

African Bank Limited press release

July 2019

Considering a credit card? Here's what you need to know...

Did you know that if you shop for the best **credit card rates**, a credit card is often one of the cheapest forms of credit?

“There was a time when only a handful of people had a credit card,” says Neil Thompson, Head of product and customer value proposition at African Bank. “This isn’t the case today. Now with a wide range of cards available from various banks and financial institutions across South Africa, many people use a credit account. A credit card is a convenient way to borrow money to pay for the things you want and is often one of the cheapest forms of credit.”

If you’re wondering **how to get a credit card**, as long as you meet a few key requirements, it’s actually quite an easy process, even as a first-time user, says Thompson.

Credit cards are issued by banks and other financial organisations. If you have handled your savings or cheque account responsibly, then you can probably get a credit card from your existing bank. You will most likely get a fast approval rate because of the existing relationship you have with them. However, you can also get a credit card from other banks or financial institutions by applying online or having a face-to-face meeting with their representatives.

Thompson recommends that before you **apply for credit**, you shop around for the **best credit rates** and take into account other benefits and partnerships offered by the financial institution. “The credit card rate is the interest payment you make on your card balance. The interest rate can either be fixed or variable. A fixed interest rate is rigid; it remains the same every month, while the variable rate is flexible,” he says.

“In terms of eligibility requirements, you need to be at least 18-years old and be earning a monthly income. You will also need to provide proof of income with a bank statement reflecting three salary deposits, proof of residence not older than three months and a copy of your bar-coded ID or ID card.”

Thompson says in light of it being Savings Month this month, he believes it is important to be responsible with money, especially when it comes to a credit card. “Before you go ahead to apply for a card, it’s important to consider whether you are ready to have one. The key to success with a credit card is that you manage your **credit account** responsibly, control your spending and ensure you make all payments on time. Many people find it easier to spend money when they’re swiping a card, so if you’re not careful you might end up getting in over your head. Keep your credit card spending under control to avoid damaging your credit profile and getting into a lot of debt.”

He adds that it’s important to also consider your spending habits. “There are numerous

types of credit cards available. There are cards for frequent travellers, shoppers, and other categories of people. Choosing the right card may improve your credit card limit and save you money. Make a list of the things you intend to use the card for and choose a credit card that aligns with the most frequent item on your list,” he says.

Lastly, Thompson says it’s important to understand your credit limit, the fees associated with your credit card as well as the penalties. “The credit limit is the limit to how much you can borrow with a card and it is determined by the issuer using several factors, including your credit history and monthly income. Be honest with yourself - if your institution gives you a high credit limit, are you disciplined enough not to overspend? The highest credit limit is not always the best option. Once you’ve received your credit card, make sure you know what your credit limit is and then spend accordingly.”

In addition to the interest, he explains that most credit card issuers charge various fees and penalties. Costs range from annual fees, transaction fees, balance transfer fees and others. “You may also be charged penalties for late payments or exceeding your credit limit. So along with considering the credit card rates, it is also essential you ask about all the attached fees and then choose the issuer with fewer fees.”

While a credit card is convenient, Thompson says it does come with certain security risks. “Never give anyone your PIN. Try to memorise it, rather than writing it down. Additionally, keep your card in a safe place. If you discover that it’s missing, call your issuer to block it. When shopping online with your credit card, only use trusted, secure sites. The payment page should be certified secure, and the web address should have an https, instead of http. The additional ‘s’ stands for secure. Read through the website’s security policy, refund policy, and others before making your purchase. Print the receipts of any online transactions you make,” he concludes.

ENDS

Visit the African Bank [website](#) or like them on [Facebook](#) and [Twitter](#)

PREPARED ON BEHALF OF AFRICAN BANK BY CATHY FINDLEY PR. CONTACT JACQUI RORKE ON JACQUI@FINDLEYPR.CO.ZA OR (011) 463-6372 WITH ANY CONSUMER PR QUERIES.