Financial Education Ep 6 – Answers

1. Which sentence below best describes a credit card?

a. A card which you use to buy things from the money already in your bank
b. A card which you use to buy things directly in any shops then owe back the money to the bank or loan company ✔
c. A card which can only be used in one store, and you owe that specific store the money back

2. What are the two main things that credit card companies check, to see if they are willing to lend you one?

a. Your address and your credit rating
b. Your income and your job title
c. Your credit rating and your income ✔

3. What is it called when there is only a maximum amount you can spend on a credit card?

Credit Limit
_____

4. What is the lowest monthly repayment you can make off a credit if the minimum repayment is phrased _"10% of the outstanding balance, with a minimum of £5"_ and you have £100 outstanding?

£10
_____

5. Fill in the blanks

An __Interest__ Free Period means you only pay back what you borrow, if paid off by the ____end____ of the term.

A __Balance__ Transfer is for moving your debt to a credit card with a lower A. _P_ .R.

6. List an advantage and a disadvantage of credit cards?

Advantage: any of
Allows you to buy something upfront if you cannot afford it just yet; improve your credit score or; Interest free periods allowing you to not have to pay back any more than you borrowed

Disadvantage: any of
Pay interest, sometimes at a very high rate, and so pay back a lot more than you borrowed; may not be able to pay back and get into financial problems or; if you can't make the minimum payments, causes charges and fees, and harm your credit rating

7. On a credit card statement transaction list, if you see an amount with CR or dredit next to it, what is this transaction?

a. A purchase in a shop
b. A payment off your debt / balance ✔
c. Money transferred into your bank account

8. What does the payment slip on the bottom of a credit card statement allow you to do?

Make a payment in cash at a bank or post office