

Making the most of PLASTIC MONEY

ABRAR HOSSAIN

Plastic money is not a new concept in Bangladesh but debit and credit card penetration in the country has been creeping along over the years due to a lack of awareness of their benefits coupled with a deep-seated fear of falling into a perceived debt trap.

However, with a few simple tips and tricks, just about anyone can avail of plastic money services to improve their spending habits and purchase a luxury or two at the same time without having to give an arm and a leg in the process.

First off, using debit and credit cards intelligently is all about managing your finances. But when it comes to cash purchases, this entails keeping track of your receipts in what can only be described as a cumbersome procedure,

Pointing to how carrying and counting large sums of cash is not only time-consuming but risky, Rahman stated that cards can be used intelligently in this area as well. This is because almost all large transactions, even purchasing cattle, are currently conducted digitally to reduce the chances of theft or being handed fake bank notes. Furthermore, Rahman explained that having internationally enabled debit or credit cards is a vital resource for expats as they can use funds from their local bank to finance purchases abroad.

When talking about credit cards in particular, he also uttered, "They offer a host of benefits, such as reward points, discount facilities, deferred payments, and lounge access at airports."

"However, it is necessary to be mindful of your credit utilization to avoid debt, making it crucial to choose the right card as per your needs," said Syed Mohammad Kamal, Country Manager of Mastercard Bangladesh.

"Mastercard prioritizes security and convenience for cardholders, empowering them to maximize their card usage. Whether for travel, shopping, or other purposes, Mastercard's diverse range of cards and solutions cater to every demographic segment, offering unmatched benefits and rewards," he further added.

To make the most of a credit card, Kamal suggests leveraging its benefits such as cashback offers, merchant discounts, reward points, and potential annual fee waivers based on transaction patterns.

"By aligning their transactions with these offers, cardholders can maximize value," he commented.

In Bangladesh, Mastercard tries to continuously enhance cardholder experiences through campaigns and promotions, offering exceptional rewards. Thus, staying informed and engaged in these campaigns

will provide cardholders with an unmatched experience.

"In short, choosing the right credit card, leveraging benefits, and active participation in promotions ensure efficient and optimal card usage, delivering both financial savings and enhanced experiences," Kamal added.

Similarly, Mohammad Razimul Haque Razim, Head of Cards at City Bank PLC said, "Cards can play an imperative role in improving people's lives if they make use of the benefits on offer. Credit card holders can enjoy airport lounge access, 'Buy One, Get One' offers, convert high volume transactions into 0% interest EMIs, and avail special deals year-round."

Razim noted that other than earning reward points or cashback on all purchases, clients can receive emergency loans from credit cards.

"Our debit cards also provide 1 percent cashback for all purchases. So, a customer's lifestyle will undoubtedly improve if they can fully utilize these value propositions," Razim further mentioned.

Regarding the culture of fear that credit cards are a debt trap, Razim assured this concern is understandable but rather unfounded.

"The reasons for this fear can be attributed to three reasons: high interest rates, hidden charges, and difficult terms and conditions. Now, let's look at each item separately," he said.

A credit card's maximum interest

rate is indeed 20 percent whereas the maximum interest rate on other consumer loans is 13.11 percent as of March 2024.

But, with credit cards, clients do not have to pay interest at all if dues are cleared within the payment deadline or the purchase is paid under a 0 percent easy monthly installment (EMI) facility. That means you have the option of utilizing a maximum 45-day interest-free credit period.

"In fact, more than 70 percent of our credit card customers do not pay any interest at all. Hence, the idea that credit card's interest rate is very high for all users is not at all true," he added.

Regarding the hidden charges, Razim assured that all charges are clearly detailed in the bank's Schedule of Charges section.

He further ensured that all the terms and conditions of City Bank's card issuance, offers, campaigns, and any other initiatives are clearly explained in customer communication channels, such as application forms, Facebook posts, and so on.

"Thus, it is not true that credit cards are a debt trap as customers can benefit from rewards programs, more convenience, and other features of using credit cards if used properly with the necessary understanding," Razim said.



PHOTO: PRABIR DAS

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according to Md Abed Ur Rahman, Vice-President and Head of Cards at Midland Bank Limited.

On the other hand, card transactions are automatically recorded and can be reviewed by the user at their convenience through the specific bank's mobile banking app or website.

"This helps track spending and can, therefore, greatly influence spending behavior, citing how seeing real-time changes to one's bank balance helps people budget for future expenses. Hence, the client can avoid overspending by determining their spending habits and improve their financial literacy at the same time," Rahman mentioned.



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