©The Malay Mail : September 2006 Plastic money, or better known as the credit card, can be your best friend; or your worst enemy. There©s hardly anything more exhilarating than to own a credit card and swiping away to your heart©s content. We hear, time and time again, tales of young adults who gleefully charge almost everything to their beloved plastic companion, only to regret the dire consequences of their habits. Based on Bank Negara Malaysia (BNM)©s data, Malaysians spent RM38.5 billion on credit card purchases last year, an increase of 19 per cent compared to the year before.

There were more than 7.8 million credit cards in circulation in the country as of December last year compared with 6.6 million at the end of 2004.

For those prudent enough when it comes to credit card spending, hats off to you. But for those who are ©trigger-happy©, here are some tips to help you control your credit card spending habits:

Dos:

1.Pay on time. Paying on time works wonders for your credit score and keeps your interest rates low.

2.Pay off as much of your balance as you can, as it is best to pay your balance in full at the end of every month. If you can©t afford to do that, pay off as much as you can afford.

3.Pay online, as you don©t have to worry about losing your cheque in the mail. Most credit card companies allow you to do so. It is also more convenient.

4.Take advantage of special balance transfer offers. Zero or low interest balance transfers help you settle your debts more quickly.

5.Read the fine prints, to make sure you understand the terms and fees. A small balance transfer fee is fine, if the lower interest rate means you can save your money in the long run.

6.Pay off your highest interest-rate cards first if you happen to owe money on more than one credit card. Pay as much as you can for these cards and stick to the minimum on all the others.

7.Thoroughly check your credit bills at least twice a year, because monitoring your records will ensure there are no errors and theft.

8.Ask your bank for an extra cheque book register (they generally provide these free) to keep track of credit card purchases and payments. Do this the same way that you keep track of account transactions.

9.Carry a credit card with you only if you carry a zero or near zero balance. If you have a credit card balance, keep the credit cards in a safe place that is out of sight. Basically, leave home without it.

10.Keep in mind that just because you might be able to afford something does not mean you have to buy it.

Don©ts:

1.Don©t start paying from the minimum and try working your way up. Start with your outstanding balance and if necessary, adjust down to the highest payment you can afford.

2.Don©t use credit cards for anything except budgeted purchases.

3.Don©t ever spend your money based on future income. Wait until you©ve earned it.

4.Don©t apply for a credit card just to get the ©free© stuff on offer. Look for low interest rates and a long grace period. Select a card with a rewards programme that is realistic and suitable for you.

5.Don©t accept or use any form of credit until you understand and are comfortable with its terms and conditions.

6.Don©t permit an increase in your credit limit because you will likely spend up to the credit limit and have problems paying later on.

7.Don©t use your credit card to pay for groceries or your rent. (If you don©t have sufficient disposable income to pay for these essential needs, then you need to reconsider your budget now.)

8.Don©t use your credit cards for cash withdrawals from an ATM/bank if you can avoid it. There is a fee for this and you wil be charged interest on top of it if you dont pay off the full amount at the end of the period.

9.Don©t use your credit card as a long-term source of borrowing.

10.Don©t feel ©pressured© to get a credit card if you don©t want one. Just because you just

started work and all your friends have credit cards does not mean you need it too. A credit card may not be right for you. Don&#65533;t be afraid to say &#65533;no&#65533; to salespeople