CHAPTER 6 - FINANCIAL SERVICES

CREDIT CARDS AND STORE PROMOTIONS

Credit Card Finance Charges:
- PAYMENT CARD - HAVE TO PAY BACK $ \rightarrow \text{"LINE OF CREDIT"}
- VISA, M/C, AMEX
- PURCHASE ONLINE
- 19 yr. min. age
- DON'T CARRY CASH
- 04\% \rightarrow 29.70

Example 1: Sheng Li has a $4384.76 unpaid balance on his credit card that charges an interest rate of 19.50% per annum. The payment was due on March 23.

a) His minimum payment is $50.00 or 10\% \text{ of the outstanding balance, whichever is more.} What is the minimum he must pay?

b) What will his balance be on April 15?

a) \[ 4384.76 \times \frac{10}{100} = 438.476 = \#438.48 \rightarrow \text{Payment} \]

b) \[ I = Prt \]
\[ = (4384.76 \times 0.1950 \times \frac{24}{365}) \]
\[ = \#56.22 \]
\[ A = P + I \]
\[ = 4384.76 + 56.22 \]
\[ = 4440.98 \]