

African Bank Ltd press release

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Is a credit card the right move for you?

Before researching whether you will meet your bank's credit card requirements, it is advisable to first examine your personal motivation for wanting a credit card, says Neil Thompson, Head of Product and Customer Value Proposition at African Bank.

“While there is a lot to be said about credit card benefits, the reality is this is a formal commitment to borrow money from a bank and repay it with interest within a certain period.

“Any form of financial commitment needs to be taken seriously so if you are looking into how to get a credit card, consider the reasons behind your decision first before signing on the dotted line,” Thompson says.

6 things to ask yourself before applying for a credit card:

1. Do I understand [how a credit card works](#)? A credit card allows you to borrow money to buy things you want or need. You may pay interest and fees on the borrowed amount but you can also benefit from a better credit record. It is important to understand the terms and conditions as it is too late for regrets once you have signed the agreement and the monthly repayments start coming off your bank account. Your bank can simplify the credit agreement for you, so always be sure to ask questions to fully understand what you are committing to.
2. Do I need more credit? Many people get another credit card simply because they can. While it is always good to have money available in case of an emergency, a new credit card with a zero balance owing could be too much of a temptation. If you don't really need it, don't get it.
3. Do I need a secured credit card? This type of credit card is backed by a cash deposit which acts as collateral on your account and provides the bank with security in case you can't make repayments. This is a good option and can provide peace of mind.
4. What other types of credit cards are there? There are many types of credit cards available so it is important to narrow down to those which will suit your financial situation best. Popular choices include cards which offer perks, like grocery or petrol cash-backs or even free airport lounge access, travel insurance and concierge services. Be sensible about what you want out of your credit card and stick to what works for your lifestyle.
5. How much other debt do I have? Adding to existing debt can be easy, but dangerous. Be sure you can meet an extra repayment on top of what you already owe other creditors. Remember that a credit card can also be used to consolidate all your debt into one easy loan repayment.
6. Will I get approval for a credit card? Every time you apply for a credit card it generates an enquiry on your credit history and each enquiry reduces your credit score. Consumers should not therefore apply for every card on the market, but do

their homework first and apply for a credit card that will suit their needs.

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