



## BDCB ARTICLE

### UNDERSTANDING YOUR CREDIT CARD STATEMENT

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Did you know? According to the 2018 National Financial Literacy Survey conducted by Centre for Strategic and Policy Studies (CSPS) and Brunei Darussalam Central Bank (BDCB), only 67% of the respondents said that they understand the terms and conditions of their credit card.

A credit card statement shows a summary of the transactions made using the credit card during a specified billing period. When you receive your statement, it is important to read all the fine prints, terms, key numbers and dates, as well as ensuring that there are no unauthorised charges or billing errors in your statement.

To help you understand your credit card statement better, we have listed below the key features that you need to pay attention to when reading your credit card statement:

*Note: For credit cards issued by Islamic banks, an "administrative fee" will be imposed to the credit card holders that fail to make full payment on the due date*

- **Statement Date**

As a credit cardholder, you should know when your statement date is and the period of your credit card's interest-free days. Interest-free days refer to the period of time in your credit card billing cycle where no interest is charged on any of your purchases.

- **Payment Due Date**

The payment due date is the last day that you are given to pay your outstanding balance, before the bank starts charging you penalties for being undisciplined in your payment. Keep track of your due dates and ensure monthly obligations are repaid on time to avoid unnecessary additional charges. Any outstanding balances, including interest, that are not cleared by the due date will incur additional interest in the next payment statement.

- **Minimum Payment Due**

As the name suggests, it is the minimum amount that you are required to pay on or before the payment due date in order for you to maintain your card account. Typically, the minimum amount payable may be different every month depending on your credit card purchases. Your bank may charge a specific minimum amount, or approximately 8% of the total outstanding balance or whichever of the two amount is higher. However, it is best for you to pay more than the minimum amount to avoid more interest and to shorten the repayment period. Some credit card issuers suspend the credit card account, in the event that you make no repayment.

- **New Balance**

The new balance shows the total amount that you are responsible to pay. If you have not paid the minimum due amount for a month or more than that, this will be reflected in the 'Overdue' section of your credit card statement. Note that the longer the duration of your overdue, the higher the late fee you will be charged. However, if you pay more than the amount that you owe, the figure will be noted as "CR" meaning the extra amount that you paid will be adjusted on next month's credit card balance.

- **Credit Limit**

Your credit card's credit limit is the maximum outstanding balance you can have on your credit card at a given point in time. If you purchase items more than your credit limit, your purchases will be rejected. For example, if your credit limit is B\$1,000, you will only be able to make purchases up to that set amount. Any purchases that go beyond your credit limit will be rejected. Subject to your respective bank's credit risk management, you can request for a credit extension.

### **Credit Card Management Tips**

- **Make repayments in full or at least pay more than the minimum amount due.**

Non-repayment (also referred to as "being delinquent") or being late in payment can cause a negative impact on your credit history. Furthermore, your bank may penalise you with interest on the outstanding amount, as well as with late payment fines. As such, it is advisable that you make your repayments in full to avoid unnecessary charges.

However, if you are unable to do so, it is advised that you make payments above the minimum balance in order to settle your outstanding balances faster and to minimize any charges.

- **Utilize your card's loyalty points**

Loyalty points are given to credit cardholders based on each dollar you purchase using your credit card—for example, one point per dollar. Subject to the card issuers' reward programme, you may also be able to redeem your points for gift cards, cash, or travel points – so it is always best to utilize the reward programme to the fullest!

- **Avoid compounding interest**

Compounding interest on credit cards refers to the interest on top of the interest that is already charged on the outstanding amount, which individuals are required to pay. The longer individuals do not repay, the higher this amount will increase! Moreover, paying your credit card bills after its due date will usually incur a late fee.

- **Maintain a good credit report and score**

The Credit Bureau at Brunei Darussalam Central Bank collects, compiles and consolidates both banking and non-banking (such as utilities) information in Brunei Darussalam to generate a credit report and credit score. With these credit assessment tools, financial institutions will make credit assessment on individuals' loan application. Credit cardholders with irregular repayments will be seen as high risk and will negatively impact your credit scoring, and this may lead financial institutions to be less inclined to grant you new credit facilities. Therefore, it is important for you to be responsible with your repayments to maintain a good credit report and score.

- **Report unauthorised processes**

Credit cardholders are advised to examine the details of their statement carefully and to report any discrepancies to the bank within 14 days from the day of the statement. Unless the bank is notified of the discrepancies within the given period, the detail in your credit card statement shall be deemed as correct and conclusive.

- **Keep your card safe**

Credit cardholders must take all reasonable precautions to keep your card in a safe place and exercise care and diligence to ensure the safety of your card and its PIN is not disclosed to anyone. In the event that the card is lost/stolen and/or its PIN is disclosed, you should call and notify your bank immediately. In the event when your card has been compromised, please call and notify the bank immediately to block or deactivate the card as a safety measure.