

Chapter 3
Consumer Credit

Section 3-5

Credit Cards

**Objective:
Determine**

Compute

What are the advantages of using credit cards?

- No need to

- If used correctly it

- You have a

-
-
-

What are the disadvantages of using credit cards?

-
- If used incorrectly it

-
-

Example 1

Frank lost his credit card in a local mall. He notified his creditor before the card was used. However, later in the day, someone found the card and charged \$700 worth of hockey equipment on it. How much is Frank responsible for paying?

- You are not responsible for any charges that occur

- You are responsible up to a maximum of _____ for any charges that occur

Example 1 – You Try It!

Carrie's credit card was stolen. She didn't realize it for days, at which point she notified her creditor. During that time, someone charged \$2,000. How much is Carrie responsible for paying?

Example 4

Rebecca pays a finance charge on her average daily balance of \$15,441.60. Her APR is 18%. What is her finance charge for this billing cycle?

Finance Charge =

Assignment 3-5

Read Pages 179 to 183

Do Page 184: #2-4, 5b (ADB: \$1,480.78),
8, 9c (ADB: \$5,712.04), 9e (ADB: \$878.71),
10, 11, 14a