

Borrowing Money

...and avoiding the loan sharks!

Owen Jones



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by
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Credit Card Applications For Beginners

‘Flexible friend’ or ‘plastic money’ are two of the most common informal terms used to refer to credit cards in the English-speaking countries. These are quite affectionate terms and most people are pleased to have a credit card or two. There are also people who cannot trust themselves with a real credit card and they usually use pre-paid cards, meaning that you have to put the money into the card’s account before you can draw any money out. These are obviously not credit cards as the holder does not get any credit. Debit cards are like this.

A credit card is an vital part of modern living for many people. There are reasons for this such as: robbery is a problem in some cities; people do not have time to go to the cash point and some people buy a lot of goods over the Internet such as from eBay. A lot of people purchase their groceries on line and have them brought round when they get back from the office.

Before you apply for a credit card, it is worth learning a little about the safety measures you need to take in order to be protected by federal law in the USA and national laws in other countries.

Make sure that you can be properly identified from the details that you provide on the application form especially if you have a common name like John Smith or Ann Jones. After all, you do not want to be refused for something that your namesake was responsible for and you do not want somebody else to be able to appropriate your identity and get their hands on your savings account either.

The regular American citizen has roughly ten credit cards, so you can imagine the number of applications for credit cards that have to be processed every day. If you do not help with your identification as much as possible there could be long delays too.

When a credit card form states that you have been ‘pre-approved’ it does not mean that you are guaranteed to get a card. It means that the company promises you that they will consider your application. In other words, it is drivel - just a marketing ploy.

If you receive one of these pre-accepted forms, you might just as well go on the internet and apply to the same bank there. The on line application form will often ask for a reference number and you have that on your piece of paper. If you use that reference, you will not lose any of the rewards that you were being promised, but your application will be looked at far more rapidly that if you post it.

When you get your credit card, sign it on the back right away. You should also make a note of the card number on the front and the telephone number on the back. If you misplace the card or suspect a scam, you should contact that number right away and have the card 'stopped'. You can get another one from the same firm quite quickly.

You will almost certainly be offered some kind of insurance with the card. Read the details about this very thoroughly. Some schemes are outstanding others are rubbish.

Applying For A Credit Card

One of the aspects of a consumer society such as is widespread in the West, is the multitude of gadgets that people are persuaded to buy by advertisers and the debt that we are persuaded to get into in order to be able to pay for them.

One of the most important financial tools ever developed was the credit card because it enabled credit easy, which allowed people to get into debt easily and purchase more items with money that they did not have. The creation of the credit card was a stroke of genius for the financial and commercial world.

Most people realize the value of having a credit card and do not abuse the credit facilities offered by them. However, it can be very convenient to be able to put your hands on a couple of thousand at a moment's notice and it is a lot safer than carrying cash.

Most individuals think of applying for a credit card when they comprehend the convenience of having one. Applications for credit cards are usually done soon after eighteen or twenty-one years of age, which is an indication of the value we place on having a credit card.

Many people are lured into applying for a credit card by low APR (annual percentage rates) and air miles, few cards charge a fee any more.

If you are thinking about applying for a credit card, I hope that you will find some of the following tips practical. It is vital to gain a feel for the latest credit card offers and the best way of doing this is on the Internet.

Copy the pros and cons of a dozen credit card deals onto a sheet of paper and put the different points under columns like: APR, Fees, Penalties, Free Days etc, so that you can compare them easily.

Be certain that you are completely aware of the terms and conditions of using the credit card that most suits you. Above all, read about the penalties for late payment and think of whether you can realistically conform with them.

Check the APR before applying for a credit card. Is it abnormally high? What is the average for credit cards? How does your target card compare?

The APR does not matter in fact, if you anticipate paying your bill every month. Some of the firms charging high APR's permit longer free credit periods, so straight comparisons are not always simple. It sometimes seems that credit card firms look for ways to complicate the conditions of use of their cards, so beware.

These periods of free credit are often known as 'periods of grace' and are very important depending on how you propose paying off your monthly debt. Look out for transaction charges too and any other covert charges.

Consider procuring at least two credit cards, one with a long period of grace so that your money continues to produce interest in the bank, and one with a short period of grace but a very low APR in case you need to borrow money in an emergency.

Credit Card Debt

Credit card debt is a much discussed topic in both commercial and social circles. A large section of the population has gotten itself into trouble with credit card debt.

The main reason for so many credit card related casualties is that many people don't understand the concept of credit cards correctly. They treat credit cards as free money. So all the discipline, which would otherwise have been exercised when spending hard-earned cash, goes by the by.

Which means that people overspend and get into credit card debt. They keep spending till they arrive at the credit limit on their credit card. Some people treat it like a game and consider it a defeat (or consider their credit card under utilized) if they don't hit the credit limit fast enough.

These unnecessary spends result in a situation where they are not able to pay back their credit card debts and end up paying interest on the amount they owe.

This keeps building up their credit card debt and they soon discover that the interest component has become a regular element in their monthly expenses and it is there even if they spend nothing on their credit card. That is credit card debt at its worst.

Soon they realize that their present credit card can no longer handle their requirements and they begin looking around to get another credit card.

With the new credit, they let themselves loose again and follow a 'shop till you drop' routine. Soon the credit limit of the new credit card is reached too and they again shirk on payments. This is how credit card debt accumulate.

After a while, they might hear about credit card debt consolidation and other credit card debt eradication methods. They are quick to grab such credit card debt reduction methods, but that's not because they are serious about reducing their credit card debt but because of the alluring low APR offers.

As if it were booty, they again go back to building up their credit card debt. All the while they are spoiling their credit card status and they soon come to understand that no one is ready to lend them any money because of their credit record.

At this point, they can only get a secured credit card (i.e. where you first deposit money into your credit card account and then only do you get the privilege of spending it (50-100% of it) using a credit card. Credit card debt collection agencies, the auction of their goods and bankruptcy is the next thing that awaits them and their dream is blown away in a flash.

Don't get involved with credit card debt. You cannot win, unless you die.

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