

Expensive debt

Credit Cards

Don't think of credit cards as a way to borrow. Instead, think of credit cards as a way to:

- Make payments for purchases, for which you'll need to have cash by the end of the month at the latest.
- Build good credit history - so that when you need a loan, a bank will be happy to give you one.

Credit card debt is expensive.

- The interest rate can easily be three times as high as on a bank credit line.
- If you make only the minimum payments shown on the monthly statement, you are at risk of finding yourself on a treadmill - covering just the interest charges and not really repaying the principal. Ever.

Payday Loans

Don't start on the payday loan path. Payday loans are not a solution to your financial problem. In fact, they're likely to create more problems for you.

- Interest rates and fees on payday loans are very high.
- Payments are automatically deducted from your next paycheque, possibly putting you in an even more difficult situation.
- If you can't make the next payment, fees go even higher at an alarming pace.

This government page provides useful information about payday loans and their cost compared to credit card debt and bank credit lines:

<https://www.canada.ca/en/financial-consumer-agency/services/loans/payday-loans.html>