

3 PRINCIPLES OF CREDIT



When you borrow money or buy something on credit you have to remember that its not your money you are using, you are actually borrowing from the bank or stores credit facility.

When taking credit from a shop or a bank there are ³ basic principles:

- 1. Paying on time:** when taking out a loan or buying items on credit, you will be asked to make repayments on a certain date and a statement will be sent indicating how much you need to pay.
- 2. Making the minimum payment:** it is important that the minimum payment indicated on your statement is paid and paid no later than the date indicated.
- 3. Interest:** you will be charged extra money when you borrow money from a bank or micro lender. You are expected to pay the repayment amount as well as the interest on the day due.

