



All about plastic cash

Living on credit may buy you a lifestyle you want but be aware of the high interest charges. Here are basic tips to help you along

WE have fallen in love with credit over the last decade. If you are thinking of getting a credit card, you may find the huge variety of deals available overwhelming. Here are the key issues to consider before choosing or changing your card.

Clearing your bill every month

If you pay off your bill in full every month, it doesn't matter how high the interest rate on your card is because you will never have to pay it.

If you clear your bill each month, then go for a card with no annual fee, or, perhaps one which offers you some kind of loyalty bonus such as points or cash back.

Or if you don't

If you don't clear your balance every month, shop around for a low cost card — preferably one that offers 0 per cent interest on balance transfers and purchases.

The best cards give you a maximum of 56 or even 59 days between buying something and having to pay for it.

Be wary of offers

Many banks have special debt-transfer offers to recruit new customers. These may give you the opportunity to pay off debts from an expensive card at a reduced rate for a limited period.

There are dozens of cards on the market offering zero per cent interest on balance transfers, typically for five or six months but the best offer over 13 months.

Be aware that the reduced rate does not apply to new spending, only to the transferred balance. Some firms waive the first year's annual fee for new customers with a certain amount in their bank account. Some cards offer free purchase protection insurance.

Status cards

Gold and platinum cards (and their 21st Century equivalent, the black card) were an 80s status symbol — but they've rather lost their shine.

In return for a larger annual fee you get a host of goodies including preferential borrowing. The most important perk is usually free annual travel insurance, which can make the deal worthwhile if you travel a lot. Most gold cards have a minimum income requirement.

Good to remember

You will be charged if you go over your credit limit. There can also be catches such as charging you interest immediately on a new purchase if you didn't pay off your last bill in full.

With the credit card, you can usually withdraw cash, either from an ATM or by writing yourself a credit card cheque. The drawback is that you pay steeper interest and there is no interest-free period. This also applies if, for example, you use your credit card to pay for foreign currency.
— Daily Mail

Note: And be aware, in Malaysia, Bank Negara has made it mandatory for credit card holders to pay RM50 a year for every card they hold.