1 Number and algebra

Activity: The mathematics of credit

Find an example online of a credit card that is being offered. Imagine you purchased an item using this credit card. Set out an example like the one on the PowerPoint for that item showing how much money you would have to pay back.

Produce a short write-up answering the following questions:

* When are you charged interest on a credit card?
* **Explain** what is meant by the term ‘interest-free’.
* What are the disadvantages of credit cards with an interest-free period?
* When might you consider getting a credit card with no interest-free period?
* Try to think of some of the fees and charges which might add to the cost of a credit card.
* Try to think of some of the credit offers that can become ‘debt traps’ – in other words, they are trying to trick you into debt.
* Which payment method is best: credit card or cash? Discuss the pros and cons of each.