

Payment Delays Lead to Higher Payments

Contributed by Webmaster

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All credit cards are not created equal. That is why many people carry multiple credit cards. In today's world, credit cards are used for not just shopping but also for online trading, easy airline and movie ticket bookings. The era of the communist-like queue system where you stood in long lines is now a thing of the past. Now, while talking about the credit card payments, one has the option of clearing the entire outstanding in a single payment or carrying it over to the next billing cycle.

If you diligently repay all your credit card dues in the first instance, you might be eligible for many 0% APR cards and get away without any annual fees or interest.

If you are the kind of customer who cannot pay in full, the rate of interest will make a lot of difference to you. So go in for a low APR card. The APR is the interest amount payable while making partial payments or transferring balance from one card to another. In fact, a single card can carry multiple APRs -- for cash advances, part payments and card transfers.

There may also be different slabs applied for different levels of payments due. For example, 10% applicable for \$5 -\$100, and 20% on the remaining balance above \$100 and so on. In case the payments are delayed by over a cycle, a higher APR will apply. All of this will be mentioned in the fine print of your credit card agreement.

Plastic cards have made life very easy. But at the same time, plastic money places a higher degree of responsibility on the user. You must realize that your transaction starts when the card is swiped and does not end there. The transaction is concluded only when you repay the card debt with any accrued interest. That is why you need to behave responsibly.

Some people say that they find it less guilt-inducing to pay using a credit card. This is strange as the monetary transaction is identical, regardless of whether you pay with a card or with a wad of currency notes.

Paying only in part seems like an easy task and the rest can be rolled over to the next month. But one should remember that the interest rate will get accumulated. And the person will end up paying more than his/her bill amount the next time around. There are some credit card companies that follow the fixed APR system where the charge is fixed. However, in others it varies and so will the interest rate on your card.

0% APR credit cards sound like you have got an interest free loan. But that is true only for a limited period of time. Make sure you know what that grace period is. And if the user wishes to use the credit card as an ATM card to draw cash, the APR on that will be more than that calculated on purchases made. An informed customer will know what the card is all about and only then use it.

Be smart, compare credit cards consider credit card rewards and then choose low APR credit cards.

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