

Glossary of Key Credit & Credit Card Terms*

Credit: Refers to the ability to borrow money and repay it over time, often with interest.

Credit Card: A payment card - usually issued by a bank - that allows you to make purchases and obtain cash advances on credit, i.e., using borrowed money.

Credit Score: A three-digit number derived from data in your credit reports that many creditors rely on as an indicator of how likely you are to repay your debts. The most widely-used credit score is the **FICO**® Score.

Credit Report: A summary of your credit history and includes the types of credit accounts you have had, your payment history, and certain other information, such as your credit limits.

Credit Bureau

Also referred to as a credit reporting agency or consumer reporting agency, it assembles, evaluates, and maintains consumer credit and other consumer information and reports such information in the form of consumer reports to third parties. There are three nationwide credit bureaus. They are **Equifax**®, **TransUnion**®, and **Experian**®.

Credit History

A record of how you have handled your debts over time and includes information such as the number and types of accounts you have had, outstanding balances on each account, your payment history, and negative marks, such as delinquencies or accounts in collections. Creditors, employers, and landlords often look at your credit history to assess your creditworthiness.

Credit Inquiry

A request for credit report information from a credit bureau often made by creditors, employers, and landlords to determine your creditworthiness. There are two types of credit inquiries (also referred to as credit checks or credit pulls): hard inquiries and soft inquiries.

Hard Inquiry

Occurs when a creditor accesses your credit file to help it determine whether to approve you for a loan or line of credit. It can impact your credit score, although usually minimally and for a short period of time.

Soft Inquiry

Made for informational purposes, such as for employment background checks, to determine whether you qualify for a pre-approved offer of credit, or if you check your own credit report. It does not affect your credit score.

Credit Limit

The maximum amount you are permitted to spend on a credit card. Your credit limit is based on several factors, such as your credit score, income, and repayment history, and it can change over time based on these factors.

Creditworthiness

A creditor's assessment of how likely you are to repay your debts taking into consideration your income and borrowing and repayment history.

Credit Utilization Rate

The ratio of the amount of credit you have used to the total credit you have available to use. This is based only on revolving credit accounts, such as credit cards and lines of credit.

Annual Percentage Rate (APR)

It represents the annual cost of borrowing money and includes the interest rate that applies to your account plus associated fees and other costs.

Credit Balance

The balance that arises when a creditor receives or holds funds that exceed the balance owed on an account resulting from refunds, overpayments, or rewards earned from a credit card or loyalty program.

Balance

The amount outstanding and that you owe on a credit card account or other loan and includes fees and interest charges. The balance on your accounts changes depending on how much you use the account and whether you pay the balance in full each month.

Billing Cycle

It is the interval (which is usually monthly) between which billing statements are issued in connection with credit card accounts and other open-end credit plans.



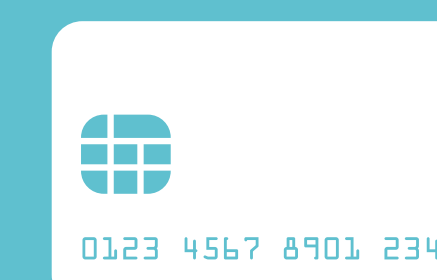
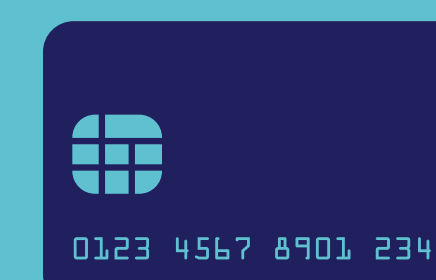
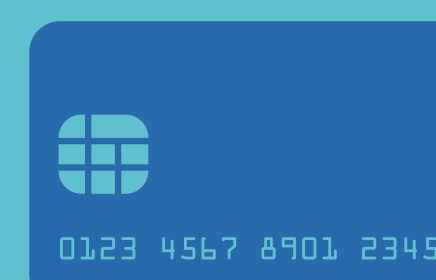
Minimum Payment

The minimum amount you must pay toward your balance to keep your account in good standing and generally avoid a late payment fee.

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- **Grace Period:** The date by which or period within which the new balance or any portion of the new balance on a credit card account must be paid to avoid additional interest charges.
- **Balance Transfer:** The transfer of the balance owed on one credit card account to another credit card account usually to get a lower interest rate or other benefit. The account to which a balance is transferred may charge a balance transfer fee.
- **Cash Advance:** A cash advance on a credit card is the withdrawal of cash against the card's credit line. While a cash advance can offer flexibility, it often comes with a higher interest, fees, and no grace period.
- **Late Payment Fee:** If you fail to make at least the minimum payment due on your credit card account by your payment due date, you typically will be charged a late payment fee. The amount of a late payment fee is capped by federal law and varies by issuer.
- **Annual Fee:** A fee that is imposed by a card issuer for the issuance and/or availability of a credit card account and can be charged annually or on another periodic basis, e.g., monthly.
- **Authorized User:** A consumer who is added to a credit card account by the primary cardholder. An authorized user can use the credit card in the same manner as the primary cardholder but the responsibility for making payments remains with the primary cardholder.
- **Pre-approved offer of credit:** It is an offer of credit based on information in your credit report that will be honored if you meet specific criteria.
- **Credit Monitoring:** A service that tracks the information in your credit report and alerts you of changes (such as new accounts opened in your name, hard inquiries, and new addresses or name) to help you identify and protect against possible identity theft or other fraud.

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