain outlets, therefore we make it more affordable and easier to make purchases."



Remember, credit cards do not equal extra cash! – AFP

will shop

Understand what benefits your credit card can offer, advises Lum Choong Yu. – CHAN TAK KONG / The Star

> »Having credit cards doesn't mean you have more money, it's about managing finances«
>
> LUM CHOONG YU

Look for added value

Frankly, I think most people are like me: we don't have the faintest idea what's offered by our cards in terms of promotions and discounts because we have a tendency to just throw out the informational leaflets that come with the bills.

And, some may say, they really don't need more reasons to spend money, even if it's on discounted items. But what you may not realise is that some of these promotions can help you save money – after all, if you have to go out and eat, why pay full price? Why not get a second meal free or at half the price?

With the current economic slow down, these discounts and offers add extra value to the cards.

Most banks also provide financial advice and tips on their websites; Citibank, for instance, has a *Use Credit Wisely* microsite at its website, citibank.com.my (look in the column on the left of the home page), which explains credit and how credit cards work. There are also useful tips on maintaining good credit, budgeting, and how to manage during hard times.

These are good things to look at whenever you have time, as everyone has sad stories to tell when it comes to using credit cards.

Some of the common gripes are going over the credit limit (accidentally, of course – who actually claims to do it on purpose?); having more than one card, which leads to more debt than you need; and credit card companies that issue too many cards too easily or that give customers more credit than is practical – which makes them spend more, of course, and end up in a bad debt spiral.

It still boils down to wise spending

A friend mentions that when she was a student in the United States (where they accept credit cards everywhere for even small amounts – though that might be changing nowadays what with all the bad debt!), she used to swipe her card whenever she was short of funds with nary a thought to how she would pay it all off eventually. And in the meantime, of course, as each month went by without the full amount on the card being cleared, interest would inexorably increase....

Another friend, who had the luxury of a supplementary card from each parent, says she would go through all sorts of complex calculations to split her bills between the two cards so it wouldn't look like she spent a lot of money on one (not-strictly-necessary, and designer!) item.

It all boils down to spending wisely, as Lum says.

"The key thing is for our customers to be aware. Having credit cards doesn't mean you have more money, it's about managing finances. Our website has tips on managing credit wisely, and we also talk about fraud management. The education process is very important and customers need to be aware of the do's and don'ts.

"Because of the current economic uncertainty, we do notice that customers are not spending as much. But for Citi, we are still growing, our view on this is, at this time, we need to focus on how to deliver relevancy, like discounts, spending wisely, stretching the ringgit.

"We hope we can help our customers achieve this through the different benefits and offers that we have."

At the end of the day, prudent financial management is something everyone should know and be aware of. As boring as it sounds, one needs to remember that a credit card does not equal free money and the license to shop unchecked.

Credit tips

AFTER you've determined how much credit you can afford, follow these steps to manage it well:

- Understand the terms of the agreement before you accept a loan or credit card.
- Set aside money each payday for emergencies.
- Set a monthly limit for charges and stick to it.
- Shop as carefully with credit as you do with cash.
- Don't take on more monthly credit payments than you can afford.
- Pay bills promptly to avoid penalties and to keep finance charges low.
- If you charge day-to-day expenses, make sure you pay down enough monthly to keep your debt or credit card bill from ballooning. – From citibank.com.my

Be card smart: If you must eat out, go to a restaurant at which you can use your credit card to get a discount. – Bloomberg News