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A BEGINNER'S GUIDE TO CREDIT CARDS IN UAE

WHAT IS A CREDIT CARD

Learn the basics of credit
cards

HOW TO APPLY FOR A CREDIT CARD

Discover the various types
of ways to apply for credit
card through online and
offline

WHAT TO DO IF YOUR CREDIT CARD IS STOLEN

five steps you should
immediately take if you
think your credit card has
been stolen



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A BEGINNER'S GUIDE TO CREDIT CARDS IN UAE

Used well, a credit card is a secure and flexible way to pay and can be a good way to spread the cost of major purchases. But if you only make minimum payments or run up a bill you can't pay back, credit cards can be costly. Find out more about how credit cards work, and if they would be the best option for you.

How does a credit card work?

A credit card lets you spend money on credit – it's like having a loan for the amount you spend using the card. You can spend up to a pre-set credit limit, which might be a few thousands or several thousands of Dirhams. It depends on how confident your card provider is that you'll pay it back.

If you pay off the bill in full each month, you won't pay interest on what you've borrowed. If you make cash withdrawals though, interest is usually charged on a daily basis from the day you take your cash. This is one of the reasons why you should avoid taking cash out using a credit card. You'll be hit with charges – up to 4% or more with some companies. The interest rate for cash withdrawals is also usually higher than for purchases. If you don't pay off any outstanding balance in full then interest will be charged.

It's usually backdated too, so if you bought something at the start of the month you'll be charged a whole month's interest.



CREDIT CARDS TERMINOLOGY

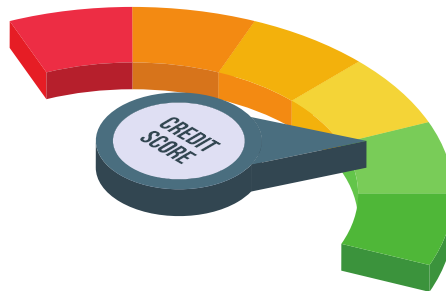
- **Credit Limit:** The credit limit of your credit card is decided by the issuer of your credit card in UAE. The limit of the credit card will depend on your monthly income and credit. Better credit and higher salaries mean higher credit limits.
- **APR:** APR is the Annual Percentage Rate. This is the interest rate charged when you don't pay your bill in full on every billing cycle.
- **Minimum Payment:** A minimum payment is an amount you have to pay if you are not able to pay the bill in full every month. It is a very large amount in comparison to your balance amount.
- **If you don't pay the bill or the minimum amount within the billing cycle, you will be fined. It is recommended to always pay your entire bill, if possible. As it is, a small mistake on your part can last for years in the credit report.**
- **Billing Cycle:** The cycle during which the swiping of your credit card in UAE is taken into consideration. It refreshes every month.
- **Due Date of the Statement:** The date by which you must pay the bill of your credit card in UAE.
- **Balance:** The remaining debt on your credit card is known as the balance.
- **Available Credit:** The credit remaining on your credit limit within a billing cycle is the Available Credit. Suppose, your credit limit is AED 1000 and you have used AED 500, the remaining AED 500 will be the Available Credit.



HOW TO APPLY FOR A CREDIT CARD

Opening a new credit card may seem as simple as applying, but there are a few more factors to consider to ensure you get the best card for your needs. When you're ready to open a card, take the following steps before you submit an application:

- Check your credit score
- Compare credit card offers
- Read the fine print
- See if you prequalify
- Submit the application



Check your credit score

Many card issuers are transparent about the credit score requirements needed to qualify for certain cards. It's important to know your credit score so you know which cards you have the best chances of qualifying for.

Compare credit card offers

When you're ready to shop around for offers, compare several credit cards so you know what's available. You can compare the credit cards in the UAE from our website.



HOW TO APPLY FOR A CREDIT CARD

Read the fine print



When you've which credit card you want, make sure you read the fine print before applying. It's important you review the details specific to the card you want to apply for.

Make sure you understand all the terms and conditions before submitting an application. Review the annual fee and interest rates for purchases, balance transfers, cash advances and penalties. Plus, be aware of any fees charged for foreign transactions and late payments.

See if you prequalify

Most major credit card issuers allow you to submit preapproval forms on their websites. These forms require your name, address, contact number etc. With this information, the issuer will perform a soft inquiry of your credit history and check if you are a good candidate for the card.

Preapproval, or prequalification, won't have any impact on your credit score. Once you formally apply and the issuer does a hard inquiry, you'll see a small ding on your report (usually within five points). Prequalification is a way to limit those hard inquiries, or hard pulls, so you're only applying for cards you're likely to get approved for.

Even if you've prequalified for a credit card, you're not guaranteed approval when you submit your official application.



HOW TO APPLY FOR A CREDIT CARD

Submit the application

Once you've settled on the best credit card for your needs, you can submit an application. The quickest way to do this is online (whether it's on a laptop or via a mobile device). You also have the option to call, go in-person to a bank or send in a paper application.

The application process is similar between issuers, and you'll typically be required to provide your name, address, date of birth, annual income and employment status.

Understanding credit card rewards, perks and bonuses

Earning rewards is one of the biggest perks of using a credit card, but it can also be confusing to navigate the different offers. Credit cards typically provide one of three reward structures: cash back, points or miles.

Each type of rewards program works a bit differently and often comes with its own quirks. Card issuers frequently market credit cards with generous welcome bonuses or introductory financing periods, but there are other rewards and perks you may want to take advantage of, especially if you're paying a high annual fee.



TYPES AND BENEFITS OF CREDIT CARDS

Here are the various kinds of rewards, perks and bonuses:

- Cash back
- Rewards points
- Airline miles
- Welcome bonus
- Exclusive dining and entertainment perks



Cash back

Spending more funds is not necessarily a negative thing always. Sometimes, it can help you in earning more. This is the advantage of having a cashback credit card. It pays back the user a certain percentage of the purchases they make in cash.

However, various restrictions are also applicable to these cards. The amount of cashback varies depending upon the kind of purchase and the requirement of minimum spending. There are various cashback cards available in the UAE. Click [Here](#) to view the best cashback credit cards in the UAE.

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Insurances
- 03** Free nights at Marriott
Bonvoy Hotels
- 04** FREE FOR LIFE

TYPES AND BENEFITS OF CREDIT CARDS

Airline Miles

Air miles Credit Cards is a specialized Credit Cards that enables the cardholder to collect miles against the expenses made on the card. These miles can easily be redeemed in the form of a discount against several expenses such as holiday packages, car rentals, etc. Not just that, they can be used to book flight tickets and upgrade the tickets. In short, air miles points card offer rewards to Credit Cards holders for using their cards.

The air mile cards are issued in partnership with specific airlines. That being said, sometimes the card can be issued independently as well. The significant advantage of the air miles card is that the earned miles can be utilized across various airlines which offer a selection of different destinations and dates.

Some banks offer signup bonus/ welcome bonus which provide the cardholder with a specific number of air miles to start with. Although, there is a downside of these Credit Cards as well. Typically, the cardholders will have to pay higher annual fees for availing air Miles Credit Cards benefits. Click [Here](#) to check the best Air miles credit cards in the UAE.



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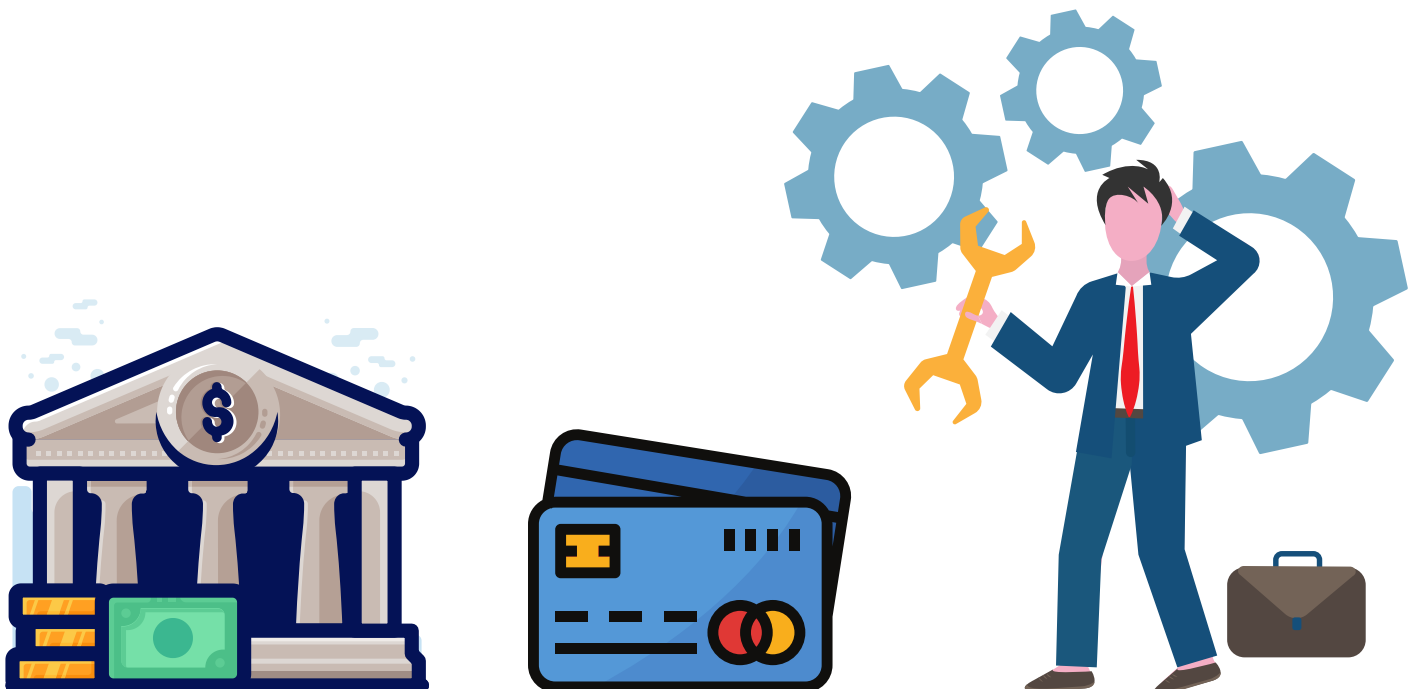
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A smarter way to bank!

TYPES AND BENEFITS OF CREDIT CARDS

Other Rewards, perks and bonuses:

- **Emergency card replacement and emergency cash disbursement:** Get assistance for reporting a lost or stolen card, getting a replacement card within one to three business days and cash to be available at a location near you typically within hours of your bank's approval.
- **Roadside dispatch:** If you have a flat tire, need a jump start or are locked out of your car, Visa will assist you in arranging help from a local service provider at a pre-negotiated rate.
- **Purchase protections:** You may receive reimbursement for purchases that drop in price or added protections like extended warranties or insurance for stolen items.
- **Airport lounge access:** Complimentary Priority Pass membership with VIP access at over 1100 airport lounges worldwide.
- **Complimentary Nights at Marriott Bonvoy hotels around the world.**
- **Some cards give free travel and medical insurances.**
- **VIP Valet parking services across the UAE**
- **Buy 1 get 1 Movie ticket offers**



HOW TO SAFELY USE A CREDIT CARD

While credit cards are one of the safest forms of payment, it's also easy to fall victim to credit card fraud. There are easy steps you can take to stay vigilant to make sure your card isn't stolen, and as well as what to do if your card is compromised.

- How to prevent credit card fraud
- What to do if your credit card is stolen
- How credit monitoring services work



How to prevent credit card fraud

The easiest way to protect your credit card is to regularly check your account balance and transactions. Most issuers allow you to turn on notification so you can be alerted by text or email anytime someone swipes your card, makes a purchase online, or spends over a certain amount.

When shopping online, you may be tempted to click on social media ads on Instagram or Facebook, but you should do so sparingly. Ads boasting limited-time offers or large discounts may not always be from a reliable site. Before clicking on any ad – whether it's via your smartphone or laptop – you should verify the source.



HOW TO SAFELY USE A CREDIT CARD

What to do if your credit card is stolen

There are five steps you should immediately take if you think your credit card has been stolen

1. Contact your credit card issuer
2. Change your login information
3. Monitor your credit card statement
4. Review your credit report and dispute any fraud on it
5. Protect yourself from future credit card fraud



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HOW TO SAFELY USE A CREDIT CARD

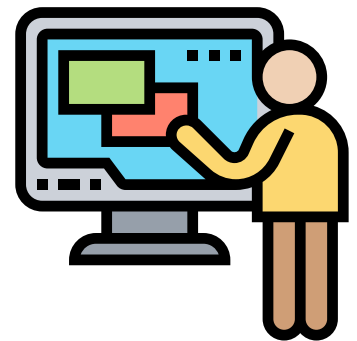
How credit monitoring services work

Credit monitoring services can provide you with early notice of potential fraud on your credit report, so you can take steps to protect your personal information. While these services can't actually prevent identity theft, they can keep you informed so you can take action if you notice something is wrong.

Credit monitoring services flag new activity, including:

- Hard inquiries on your credit report, such as someone applying for credit in your name
- New accounts opened in your name
- Balances and payments on your credit products
- New address or name changes to your credit file
- Public records, such as bankruptcies
- Personal information on the dark web, such as your email address and passwords

When you sign up for credit monitoring, you'll receive alerts and resources to help you identify and protect against possible theft, but these services can't actually guarantee fraud prevention. At best, they keep you instantly informed so you can take action as you notice something is off.



HOW TO RESPONSIBLY MANAGE YOUR FIRST CREDIT CARD

Simply opening a credit card doesn't instantly improve your credit score — you actually have to use it. But until you feel confident in balancing all of your financial obligations, start small by using your credit card conservatively and checking your credit card statement regularly so you can track your spending.

If you're using your credit card for everyday spending, try to charge no more than 10% to 30% of your credit limit on your card at one time. Most important: Pay your bills on time. Making consistent, timely payments has the biggest impact on your score. Lenders are more willing to give you credit when they see a long history of on-time payments on your credit report.

When you open your first credit card, it's really important to start out practicing good financial habits: spending within your means and paying your bill on time and in full so that you never get dinged with over-the-limit fees or have to pay interest on the balance.

**CHECK OUT THE BEST CREDIT CARDS IN
THE UAE AND IT'S FEATURES FROM OUR
WEBSITE**

LEARN MORE



WHAT NOT TO CHARGE ON YOUR CREDIT CARD

When deciding what you should charge on your credit card, consider treating your credit card like you would cash. Make it a habit to check your balance regularly, just as you would a debit card, so you avoid overspending. While some people like to use their credit cards for everyday purchases, others like to use it more sparingly. However you decide to use it, try to avoid putting these five charges on your credit card:

- A large purchase that will wipe out available credit
- Medical bills
- Small impulse splurges

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10% CASHBACK ON DAILY
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APPLY NOW



WHAT NOT TO CHARGE ON YOUR CREDIT CARD

A large purchase that will wipe out available credit

It might be tempting to charge a large purchase to your credit card, especially if you're looking to earn a big sign-up bonus. But you should never take on debt that you don't have a clear plan to pay off. A rewards bonus is often a good way to earn a lot of points, but it's not worth it if you're paying a high interest rate on the debt.

When a large purchase lingers of your credit card balance, you'll not only be hit with interest, but you'll also wipe out your available credit limit. Your credit utilization rate is a very important factor in determining your credit score, and if one or more of your cards is maxed out, you'll likely see a dip in your score.

If you do need to make a large purchase you can't afford to pay off right away, consider opening a 0% interest credit card. Make sure you create a plan to pay off the balance within the introductory period, so you're not hit with high interest charges later.



BOTTOM LINE

Using a credit card is very easy, but you need to establish good financial habits as soon as you open your first card. Always strive to spend within your means and pay your balance off each month on time and in full.

The benefit of having a credit card are plentiful: It offers more fraud protection than debit cards, gives you the opportunity to earn rewards and take advantage of special cardmember perks, and some cards even offer special financing programs so you can pay for big purchases over time.

And of course, credit cards help you establish a credit score so you can qualify for the best loan and credit products at the best interest rates.

Simply put, credit cards can be both convenient and beneficial when used responsibly. It's important to familiarize yourself with how credit cards work so that you can stay on top of your spending and feel confident in your ability to manage your finances.





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