

FINANCIAL HEALTH



The DTC Association



MANAGING YOUR CREDIT

Managing credit is important to you. Credit makes life easier by giving you the flexibility you need, when you need it. Whether you are taking a vacation, making a purchase, or dealing with an emergency situation, credit can play an important role in your life. And managing your credit wisely ensures that you will have credit when you want it.

Maintaining a healthy credit profile over time is important. Because most lenders report your account activity to credit bureaus as permitted by the applicable Code of Practice on Consumer Credit Data, a healthy credit record enhances your total financial picture and overall credit profile. The next time you apply for a car loan or a mortgage, you will be glad you did.

Managing your credit effectively leads to more personal choice and greater financial freedom, but it also comes with a responsibility to make wise choices.

BANK

IMPROVE YOUR FINANCIAL HEALTH

Here are some tips for keeping control of your financial affairs and making credit work for you, not against you.

- 💰 Keep a budget. Make sure that you know what is coming in and what is going out. That way you will avoid nasty surprises.
- 💰 Avoid impulse buying. If you had to pay in cold, hard cash, would you be making this purchase?
- 💰 "Comparison shop" as a matter of habit. Never obtain any form of credit - without comparing costs and value with other forms of credit available.
- 💰 Always read and understand application forms before you sign them.
- 💰 Be careful of co-signing a loan or guaranteeing a loan on behalf of others. Remember that you could end up paying off the loan if the borrower fails to do so. Ask the borrower what the terms of the loan are, what his income is and generally satisfy yourself that the borrower has the means to repay the loan. Know the risks involved so that you can make an informed and sensible decision.
- 💰 Use credit with caution. Are you using the right type of credit for your purpose? Are you using a more expensive form of credit than necessary? How many credit cards do you really need? Are you using them simply because you have them?

FINANCIAL PLANNING

If you are thinking about savings for the future, buying a home or retirement, talk to your banks or visit their websites which provide planning advice and tools. Many of these websites are linked to the website of the Hong Kong Association of Banks (at www.hkab.org.hk).

