

A Question of Timing

Time your purchases carefully and get interest-free credit for longer periods.



MORE POWER IN YOUR HANDS

Here's an illustration of how you could juggle cards to get credit up to 51 days.

Graphic: RASHMI

CARD	BILL DATE	DUE DATE	BEST TIME TO USE
CARD A	15 May	4 June	13 to 22 May
CARD B	25 May	14 June	23 May to 2 June
CARD C	5 June	25 June	3 to 12 June

SANDEEP RUPAREL

That little 3-by-4-inch piece of plastic you carry in your wallet is more than just an alternative to cash or a status symbol. Go beyond the momentary security and pride that it lends. By using it smartly, you could get upto 51 days of interest-free credit. Here's how to stretch your card.

Remember the bill date. The bill date is printed on the monthly credit card statement that you get. If the date is the 20th of every month, time your purchases from the 18th onwards. Banks prepare bills for all purchases made up to two or three days before the bill date. So the last few purchases would not be included in the bill, and you would enjoy a credit period of up to 51 days—compared to the normal 30 days. For example, if you buy a week before the billing date, you get about 26 days credit; but if you do it a week later, that is, closer to the bill date, your credit period will be about 50 days—almost double.

Get more cards. A smart move would be to get more than one credit card. Juggling the bill dates and due dates can give you credit periods up to 51 days (see table). You might argue that the maximum credit you can get on one card is anyway 51 days, so why bother. Two reasons. For a single cardholder, buying something really important, say, a week before the bill date will result in it being included in the bill about to be prepared. With two cards, you can get separate 51-day credit for purchases made at different times.

Besides, to prevent default you have to pay at least 5 per cent of the bill amount within 20 days of the bill date. After this, the bank charges interest on the unpaid amount at the rate of 2.5 to 2.95 per cent a month, depending on the card. So it is best to stop using your card until you repay the sum and interest. That's because, once your money is in revolving credit, banks



Yogishwar's is a successful real-smile story about smart-timing two cards.

start charging interest on every transaction made. A second credit card comes in handy at times like this.

One such smart user is Seema Yogishwar. Says this 26-year-old college lecturer: "On an average, I always manage to get credit for more than 45 days, using both my cards."

Whether you are buying a consumer durable or eating out, do it all within 15 days of the bill date of the first card. Start using the second card just before its billing date, and stop using the first. That gives you free credit for longer than if you were using only one card. Of course, using two cards involves paying annual charges twice. But if you use a credit card to make most of your payments, an annual service charge in the range of Rs 400 to Rs 900—depending on the card you choose—is justified.

The key to getting really long credit periods is to ensure that the billing dates of the

two cards are at least 15 days apart. Take a chance, and apply for a second card 10 days after the bill date of your present card. Depending on the bank you apply to, it could take one to three weeks for the application to be processed. Of course, you may be unlucky and may end up with a card whose billing date is very close to that of your first card. Relax, you can always refuse it and reapply. Just ensure that you don't use the card before refusing; otherwise you would have to pay the annual fee.

Unfortunately, you cannot ask for a specific bill date. "We often get requests from customers to change their billing dates. But we refuse, as that requires us to change our system and records," says the head of the credit card division of a Mumbai-based foreign bank.

And, the next time you reach for your card, just remember one word: timing. ■

■ Anjali Dhingra