

The Correct Use of Credit Cards, Promoting Responsible Consumption



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Credit cards are easily-obtained means of payment that are accepted worldwide. Today, however, there are many customers and consumers that “run away” from them or have had traumatic experiences with them. Therefore, we want to share some tips with you that will help you use this product correctly, so that you can take advantage of all of its benefits.

We must certainly make clear that a credit card is not an extension of your salary. It must never be considered income. It is a short-term funding instrument, and the ideal thing to do is to pay off all services and goods you obtain each month. Otherwise, you will

have to pay finance charges.

It is essential to prepare a budget in which you consider your monthly income and expenses, placing them in order of importance and including credit card payments. In this way, you will know how much money you have available to at least cover the minimum payment on your credit card.

It is always advisable to pay more than the minimum monthly payment, as you cannot cancel the amount due in the short term paying the minimum.

Be organized and pay your credit card by the date shown on your statement of account. This will prevent you from being assessed delinquent charges. Keep a record of the expenditures and purchases obtained with your credit card.

Our experience in assisting bank customers leads us to advise you to require your credit card issuer to send you your statement of account on a monthly basis and also to keep all your purchase and payment receipts to check your monthly statement of account. In this way, you will be able to verify the accuracy of the charges and the application of payments made to the card. If you pay blindly you may be accepting and paying for charges you have not made.

Two mistakes you cannot afford to make when using your credit card are to skip payments or exceed your card's credit limit. In both cases you will have to pay missed payment or overdraft charges and fees that will significantly increase the amount to be paid.

It is very common to incur in big spending during the holiday season for house painting, new furniture, gifts, etc. Sometimes we save the whole year for this purpose or we use all the credit available on the credit cards to "celebrate" Christmas or New Year's by spending more than we can pay. This is a very bad consumption habit that you have to avoid. You should promise yourself to be financially disciplined, control yourself when using your income, and become a responsible consumer.

Aiming to help create responsible consumers, we at the Superintendency of Banks of Panama have come up with a plan and executed a Financial Education Program which we invite you to join.

Happy holidays!