

All about credit

Super Satang



What is credit?



Why do we need/use credit?



Credit Score

Your credit score is a number you will be given from 300 to 850 to determine how much credit you should be given

It depends on many things: Credit history, Total debt, Family

It affects:

What your credit limit is

How much you can take out on loans



Types of ways you can pay

Debit: QR Code, Debit Card, Transfer –
Takes out money DIRECTLY from your
account

Credit: Loans, Credit Cards – Borrowed
money



Why is a credit card better than a debit card?

- It is only better if you pay it back in full when it is due

This way

- You don't have to pay interest
- You earn points and miles
- You can get priviledges
- You can use the money you have today to grow wealth through investments and use the gains to pay the cards off



What may be the main problem?

- If you DON'T pay on time...
- Your credit score lowers... What might be the problem with this?
- If you DON'T pay in full amount...
- You must pay interest
- Credit cards have higher interest rates than normal loans (15%)



Why don't we want our funds to be pulled out of our accounts?



Richard Vs Millie

Who is more financially literate?

- Richard:

Has a VISA Credit Card

Uses it to buy Gucci and a new yacht

Pays back the absolute minimum

Has a debit card for other transactions when his credit card is maxed



Richard Vs Millie

Who is more financially literate?

- Millie:

Has a VISA Credit Card

Uses her current funds in her bank account to invest in safe mutual funds

Always pays her card back in the full amount using her % gains

Doesn't have a debit card

Doesn't max her credit card

Uses her credit card to buy groceries and small items

Collects miles and privledges



What about now?

You can't technically have a credit card until you are 18 but you can have it if it is under your parent's name

Avoid using a debit card as it pulls funds directly from your account



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