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Are Credit Cards destroying your Financial Planning?

30 Practical Tips on Credit Card Spends

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ABSTRACT

Credit, in the form of credit cards, is something most of us want, need, and use almost every week of our adult lives. Credit card is an amazing alternative to cash as it allows us to buy goods and services on credit and pay for them later on. We, healthcare professionals viz. doctors, dentists are fond of flaunting flashy and fancy credit cards in front of friends and family, even when it is not in our best financial interest. For some of us, elite cards are more status symbol than bargain. Some of us, though, use credit cards for convenience, so that we can avoid carrying cash in our pockets for purchases like consumables, petrol and household items. Many financial advisors strongly advise to pay cash for everything and avoid credit cards entirely, especially in a cash rich market like India. There are always contrasting viewpoints to that though. The pro side says that credit is important to have and protect and to learn to use wisely. Having good credit is important in a number of ways as we may get the best credit interest rates by having a good credit rating (CIBIL score) and credit history. Credit ratings and history are sometimes also used to evaluate a person's trust-worthiness. The anti side says it is an easy trap to fall in a credit card considering we doctors or dentists are lax in our finances.

So, learning to use a credit card wisely helps us to save money in the long run and avoid the trap of ongoing debt.

Are credit card spends good for our health?

REVIEW

First introduced to the public in 1958-59 in USA and used sparingly for the first few decades, credit cards today have become a permanent fixture in our daily lives especially doctor and dentists. From the convenience of not having to carry hard currency to the luxury of buying what we want, when we want, credit cards promise a whole new world of freedom for us. By definition, a credit card is a payment card issued to the users (cardholders) to enable the cardholder to pay a merchant for goods and services based on the cardholder's promise to the card issuer to pay them for the amount plus the other agreed charges (if any). The card issuer (usually a bank or a financial institution) creates a revolving account and grants a line of credit to the cardholder, from which the cardholder can borrow money for payment to a merchant to make purchases or as a cash advance. A credit card allows the consumers to build a continuing balance of debt, subject to interest, being charged. Apart from providing the much needed alternative to cash, credit cards also offer us benefits in the form of rewards, cashbacks, 50/51 day interest-free period (on an average) and much more. The demand for credit cards in the Indian market is growing rapidly and hence, many of the leading banks have launched plenty of credit card options for the customers to choose from. Most of us don't know that we have a choice between different credit cards as we gleefully accept the credit card offered to us but we should know making a choice is our fundamental right (provided we fulfill the eligibility criterion). Many banks in India actually provide a dizzy assortment of cards that carry specialized benefits ranging from rewards, cashback and shopping to offering miles, fuel and entertainment. Choosing the perfect card can make all the difference between enjoying benefits that are perfect for us, instead of getting those benefits only that are of negligible or no use to us. There is nothing called as the perfect credit card in the world that can be rated number one because that rank depends on one's preferences, choices, needs and tastes.

30 Practical TIPS to use credit cards judiciously

Do we know how to use a credit card wisely for everyday purchases?

Do we choose to use them? Why or why not?



Credit Cards – Are they a menace?

(Image Courtesy: BankBazaar.com)

Our credit card gives us financial independence and convenience like no other financial products. From making that high–ticket purchase to pay our utility bills on time, we are introduced to a world of new possibilities but we should remember that like any other business, credit card companies (read: banks and financial institutions) are also out there to make money. The reward programs might make it seem like that the bank is giving away free money to the user. This, however, is not true as the credit card business is highly competitive and the reward programs are just there to entice the customer, mostly. The rewards and benefits work in the customers favour as long as the customer acts smartly. Unfortunately, the bank’s tactics often involve creating such rules that

take advantage of consumers more and more so don't use the credit cards blindly. Learn about additional fees that we may have to incur and pay off our balance each month to avoid interest. Take advantage of any cash backs or reward points so that we can be sure that our credit cards are acting like the valuable financial tools they ought to be. It is up to the customer to meditate on what sort of reward program he wants to enroll in. For this, we must have an idea about our own spending habits and which reward program will prove to be the most beneficial for us. There are many options in the market and one of which will certainly be best aligned with our needs, so, we have to take our time and research thoroughly. There are many situations where we may have used up credit for a while and perhaps have accumulated some debt or even late payments, so we need to be extra cautious, but for beginners, here are a few unspoken rules and a few much needed tips for using our credit card wisely, help us to get the best that our card has to offer and how a cardholder can be more aware about the credit card safety as well:

- 1. Decide a few aspects before applying for any credit card:** Know what kind of customer we are (nature and taste) and which type of card will benefit us more (for rewards cards angle). Choose a bank that offers us what we require and not let the bank choose us. Research online between different banks or use websites like Paisa Bazaar or Bank Bazaar etc. to make comparisons. Always make an informed decision. If applying for a credit card through a telecaller, don't hesitate to ask for the requisite information in written, ask for the offer document on email and read it thoroughly. We should not let ourselves be pressurized into a wrong credit card. We as cardholders should make sure that the reward system suits our financial needs and our lifestyle.
- 2. Seek out a reputable credit card:** Fortunately, there is a great deal of regulation of credit cards requiring full disclosure of all relevant credit terms being extended by the card issuer. Check interest rates as they can vary considerably depending on our history or lack of one. Check terms, fees (be sure we don't have to pay them) and other variables before we make any written commitments (read the offer document carefully). Check rewards, incentives, bonuses and other variables. If we qualify for any special card mentioned by the company representative, do check the advantages of using such a card.

3. **Read the offer document fine print carefully:** Cardholders must read the fine print (offer document) very carefully that comes with credit cards. No matter how boring it must be, we should read all of it. Reading the Most Important Terms and Conditions (MITC) of the cards helps us select the card, we want to apply for. Many a times the benefits and privileges offered blind us to the downsides of a particular credit card. This could be in the form of high interest rates or a steep reward point conversion fee or an annual fee promised initially as nil in verbal but existent in written.
4. **Limit yourselves to no more than 2–3 cards per person:** Always don't have more than 2–3 cards, preferably 2. A card holder's spouse should have a separate card (if desired) and establish his/her own credit history. The first and foremost aim for any card holder should be to establish credit history and have a proven track record that we can use a credit card responsibly.
5. **Use 'Credit Card' very SPARINGLY:** Use Credit Cards sparingly, but why; after all, isn't credit card, a symbol of flashing our prosperity. Credit card companies often lure us with offers, discounts and cashbacks. We are allowed to buy whatever we want right now and asked to pay for it only later. The credit card companies give us this flexibility because they bank on most of us missing our payment dates and then having to pay the amount we owe with a double digit interest. This interest is the money we are just paying additionally. Avoid that by using credit cards only for emergencies or at least sparingly. Also, when we spend through our credit cards, we will have to pay back from our bank account, thereby, reducing our own capital (also known as the Jamaa Poonji). Most of us still don't 'show' our full income in our IT Return, which means, we do have some (or much) unaccounted money, which we can't deposit in our account to 'show' that and paying from bank account is further going to reduce the capital. So, credit cards should be used sparingly and wisely.
6. **Controlling your desires:** There is no limit to what a heart of a person can desire especially when it comes to being spend thrift. Controlling our expenses and spending only as much as we can comfortably repay in full at the end of the month

should be the requisite norm. If we can't do that, opt for payment in EMI's where the interest charged is comparatively lower at 12%–18%.

7. **Use credit cards for your usual purchases:** Using credit cards for our normal purchases makes sure we earn the rewards that would otherwise have been looked over. Do not over spend on things we don't need just to earn reward points though.
8. **Sticking to your budget:** When making monthly purchases, use credit as a convenience only and stay within the marked budget. Spending only what can be paid back easily is the best bargain. Pay off the bill in full, each month and always. This should always be our goal for routine purchases made like groceries, entertainment, leisure and petrol/diesel. There should be a conscious effort always to control expenses by sticking to a fixed budget.
9. **Maintain a low credit utilization ratio:** It is the percentage of credit limit that we use on our credit card. A healthy credit utilization ratio is anything less than 30%, for e.g. if our card has a limit of Rs. 2 Lacs, a healthy credit utilization ratio is less than Rs. 60,000 (30%).
10. **Know the important limits and milestone markers of the credit card:** Many credit cards offer annual fee waiver on meeting a certain amount of annual expenditure. Some others offer bonus reward points on passing an expenditure milestone. Knowing the limits and milestones associated with our credit card helps us maximize the potential returns associated with our credit card.
11. **Track your purchases always:** Keep accurate records and retain receipts at least till monthly statement is generated and paid up. Otherwise, also we can track our spending on a notebook, an excel spreadsheet, expense software or an app. We should be crystal clear to know what we owe to the bank or financial institution before the statement arrives (at all times, really) and be able to tell if there is an error in our statement. Check the bills each month to verify accuracy of transactions as well as rewards, such as reward points or cash back.
12. **Keep your cards active to maintain a healthy credit score:** Keeping the cards active even if we don't use them. Revolve usage over 2–3 cards to maximize the credit-free period extended to each one of them.

13. **Smartly and timely use your reward points:** Spend only when we must as per our budget and always timely encash the reward points every 1–2 years and that too smartly, on things we need and not just for the sake of it or without getting obsessed. If the credit card company allows, adjust the reward points against the bill payments as cash points.
14. **Take advantage of the card promotions offers on special days:** Look for and take advantage of all the credit promotions on the credit card but never extend or obtain credit simply because of the promotional offers.
15. **Do not change your credit card too often:** As tempting as these can be, always keep in mind that we should not change our credit cards like we change our socks. Too much of this activity can affect our credit score and make it difficult to track our spending. That being said, sometimes a change is necessary, whether it is for better customer service or better offers and card reward points. If our existing bank fails to meet our needs for any reason, we should not hesitate to end the relationship and move on. So, the tip here would be that when we shift our spending to a different card, try to keep our dormant account open until the annual fee is due. This will maximize the average length of our credit history and in turn, improve our credit score.
16. **Non-Annual or renewal fee credit cards:** Many credit cards charge an annual, fixed fee just for the privilege of having credit extended to us from the company sponsoring the card. Annual fees can often be avoided entirely by shopping for a credit card that guarantees no annual fee or renewal fee.
17. **Ask for a lower interest rate:** Once we start building a good history (usually after one year), we can ask for a preferential lower interest rate which is usually almost always granted by the bank or the financial institution if our credit history has been good.
18. **Avoid cash withdrawals as much as you can:** This is a very costly option so it is best to avoid cash withdrawals, except in an acute emergency. Also, don't make too many small withdrawals and best practice is to withdraw the amount once as per the mentioned cash limit without crossing it. Repeated small withdrawals can lead to

higher fixed charges as well. So, avoid cash advances at all costs and please remember strongly that our credit card is not an ATM.

- 19. Preferably don't use your credit card overseas:** Most credit cards issued in India are accepted across the globe, but it does not mean that we should use them in any country without knowing the charges associated with it. Whether online or offline, always keep in mind that using credit cards abroad attracts currency and network-based charges, such as mark-up fees or foreign currency transaction fee, cash advance fees, which is charged as per the transaction's value including the mark-up charges applicable, etc. (Markup charge is basically the difference between the input cost and the final output cost which creates profit for the company. It is decided on the basis of a certain ratio which is calculated from the cost of a good or service and its selling price). This process inculcates huge amount of transaction charges overall as well. If we use our credit card abroad, we would need to pay back in the currency of that country only. In this case, a conversion fee will also be applicable. The network will automatically charge anywhere between 1–2% fee on foreign currency exchange and anything in excess will be a small margin of profit for the select bank, if any. In addition, lenders also charge a foreign transaction charge. This can range from anywhere between 1.5–3.5% of the total transaction. While this may not seem a lot for smaller transactions, for big ones these can run into several thousands of rupees. Cash withdrawals can also cost us anywhere between 1–4% fee in addition to the standard cash withdrawal rate for our credit card. So, it makes sense to carry cash or a travel card whose charges are muted compared to our credit card. Although some may argue, but if we are a frequent traveler, opt for a credit card that has a minimal transaction fee or a card that offers a 'No Foreign Transaction Fee' option. Also, selecting a card that rewards us heavily for foreign transactions so that the transaction fee can nullify when redeeming those rewards. So the tip would be to choose a fee free card on our travels and deny our credit card company, the opportunity to take our money.
- 20. Keep checking the CIBIL or credit score once a year minimum:** Check the CIBIL (Credit Information Bureau [India] Limited) score or credit score at least once a year to ensure accuracy. Many websites like paisa bazaar check the same for

free every month for us (just be sure we aren't signing up for any paid services in the process) otherwise we can request via online banking or physically requesting bank to do, they will get the same for a charge of around ` 500–600. Be aware that this may not be the same credit rating as the one lenders use, but it should give us a good indication generally.

21. **Minimum payment is necessary every month to keep a 'clean card':** Ideal would always be to pay all bills on time and in full as per the monthly statement. We can do an ECS with our bank to pay the card bill by a certain date every month. Even one late payment can raise our interest rates on certain credit cards. If we are having cash crunch and are strapped for money, at least, pay up the minimum charges so that there is no penalty or similar charges. Paying the minimum amount due would harm us in more ways than one. The biggest negative aspect of paying just the minimum amount due is the accumulation of high interests because the minimum amount due is just about 5% of the total amount due and the interest on the unpaid amount would be very high. This also implies that we would find ourselves in a debt trap in the near future. On the flip side a positive is also there that paying more than the minimum amount due would also help us maintain a low credit utilization ratio, which, in turn, would help us in building a solid credit history. Paying in full means we don't pay a penny of interest and we also gain interest on the cash we hold on to from the time we make our purchase, to the time, our statement becomes due for payment. That is roughly up to 50–51 days in interest gains on our own cash which we use for making payment.
22. **Hold off purchases close to billing cycle:** Avoid making a non-essential purchase while we are still in credit card debt. A perfect approach would be that when we get towards the end of our cycle, it pays the best to hold off on major purchases, as by delaying our spending just for a few days, we can gain an additional month of time (50–51 days actually) until our payment gets due for that purchase.
23. **Timely repayment of dues is extremely important:** One of the primary points to bear in mind is the timely repayment of the credit card dues. This is crucial because our experience of using credit card depends on it. We should always ensure that the card dues are paid by the due date.

24. **Not sharing card details:** Never divulge credit card PIN and other vital details (including CVV number) to any telecaller or anyone else. Don't give the card for swipe or punch if the EDC machine/terminal is not in view because that makes it an easy prey to card skimming, cloning or simulation. Check the amount to be paid always before punching in the PIN in the EDC terminal.
25. **Keep safety as priority for your credit card:** For the security purpose of our credit card, the banks allow us to set a limit on the transactions carried with it. This implies that transactions that surpass the set limit would not be processed and we would result in a failed transaction. This facility is particularly helpful when used for international transactions as international transactions demand tighter digital transaction security. We may also switch off the international transaction facility on our card if we feel like doing so by contacting our card issuer. Some banks also allow us to entirely switch off the card if we are not using it and if we decide to use it again, we can switch it on and carry out our transactions. However, the process of switching the card on and off differs from bank to bank. We can set the transaction limit on the card by contacting the bank or through our net banking account. By using these facilities smartly, we can protect our card and the card details from fraudsters and save ourselves from unnecessary financial hassles.
26. **Always report a loss of credit card timely:** In the unfortunate event of loss of the credit card, we need to report the same to the card issuing bank immediately. We also need to report to the bank if we feel that the credit card details are no longer safe and some other individual has access to it. Also, in cases of a suspicion about an unauthorized transaction with the card, we need to get the card blocked immediately. Most credit card issuing banks give us the facility of blocking the card directly through their net banking facility or mobile banking app. To report any unauthorized transactions, we can call the customer care centre of the bank and report the whole incident to them. It is always wise to have the credit card customer care number saved on the phone always. For most cards, the customer care number is printed on the back side of the card. Once the call is answered by any representative of the bank, request them to block the card and initiate an investigation on the fraud. We should also file a report with the local police station

and retain a copy of the same report and also keep following up with the bank on the matter until it is sorted out.

27. **Monitor your credit limit:** It is always better to have an optimum credit limit. This decreases the amount of risk exposure. It is better to stick to a self determined credit limit and reject credit limit increase proposals from your card issuer.
28. **Mentioning the annual card usage above Rs. 2 lacs in IT return:** If the amount you spend exceeds Rs. 2 lacs per year, you are required to mention the same in your tax return. Therefore, monitor the total usage of your card during each financial year.
29. **Do not pay surcharge:** As a mandatory policy, the merchants are not authorized to demand surcharge on the customer purchases. Therefore, never pay a card surcharge.
30. **Finally, don't get caught in the "Credit Trap" at all:** There is nothing called as using the term 'wisely' if you ask me. Always think from the point of view of all the costs of credit. In selecting or keeping a credit card, make sure we know and understand all the costs, rates and fees involved along with finance charges which vary widely. If we plan to maintain an outstanding balance on our credit card, make sure to find the best interest rate on a card that meets our needs. Many cards offer us a low "teaser rate" for a specified period and then dramatically increase the rate we pay on outstanding balances. Some base the minimum monthly payment on a loan term that if the minimum payment is made consistently, could keep us in debt for many years. We, doctors or dentists are more prone to such financial malice's as after years of studying, exams and struggling on a tight student's life budget; we are ready to be extravagant when we start earning well. Doctors/dentists have high salaries/incomes that they think it okay to spend accordingly and just because of that many of them spend their money on adventures that at least show them appearing richie-rich viz. nice vacations, expensive cars and a large house (sometimes on even further loans). A few common reasons which apply to doctors and where most people struggle include a lack of financial knowledge, poor financial regimen followed by them and a lack of vision of a long-term perspective. How we use credit says a great deal about our style of

money management. If we would like to learn ways to reduce our dependence on credit, pay down current debts and save or invest that money instead, that would be best for us always. Tax treatment of interest unlike the interest paid on most home loans etc., the interest paid on credit cards is not deductible from our taxable income. So, think and choose wisely.

Are CREDIT cards the new menace?

Credit cards are a source of added comfort to us if used in a right way and can offer us maximum convenience and benefit, but if abused (used wrongly), they become a financial mystery. We forget to budget our expenses when using credit cards and use it haphazardly at every possible instance without bothering about the billing cycle and date forgetting to take the advantage of the grace period or the free credit period as it is called by some. Overspending is one of the biggest menaces associated with credit cards where we tend to buy even those things which we 'might' not actually need even and are bought plainly for the reason that paying back of money has been postponed to a future date. Another fault on our side has always been trying to pay on the last date at the last hour (typical Indian habit) which maximizes the chances of default from our side and makes us prone to late payment fee. Flashing and flaunting multiple credit cards by doctors and dentists is in vogue which basically increases the risk exposure of loss or theft on to a higher side. We always wrongly think credit cards to be an additional source of money; rather we forget that they are only tools to make use of the current funds in an effective way. If short on money, a better option is a personal loan rather than credit card withdrawal because of its much less rate of interest than the normal revolving credit facility of the credit cards. Another aspect people normally fall prey to is to enhance credit limit after call of telecallers from the bank or company end. The better option is always to have an optimum credit limit which decreases the amount of risk exposure. The best alternative as always is to stick to a self determined credit limit and reject credit limit increase proposals from the card issuer. As Indians, we are very less fond of reading and rarely read the offer document containing terms and conditions before using the credit card. There are so many of the hidden terms and conditions which we as customers ignore and end up having losses. Some time spent in reading the terms and conditions can save us a lot of money. One of the commonest mistakes done by us is forgetting to

mention our annual spends in the IT return if the same exceed ` 2 lacs per year. It is mandatory for merchants to not demand surcharge on the customer purchases which we forget and sometimes pay also increasing our financial burden. We also have to ensure that we think of cash back and reward points as an additional bonus and do not get obsessed with them just for the sake of it as many colleagues indulge in over spends just for the sake of freebies associated with reward points without thinking practically. What I personally feel that credit card is like an addiction to many of our peers and colleagues (doctors and dentists) who use it to show how spend thrift they are to themselves primarily (because of low social esteem) and obviously flashing an flaunting it to the rest of the world, secondly as well. They just can't imagine their life without the magical plastic and just a thought of credit cards being lost or stolen; they find themselves panicking and distraught.

DISCUSSION

It might be difficult to deduce for a few of us whether Credit Cards are our friends or enemy as there are pros and cons for both aspects discussed above. There are good reasons why credit cards have a bad reputation. If we are not careful with them, we could end up in a world of hurt. The interest rate on credit cards averages 41% in India, meaning that some have rates ranging from 36% or as high as even 48%. Credit cards become our enemy when we make just the minimum monthly payments. Do this and we could end up paying twice as much for everything we buy. Sometimes, a mini refrigerator we bought for our beer bottles for ` 20,000 in 2015 and if we have been making just the minimum payments all those years it could actually now be costing us ` 40,000 in less than 4 years. According to various studies, there is an improvement in the way credit card holders are paying up their balances in India because apparently, more people are striving to pay beyond the minimum requirement which is actually one of the best ways that we can save money on our credit card purchases. The problem with the minimum payment is the compounding interest, which a few experts call as the eighth wonder of the world and one of the most powerful forces on earth. We will never become a victim of this eighth wonder if we pay off our credit cards at the end of every month, but if we don't, we will be paying interest on interest, which is compounding at work and in nature. Here is an

example of what happens if we buy something for ₹ 10,000 and it accrues around 5% interest every month. This debt will cost us ₹ 500 the first month ($0.05 \times 10,000$). This will be added to our original ₹ 10,000 debt so we now owe ₹ 10,500 of debt. The next month we will again be charged 5% interest, which comes out to ₹ 525 ($0.05 \times 10,500 = 525$) so that we now owe ₹ 11,025 ($10,500 + 525$) in debt. While this is a very rudimentary example that does not factor in any minimum payments it does show the power of compounding interest and the effect it can have on our finances. I am giving another example of compounding interest that does take minimum payments into consideration. Suppose we owed ₹ 20,000 at 5% interest and made a minimum payment of ₹ 1000 (usually, 5%) and if the bank incurred around minimum ₹ 500 as a monthly penal charge, can we imagine how long it would take us to pay off that ₹ 20,000? The answer is roughly 36 months (3 years) and we would pay ₹ 16,000 as interest or more that we borrowed. On the flip side, credit cards can be our good friends in need as well if we do use them sensibly, In fact, we can actually use them to earn by spending. It might sound a lot like the old and sounds too good to be true, but infact, it is true. It is very hard to earn money on our money these days thanks to the fact that the bank interest rates on savings are so low. Bank deposits offer not more than 7% interest rate on a 12-month FDR. If we invest ₹ 10,000 at that 7.11% (yearly compounded average) it would earn us ₹ 711 at the end of those 12 months. Putting that money into a savings account at a bank would be even worse as they are generally paying around 3.5–4% only. So, we would be thinking, how could we earn by spending on a credit card? Today's super-low interest rates have created a situation where instead of saving money we might actually be able to earn more by spending. This is actually a two-step process. First, we should, of course spend only what we can afford. If we don't have a budget, we will definitely need to create one and stick to it. However, if we can make and stick to a reasonable budget we could put all our purchases on one of the cash back credit cards where we would actually earn the equivalent of 5% on our spending (on an average). This is because most of them offer at least 5x cash back with the opportunity to earn 10x–20x on certain purchases as well. If we were to put ₹ 10,000 on a credit card with 2x cash back we would earn ₹ 200 or more than we could earn by putting the same amount of money in a savings account. While we can't put the really big-ticket items like our housing loan payment on a credit

card, but we can definitely put all our groceries, petrol/diesel, clothing, travel and even some of our recurring expenses such as our cell phone or cable bill on the one that offers us cash back.

CONCLUSION

The bottom line of credit cards is that they are our friends and enemies both, much like opportunistic infections and a better word for them would be frenemies. If we treat them with respect and use them wisely they can be our friends. When it comes down to it, credit cards are a tool. As long as we are finding the right card for our situation, taking advantage of the rewards and not allowing ourselves to carry a balance month to month, using a credit card can be a great benefit. We can also earn money by using them and they are certainly a more convenient way to pay for things than carrying a big wad of cash or even making cheque payments, but beware, they can be our worst enemies as well. If we find that we are becoming lost and unorganized in a maze of points, restrictions, spending goals and so forth, credit card may not be the right thing for us. Also, if we don't use them wisely by running up big balances we can't pay off immediately, failing to make our payments on time or making only their minimum payments, we are doomed for long for sure. RBI data shows credit card outstanding amount of ` 42,100 crore at the end of May 2016. The recent figure would be much higher for sure. Don't be one of those people. Getting buried under a load of debt can literally cause us physical as well as financial problems. Many people have more than one credit card and few even carry up to 12. Try not to use more than 50% of our total card limit. One may also put such a limit as a mobile or email alert so that purchases can be monitored. As I said above, remember credit card records and history is shared by banks with the credit bureaus in the country. Higher usage or irregular re-payments may impact our credit score negatively. Personal finance experts spend a lot of energy trying to prevent us from using credit cards and with good reason. Many of us abuse them and end up in debt. But contrary to popular belief, if we can use the plastic responsibly, we are actually much better off paying with a credit card than with a debit card and keeping cash transactions to a minimum. So, always make sure that the credit card/s we sign up for is working for us and not against us.

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