How Credit Cards Work

Money

The billing cycle, the grace period, and how to pay no interest at all.

A revolving credit line with a monthly statement. Purchases made during a cycle are interest-free until the payment due date, provided the full statement balance is cleared.

GRACE PERIOD	MINIMUM	CASH ADVANCE
~45–56 days	~1% + interest	no grace

- The grace period applies only if the full statement balance is paid.
- Carrying any balance usually removes the grace period on new purchases.
- Cash withdrawals normally accrue interest immediately, with a fee.
- The minimum payment is designed to extend the debt.
- Credit utilisation affects your credit score.
- Section 75 or chargeback protections can apply to card purchases.

LOOK FOR IT

A purchase on day one of a cycle can be interest-free for up to eight weeks, if the balance is cleared.

General education, not financial advice. Used in full each month, a credit card is a free short-term loan with purchase protection.