



*Understanding
credit card interest*



The basics

Understanding credit card interest provides a basic overview of how interest is calculated and charged on your credit card account. For detailed information on your ANZ credit card account, please refer to your *ANZ Credit Card Conditions of Use* booklet. If you would like a copy of the booklet please call us on **13 22 73** or **13 CARD**.

What is interest?

Interest is a charge for providing credit. Interest is applied to the daily outstanding balance on purchases, cash transactions, interest from previous months and fee charges.

“Purchase interest” applies to goods and services you buy using your card.

“Cash interest” is charged on cash advances and cash equivalent transactions, for example, when you withdraw cash from a branch or an ATM or buy travellers cheques.

How is interest calculated?

Interest is calculated on the daily outstanding account balance and is applied at the end of the statement period. The daily interest rate (Annual Percentage Rate divided by 365) is used for this calculation.

When is interest charged?

For interest free period cards, interest on purchases is charged if the closing balance is not paid off in full by the statement due date each month.

For cards with a lower ongoing interest rate, but no interest free period, interest is charged from the date a transaction is made.

Interest on cash transactions is charged from the date a cash advance or cash equivalent transaction is made, until the transaction is paid off in full. There is no interest free period for cash transactions.

What is an interest free period?

A statement period is usually 30 days. The maximum interest free period is the number of days in the monthly statement period plus the number of interest free days available until the due date.

When do I need to make repayments?

If you have an interest free card, to keep your interest free period, full payment must be made by the payment due date on your statement every month, within payment cut off times.

If payment is made late or after the cut off time for BPAY®, ANZ Phone Banking or ANZ Internet Banking, the payment will be processed the next day and you could be charged a late payment fee and lose your interest free period.

Details of payment cut off times can be found on the payment slip section on the front of your statement.

Common questions

What happens if I pay the full closing balance off on time (by the due date), every month?

If you have a card with an interest free period, you won't pay any interest on purchases. Interest will still be charged on any cash advances and cash equivalent transactions from the date of that transaction.

Example 1: Full payment is received by the due date

October Statement	November Statement	December Statement																																																																												
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The maximum interest free period is a monthly statement cycle (approx 30 days) plus the number of days to the due date, when the account has to be paid.

What if I don't pay the full closing balance off by the due date?

If you have a card with an interest free period, you'll be charged interest on purchases, cash transactions, interest from previous months and fee charges for that statement period, and on subsequent statement periods, until your closing statement balance is paid in full and on or before the due date of the latest statement.

If you have a card with a lower ongoing interest rate with no interest free period, interest is charged daily on all transactions regardless of whether you pay the full closing balance off by the due date.

Example 2: Full payment is *not* received by the due date

What happens if I pay the full closing balance a few days after the due date?

Since you have not paid off the full closing balance by the due date and you have a card with an interest free period, you will lose the interest free benefit for that period. You could also be charged additional fees for the late payment.

October Statement November Statement December Statement

Account Summary	
Opening Balance	235.00
Payments & Other Credits	235.00
Purchases	220.00
Cash & Other Advances	0.00
Balance Transfers	0.00
Interest & Other Charges	0.00
Closing Balance	220.00

Transaction Details			
Date	Transaction	Amount	Balance
20/09/2004	OPENING BALANCE		235.00
23/09/2004	GROCERIES	100.00	335.00
06/10/2004	PAYMENT	235.00CR	100.00
08/10/2004	HARDWARE	50.00	150.00
09/10/2004	GYM MEMBERSHIP	70.00	220.00
End of statement			

Payment Summary	
Overdue	0.00
Overlimit	0.00
Amount Due Immediately	0.00
Monthly Payment	10.00
Due Date	3 November 2004

Account Summary	
Opening Balance	220.00
Payments & Other Credits	100.00
Purchases	240.00
Cash & Other Advances	0.00
Balance Transfers	0.00
Interest & Other Charges	7.26
Closing Balance	367.26

Transaction Details			
Date	Transaction	Amount	Balance
21/10/2004	OPENING BALANCE		220.00
21/10/2004	RENT	90.00	310.00
28/10/2004	PETROL	60.00	370.00
03/11/2004	PAYMENT	100.00CR	270.00
08/11/2004	LIFE INSURANCE	90.00	360.00
20/11/2004	INTEREST	7.26	367.26
End of statement			

Payment Summary	
Overdue	0.00
Overlimit	0.00
Amount Due Immediately	0.00
Monthly Payment	10.00
Due Date	4 December 2004

Amount was due on 3 November 2004 for \$220.00. Payment received on this date was \$100.00. As shown in the table below, interest is charged on the balances of outstanding transactions from the date of those transactions, plus any new transactions. Interest is charged daily.

Date	Transaction Description	Daily Amount	Daily Balance	Daily [†] Interest Rate %	No. of days	Total interest
	Opening Balance		\$235.00			
23/09/2004	Groceries	\$100	\$335.00	.0493	13	0.64
06/10/2004	Payment	\$235	\$100.00	.0493	2	0.10
08/10/2004	Hardware	\$50	\$150.00	.0493	1	0.08
09/10/2004	Gym Membership	\$70	\$220.00	.0493	12	1.30
Subtotal						\$2.12
	Opening Balance		\$220.00			
21/10/2004	Rent	\$90	\$310.00	.0493	7	1.07
28/10/2004	Petrol	\$60	\$370.00	.0493	6	1.09
03/11/2004	Payment	\$100	\$270.00	.0493	5	0.67
08/11/2004	Life Insurance	\$90	\$360.00	.0493	13	2.31
Subtotal						\$5.14
Total						\$7.26

13 is the number of days your balance remained at \$335. Interest has been calculated accordingly.

Account Summary	
Opening Balance	367.26
Payments & Other Credits	367.26
Purchases	201.00
Cash & Other Advances	0.00
Balance Transfers	0.00
Interest & Other Charges	3.12
Closing Balance	204.12

Transaction Details			
Date	Transaction	Amount	Balance
21/11/2004	OPENING BALANCE		367.26
21/11/2004	PHONE BILL	105.00	472.26
27/11/2004	ANNUAL FEE	26.00	498.26
04/12/2004	PAYMENT	367.26CR	131.00
11/12/2004	CLOTHING	70.00	201.00
20/12/2004	INTEREST	3.12	204.12
End of statement			

Payment Summary	
Overdue	0.00
Overlimit	0.00
Amount Due Immediately	0.00
Monthly Payment	10.00
Due Date	5 January 2005

Amount was due on 4 December 2004 for \$367.26. Full payment was received on due date. As shown in the table below, interest is charged on the total balance up to the day before payment is received.

Date	Transaction Description	Daily Amount	Daily Balance	Daily Interest Rate %	No. of days	Total interest
	Opening Balance		\$367.26			
21/11/2004	Phone Bill	\$105.00	\$472.26	.0493	6	1.40
27/11/2004	Annual Fee	\$26.00	\$498.26	.0493	7	1.72
Total						\$3.12

Interest and other fees and charges are included in the daily outstanding balance on which interest is calculated.

Payment of \$367.26 applied as per "ANZ Credit Card Conditions of Use", Apr 2005 (Clause 18). In this example payment allocation is as follows:

- \$7.26 applied to interest charges (Sept/Oct Statement)
- \$360 applied to outstanding balance.

[†]Based on an Annual Percentage rate of 18.0% per p.a. Interest rates may vary.

Note: This table represents a summary of how interest is calculated on a daily basis. This information does not appear on your statement.

When will I stop seeing interest billed on my statement?

Once you make your next full payment by the due date, your interest free benefit will automatically reinstate. However, interest is charged to your account up until the full payment is received. A final interest charge will appear on your next statement.

No purchase interest will be shown on future statements while the full closing balance on each statement is paid in full by the due date.

There is no interest free period on cash advances. Interest will still be charged daily on any cash advances and cash equivalent transactions until the cash advance is paid off in full. This could occur across several statement periods.

How can I avoid paying interest?

Use a card with an interest free period.

Always pay the account balance in full by the due date.

Avoid cash advance and cash equivalent transactions.

Some useful tips for using credit

- › Always try to pay your closing balance in full by the due date. You can confirm your payment has been received or check your current balance using ANZ Phone Banking – **13 13 14** or ANZ Internet Banking – **www.anz.com**
- › Always pay at least the minimum payment by the due date.
- › Ensure your credit card limit is realistic and manageable. Contact us straight away on **13 22 73** if you have any concerns.
- › To suit your individual needs, we have various payment options available. Contact us on **13 22 73** or visit us at **www.anz.com** for further information.

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