

Chapter 2

Consumer Credit

What is consumer credit?

- Consumer credit is a type of **credit** extended to **individuals** for purchasing consumer goods and services.
- **Credit** is any arrangement by which one obtains money, goods or services now, and agrees to pay for them later
- This kind of financing is usually **unsecured**.
- It can also be defined as a non-mortgage **personal loan**.
- Consumer credit is popular among average consumers because:
 - It allows consumers to buy **expensive** items.
 - Consumers do not need to carry a large amount of **cash**.

Types of consumer credit

- There are several common types of consumer credit in Hong Kong:
 - Credit cards
 - Overdrafts
 - Lines of credit (Revolving loan)
 - Instalment loans

Credit cards

- Credit cards allow cardholders to purchase goods and services on **credit**.
- By using their credit cards, cardholders can borrow money anytime to purchase goods and services up to a **pre-approved** amount.

Characteristics of credit cards

- Credit cards are convenient for consumers because they can make purchases without having cash or cheques on hand. Cardholders just need to sign a **sales voucher**.
- Credit cards do not involve a fixed **deadline** or number of **payments** for repaying the loan in full.
- This means that consumers can repay the loan by **irregular** or **lump-sum** payments.
- Consumers have greater **flexibility** in repaying the loan.
- Cardholders receive a **statement** from the issuer every month. This contains a list of **transactions** which the cardholder has made with the credit card over the period.
- Upon receiving the statement, cardholders can decide whether to pay the balance in full. **Interest** will be charged on any **unpaid** balances.

第 2 章

消費者信貸

消費者信貸是甚麼？

- 消費者信貸是一般消費者購物時常用的貸款方式。這種信貸供**個人**購買消費品和服務。
- **信貸**是一項財務協議，讓借款人即時獲得金錢、貨品或服務，而借款人同意於日後償還。
- 消費者信貸通常是**無抵押**的。
- 它亦可定義為非按揭**個人貸款**。
- 一般消費者購物時經常使用消費者信貸，因為：
 - 消費者信貸讓消費者能購買**昂貴**的物品。
 - 消費者毋須攜帶大量**現金**。

消費者信貸的種類

- 香港常見的消費者信貸有幾種，分別是
 - 信用卡
 - 透支
 - 信貸限額 (循環貸款)
 - 分期付款貸款

信用卡

- 信用卡讓持卡人可以**信貸**購物。
- 持卡人可在**預先批核**的限額內隨時借款購物。

信用卡的特點

- 使用信用卡購物十分方便，因為持卡人毋須即時繳付現金或支票，只須在**銷售單據**上簽署。
- 信用卡不設全數償還貸款的**限期**，也沒有規定**分期還款**的次數。
- 消費者可**不定期**或**一次過**償還款項。
- 持卡人可享有更大的**還款彈性**。
- 持卡人每月會收到發卡機構所發出的**結單**，列出持卡人在過去一個月內的**信用卡交易**。
- 持卡人收到結單後，可選擇是否全數償還款項。如持卡人未能還清款項，發卡機構會按**結欠餘額**收取**利息**。

Credit cards

Process of credit card consumption:

1. After dining at a Chinese restaurant, Mr Wong paid the bill using his credit card.
2. The restaurant captain asked Mr Wong to sign the sales voucher.
3. One copy of the sales voucher was given to Mr Wong, one was kept by the restaurant for its records, and another copy would be sent to the bank.
4. The restaurant sends sales voucher copies to the bank every day. The bank will handle the transactions and settle the amount owed to the restaurant later.
5. At the end of a period, Mr Wong receives a credit card statement listing all the transactions made with his credit card.

Types of credit cards

- **Visa, MasterCard and American Express** are the major credit card operators in Hong Kong and around the world.
- Their cards are issued through **banks** and are widely accepted by merchants.
- Affinity cards are credit cards that are **jointly offered** by two organisations.
 - One is a financial institution, usually a bank; the other is a non-financial group.
- Affinity cardholders can enjoy **discounts** and other benefits from purchases with their credit cards.

Advantages and disadvantages of using credit cards

Advantages

- **Convenience:**
 - **Worldwide acceptance:** Cardholders do not have to carry **different currencies** when they are travelling overseas
 - Avoid **delaying a purchase** due to a lack of cash.
- **Safety:**
 - Cardholders do not have to carry a large amount of cash with them.
 - This reduces the risk of **theft** and **robbery**.
- **Privilege:**
 - can enjoy **discounts** or **special gifts**
- **Repayment flexibility:**
 - Credit cards do not involve a fixed deadline or number of payments for repaying the balance in full.
 - Can purchase goods or services without paying cash instantly.

信用卡

以信用卡消費的過程：

1. 王先生在酒樓用餐後以信用卡結帳。
2. 酒樓部長請王先生在單據上簽署。
3. 單據有三份副本，一份交予王先生，一份保存在酒樓以作記錄，另一份則送到銀行。
4. 酒樓每天把單據的副本送到銀行。銀行會處理有關交易，並在其後向酒樓償還相關款項。
5. 王先生會在期末收到一份信用卡結單，詳列其信用卡的交易資料。

信用卡的種類

- **Visa、萬事達卡**和**美國運通**是香港以至全世界最大的信用卡營辦商。
- 它們透過**銀行**發行信用卡，它們的信用卡均廣受零售商所接受。
- 聯營卡是由兩家機構**聯合推出**的信用卡。
 - 其中一家是金融機構，通常是銀行；另一家則是非金融團體
- 聯營卡持有人在指定的商號以聯營卡付款，可享有**折扣**和其他優惠。

使用信用卡的好處和壞處

好處

- **方便:**
 - **世界通行:**持卡人在海外旅遊時毋須攜帶**不同國家的貨幣**。
 - 可免卻因現金不足，而**延遲購物**。
- **安全:**
 - 持卡人毋須隨身攜帶大量現金。
 - 這可減低被**偷竊**和**搶劫**的風險。
- **優惠:**
 - 可享**折扣**或**特別禮品**優惠。
- **靈活還款:**
 - 信用卡不設全數償還貸款的限期，也沒有規定分期還款的次數。
 - 可購買貨品或服務而毋須即時付款

Advantages and disadvantages of using credit cards

Disadvantages

○ High interest rate:

- If cardholders choose not to pay their credit card balances in full within the **interest-free** repayment period, they have to pay high interest charges.
- Therefore, consumers who lack **self-discipline** may get into serious financial trouble.

○ Risk of credit card abuse:

- As cardholders do not have to settle payments **immediately**, they may be tempted to buy more than they should.
- These people mostly end up filing for **personal bankruptcy** as they are unable to repay their debts.

○ Rejected by certain shops:

- Some shops may refuse to accept credit card payments for transactions of **low-value** products.
- Some shops do not accept credit cards at all.

Overdraft

- An overdraft occurs when a bank customer withdraws **more** money than he has in his bank account.
- The bank charges interest **every day** based on the client's overdraft amount.
- An overdraft facility enables customers to obtain **short-term** funding.
- However, the amount borrowed cannot exceed a **pre-approved** limit.

Advantages and disadvantages of using overdrafts

Advantages

- Overdrafts prevent a cheque from being **dishonoured** due to careless mistakes by the account holder.
- Overdrafts provide short-term **liquidity** to individuals who are temporarily short of cash.
 - Unlike other types of consumer credit, overdraft facilities allow consumers to borrow money for as short as **one day**.
- Overdraft facilities do not involve a fixed deadline or number of payments to repay the loan in full.
 - Consumers only need to settle the **monthly minimum payment** on time. This gives them greater **flexibility** in repaying their loan.

Disadvantages

- As overdrafts give consumers flexibility in repaying their loan, they can be a trap for creating **debt** if used improperly.
- The interest charges on overdraft facilities are relatively **high**. Therefore, they should not be used as a way to obtain a **long-term loan**.

使用信用卡的好處和壞處

壞處

○ 高利率:

- 假如持卡人選擇不在**免息還款期**內全數償還信用卡的結欠餘額，便須繳付高昂的利息。
- 因此，欠缺**自律**的消費者很可能因此陷入財政困難。

○ 容易濫用信用卡:

- 持卡人以信用卡購物，毋須**即時**付款，可能因此過度消費，出現入不敷支的情況。
- 最終，持卡人可能由於無力償還債務而要申請**破產**。

○ 個別商店拒收:

- 有些商店可能不接受顧客以信用卡購買**廉價**貨品。
- 有些商店更加完全不接受信用卡付款。

透支

- 透支是指銀行客戶從帳戶提取的金額**超出**其存款額。
- 銀行會就客戶的透支金額**每日**計算利息。
- 透支服務幫助客戶獲得**短期**資金。
- 然而，貸款金額不能超過**預先批核**的透支上限。

使用透支服務的好處和壞處

好處

- 透支服務避免帳戶持有人因一時疏忽而遭銀行**拒付**支票。
- 透支服務為帳戶持有人提供短期的**流動資金**.
 - 與其他消費者信貸不同，透支服務的貸款期可短至**一天**。
- 透支服務不設全數償還貸款的限期，也沒有規定分期還款的次數。
 - 消費者只須準時繳付每月的**最低還款額**，可享有更大的**還款彈性**。

壞處

- 透支服務提供很大的還款彈性。假如使用不當，這種信貸方式可能成為累積**負債**的陷阱。
- 透支服務所收取的利息**較高**，我們不應把它視為獲取**長期貸款**的途徑。

Personal loans as consumer credit

Lines of credit (Revolving loan)

- A line of credit (or credit line) is a type of credit that allows consumers to borrow and repay money anytime up to a **pre-approved** amount.
- In Hong Kong, lines of credit are usually called **revolving loans**.

Characteristics of lines of credit

- Revolving loans are usually granted to consumers by **banks** and finance companies.
- As long as the consumer pays the **monthly minimum payment**, he can use as much of the available credit as he likes up to the pre-approved amount.
- Revolving loans do not involve a fixed deadline or number of payments for repaying the loan in full.
- Consumers can repay the loan by **irregular** or **lump-sum** payments.
- Interest is charged only when there is an **outstanding** amount and the credit limit is **restored** after a repayment is made.

Advantages of using lines of credit

- Lines of credit are **convenient** for consumers because:
 - They can borrow money anytime they like.
 - Once the line of credit is **approved**, consumers do not need to apply for a new loan every time they need money.
- Lines of credit do not involve a fixed deadline or number of payments for repaying the loan in full.
 - Consumers only need to settle the **monthly minimum payment** on time. This gives them greater **flexibility** in repaying their loan.
- Interest on lines of credit is usually **lower** than that on credit cards and overdrafts.

Disadvantage of using lines of credit

- As lines of credit give consumers flexibility in repaying their loan, they can be a trap for creating **debt** if used improperly.

消費者信貸中的個人貸款

信貸限額 (循環貸款)

- 信貸限額是一種讓消費者在預先批核的限額內隨時借款和還款的信貸方式。
- 在香港，信貸限額通常稱為循環貸款。

信貸限額的特點

- 循環貸款通常由銀行和財務公司提供。
- 消費者只要繳付每月的最低還款額，便可隨意使用已批核的信用額。
- 循環貸款不設全數償還貸款的限期，也沒有規定分期還款的次數。
- 消費者可選擇不定期或一次過償還款項。
- 循環貸款只會就結欠餘額收取利息，而借款人償還貸款後，其可用的信用額便會自動回復。

使用信貸限額的好處

- 信貸限額為消費者帶來方便，因為
 - 消費者可隨時借款，
 - 只要信貸限額一經批核，毋須再辦理申請手續。
- 信貸限額不設全數償還貸款的限期，也沒有規定分期還款的次數。
 - 消費者只須準時繳付每月的最低還款額，可享有更大的還款彈性。
- 信貸限額所收取的利息一般比信用卡和透支服務的低。

使用信貸限額的壞處

- 信貸限額提供很大的還款彈性。假如使用不當，這種信貸方式可能成為累積負債的陷阱。

Instalment loans

- Instalment loans are loans with a fixed number of payments for repaying both the **loan principal** and the interest.
- Such loans are also called **instalment credit**.

Characteristics of instalment loans

- Instalment loans are granted to consumers by banks and car manufacturers, etc.
- They enable consumers to buy things that they cannot **immediately** afford.
- The interest on instalment loans is charged on the amount **borrowed**. Payments of interest and principal for each period must be made.

Advantages of using instalment loans

- Instalment loans force the borrower to plan for the **repayment**, for example, by how much he can afford to pay for each instalment.
- Interest on instalment loans is usually **lower** than that on credit cards and overdrafts.

Disadvantage of using instalment loans

- The repayment schedule lacks **flexibility**.
 - If the borrower faces an unexpected financial problem, the instalment arrangement can push him into **financial trouble** or even **bankruptcy**.

Comparison of the common types of consumer credit

- **Credit cards**
 - **Nature of loan** : Consumers are allowed to borrow and repay money anytime within a pre-approved limit.
 - **Repayment schedule** : No limitation
- **Overdrafts**
 - **Nature of loan** : Consumers are allowed to borrow and repay money anytime within a pre-approved limit.
 - **Repayment schedule** : No limitation
- **Lines of credit**
 - **Nature of loan** : Consumers are allowed to borrow and repay money anytime within a pre-approved limit.
 - **Repayment schedule** : No limitation
- **Instalment loans**
 - **Nature of loan** : Consumers have to repay both the loan principal and the interest with a fixed number of payments
 - **Repayment schedule** : Fixed

分期付款貸款

- 分期付款貸款是一種設有固定還款次數、須分期償還利息和**貸款本金**的貸款。
- 這類貸款又稱為**分期付款信貸**。

分期付款貸款的特點

- 分期付款貸款由銀行或汽車製造商等機構提供給消費者。
- 這類貸款讓消費者購買**暫時**無力負擔的貨品。
- 分期付款貸款按**貸款額**收取利息，消費者須分期償還利息和貸款本金。

使用分期付款貸款的好處

- 分期付款貸款迫使借款人預先評估自己的**還款能力**，例如可負擔的分期還款金額。
- 分期付款貸款所收取的利息一般比信用卡和透支服務的**低**。

使用分期付款貸款的壞處

- 分期付款貸款的還款時間安排欠缺**靈活性**。
 - 假如借款人面對失業等問題，出現突如其來的財政問題，分期付款貸款可能會令他陷入**財政困難**，甚至**破產**。

常見消費者信貸的比較

- 信用卡
 - **貸款性質**：消費者可在預先批核的限額內隨時借款和還款
 - **還款時間安排**：沒有限制
- 透支
 - **貸款性質**：消費者可在預先批核的限額內隨時借款和還款
 - **還款時間安排**：沒有限制
- 信貸限額
 - **貸款性質**：消費者可在預先批核的限額內隨時借款和還款
 - **還款時間安排**：沒有限制
- 分期付款貸款
 - **貸款性質**：設有固定還款次數，消費者須分期償還利息和貸款本金。
 - **還款時間安排**：固定

Comparison of the common types of consumer credit

Advantages

- **Credit cards**
 - Repayment flexibility
 - Convenient for making purchases
 - Safe
 - Worldwide acceptance
- **Overdrafts**
 - Repayment flexibility
 - Prevent a cheque from being dishonoured
 - Provide short-term liquidity
- **Lines of credit**
 - Repayment flexibility
 - Convenient for borrowing money
 - Interest is usually lower than that on credit cards and overdrafts
- **Instalment loans**
 - Force the borrower to plan for the repayment
 - Interest is usually lower than that on credit cards and overdrafts

Disadvantages

- **Credit cards**
 - High interest rate
 - Risk of credit card abuse
 - Rejected by certain shops
- **Overdrafts**
 - High interest rate
 - Can be a trap for creating debt if used improperly
- **Lines of credit**
 - Can be a trap for creating debt if used improperly
- **Instalment loans**
 - Lack repayment flexibility

常見消費者信貸的比較

好處

- 信用卡
 - 靈活還款
 - 方便購物
 - 安全
 - 全球通行
- 透支
 - 靈活還款
 - 避免遭銀行拒付支票
 - 提供短期的流動資金
- 信貸限額
 - 靈活還款
 - 借款方便
 - 利息一般比信用卡和透支服務低
- 分期付款貸款
 - 迫使借款人預先評估自己的還款能力
 - 利息一般比信用卡和透支服務低

壞處

- 信用卡
 - 高利率
 - 容易濫用信用卡
 - 個別商店拒收
- 透支
 - 高利率
 - 假如使用不當，這種信貸方式可能成為累積負債的陷阱
- 信貸限額
 - 假如使用不當，這種信貸方式可能成為累積負債的陷阱
- 分期付款貸款
 - 還款安排欠缺靈活性

Comparing and choosing among different types of consumer credit

- Consumer credit should only be used to provide **convenience** and **short-term** liquidity.
- It should not be considered as a long-term or **permanent** source of personal financing.
- When comparing and choosing among different types of consumer credit, several factors should be considered.

The price of the item to be purchased

- For small purchases, a **credit card** is a better choice as it is **convenient**.
- When buying relatively expensive items, an **instalment loan** is more appropriate.
 - It forces an individual to **estimate** in advance how much he can repay each month and how long it will take to pay back the loan.
 - The loan can be **paid off** within a reasonable period.

The total costs of different plans

- Lenders may use different methods to calculate interest and often state their **interest rates** in different ways.
- Consumers should work out the **total interest payments** under different plans for comparison.

The terms of the loans

- Before choosing a type of consumer credit, one should also read the terms on restrictions on **early repayment**, as well as **charges** and **penalties** related to the loans.
- Some credit cards may charge different interest rates on different amounts of **outstanding balances**.
- Consumers need to **estimate** their average outstanding balance to know the appropriate interest rates applicable to them.

比較和選擇消費者信貸方式

- 消費者信貸只適合用作提供**方便**和**短期**流動資金。
- 我們不應把消費者信貸視為**長期**或**固定**的個人融資方式。
- 我們在比較和選擇消費者信貸方式時，應考慮幾方面。

所購買物品的價值

- 為了**方便**購物，購買價值較小的物品時，使用**信用卡**比較合適。
- 當我們打算購買昂貴的物品時，應使用**分期付款貸款**。
 - 這類信貸可迫使消費者預先**評估**其可負擔的分期還款額和還款期的長短。
 - 這樣借款人便能在合理的期限內**還清貸款**。

不同貸款計劃的總成本

- 不同的放債人可能以不同方式計算利息和列出**利率**。
- 消費者應自行計算不同貸款計劃的**利息總額**，以作比較。

貸款細則

- 借款人選擇消費者信貸方式前，應仔細閱讀貸款細則，以了解逾期還款的**收費**、**提早還款**的限制及其他**罰則**。
- 有些信用卡的利率按**結欠餘額**的多寡而有所不同。
- 消費者應**估計**其平均結欠餘額，以了解適用的利率。

Personal credit record

- A credit record (credit report) provides information on an individual's credit and **repayment** history, and whether he has filed for **bankruptcy**.
- Normally, a full credit report also includes a **credit score**, which is a common way to express an individual's **creditworthiness**.
- Credit records are commonly used by **lenders** in determining an applicant's creditworthiness.
- Lenders are more willing to **approve credit** to applicants with **good personal records** because they are higher chance of collecting debt on time and lower default risk.
- Individuals can also check their credit report. This allows them to:
 - Ensure that the information about them is **accurate**.
 - Check if there has been any **identity theft** or possible credit **fraud**.

Major factors affecting an individual's credit record

- The major factors affecting the credit record of an individual include:
 - Repayment history/Past delinquency
 - Record of bankruptcy
 - Credit history
 - Financial situations

Maintain a good personal credit record

Importance of maintaining a good personal credit record

- Maintaining a good personal credit record can help individuals obtain **credit** more easily and possibly at **lower** interest rates.
- A poor credit record may result in **higher** interest rates or **rejection** of a loan application.

Factors of affecting personal credit record

Repayment history/ Past delinquency

- **Pay all bills on time:**
 - If a person repaid the loan on time in the past, his personal credit record would be better.

Record of bankruptcy

- **Avoid bankruptcy:**
 - If a person has gone bankruptcy before, his personal credit record would be worsen.

個人信貸記錄

- 信貸記錄（又稱為信貸報告）提供個人在信貸和**還款**方面的記錄，並顯示他曾否申請**破產**。
- 完整的信貸報告通常還包括**信貸評分**，用來表達借款人的**信貸可靠性**。
- **放債人**在批核貸款時，一般會參考貸款申請人的信貸記錄，從而評估申請人的信貸可靠性。
- 放債人更願意**批核信貸**給**個人信貸紀錄良好**的申請人，因為放債人準時收取欠款機會較高及較低的違約風險。
- 我們也可查閱自己的信貸報告，以
 - 核實資料的**準確性**；及
 - 確保自己的身份沒有遭**盜用**或牽涉潛在的**信貸舞弊**。

影響個人信貸記錄的主要因素

- 影響個人信貸記錄的主要因素包括：
 - 還款記錄/拖欠債務記錄
 - 破產記錄
 - 信貸記錄
 - 財務狀況

維持良好的個人信貸記錄

維持良好個人信貸記錄的重要性

- 維持良好的個人信貸記錄可讓我們較易獲得信貸批核，甚至享有較**低**的信貸利率。
- 如個人的信貸記錄欠佳，放債人或會調**高**該借款人的貸款利率，甚至**拒絕**他的貸款申請。

影響個人信貸記錄的因素

還款記錄/拖欠債務記錄

- **準時還款:**
 - 若消費者過往準時還款，他的個人信貸紀錄會較好

破產記錄

- **避免破產:**
 - 若消費者曾經破產，他的個人信貸紀錄會較差

Credit history

- **Avoid an applications of multiple credit cards in one time or a short time:**
 - If a person applied of multiple credit cards in one time or a short time, his personal credit record would be worsened.
- **Applied credit successfully in the past:**
 - if a person applied credit successfully in the past, his personal credit record would be better.

Financial situations

- **Outstanding debt:**
 - if a person current outstanding debt amount is low, his personal credit record would be better.

Behaviour of affecting personal credit record

- **Plan for consumption:**
 - Individuals should understand how much they can **afford** to consume.
 - They should draw up some **guidelines** on consumption (e.g., when to use credit and when to use cash).
- **Review spending habits regularly:**
 - Individuals should distinguish between **necessary** and **unnecessary** consumption.
 - They should check their **actual spending** every month to make sure they do not overspend on things that are unnecessary.
- **Use consumer credit with discipline:**
 - Individuals should use consumer credit for **convenience**, but not for buying things that they cannot afford.
- **Consider their repayment ability when applying for loans:**
 - Individuals should think about their ability to repay their debts before applying for credit cards or loans.
 - They should not apply for credit cards or loans just for the **gifts**.

信貸記錄

- **避免一次或短時間內申請了多張信用卡:**
 - 若消費者一次或短時間內申請了多張信用卡，他的個人信貸紀錄會較差
- **過往成功申請信貸:**
 - 若消費者過往成功申請信貸，他的個人信貸紀錄會較好

財務狀況

- **欠債金額:**
 - 若消費者現有的欠債金額低，他的個人信貸紀錄會較好

影響個人信貸記錄的行為

- **籌劃消費:**
 - 我們應了解自己的**消費**能力。
 - 我們亦應定下**指引**，例如何時使用信貸，何時使用現金。
- **定期檢討自己的消費習慣:**
 - 我們應辨別**必要**和**非必要**的消費項目。
 - 我們亦應每月檢視自己的**實際開支**，確保自己沒有在非必要的項目上過度消費。
- **在使用消費者信貸時保持自律:**
 - 我們使用消費者信貸的目的應該是**方便**購物，而不是購買自己無力負擔的物品。
- **申請貸款時考慮自己的還款能力:**
 - 我們在申請信用卡或貸款前，應先清楚了解自己的還款能力。
 - 我們不應純粹為了獲得**禮品**而提出申請。