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If you are a young adult, chances are that you may be thinking of getting your first credit card. Such banking devices are some of the most powerful financial tools for people, since they give them more purchasing power. However, you always need to know how to use these cards properly before you apply for one. Of course, this is not a prerequisite to getting one. Most banks will give you the card you need without first finding out if you know how to use it properly or how it works. This is the main reason why quite a number of people have trouble with their credit card companies at least once in their lifetime.

One of the most important things you need to keep in mind about credit cards is the credit card interest rates. When you use a credit card to buy anything, you would essentially be borrowing money from the credit card company. When you swipe your card at a point of sale or use it to withdraw money at an ATM machine, the money is transferred from the credit card company's account instead of from your own. This means that this money can be thought of as a loan, and you would have to pay interest on it when you pay your credit card bill.

Different credit card companies charge different credit card interest rates, and it is also common to find that two people using the same bank and credit card company will have different rates. This is because banks use a very complex system to determine how much interest you will pay when you apply for the credit card; it is usually not a standard figure. To make matters even more complex, your interest rate will be adjusted by the bank from time to time according to a number of things.

One of the criteria that the banks use to determine adjustment of your credit card interest rate is your risk profile. If you are the kind of person who pays all his bills on time, your credit card company will see you as less of a risk and would then charge you the minimum interest rate. However, in order for this to happen, it has to be demonstrated over a long period of time that you are capable of paying your credit card bills on time; you should not miss even a single payment.

When you form a habit of delaying on your payments or not paying the full sum, your credit card company will always adjust your interest rate to match your perceived risk to the bank. This usually also makes it hard for you to get an increase in the maximum limit on the credit card. Therefore, one of the things that you may have to keep in mind before getting your card is that in order for you to pay less to use it, you have to pay your bills on time. One of the ways of doing this may be to limit the use of your credit card so as to ensure that the bill is always manageable.

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Tyler - About Author:
a Credit card interest is not a negligible sum so do be aware of the a high interest you are chalking up the next time you waive your plastic too easily!

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