



BANCO CENTRAL
DE LA REPÚBLICA ARGENTINA

COMMUNIQUE No. 49492

06/03/2009

Re.: ***Credit cards. Average fees and costs of credit cards as of March 2009.***

When choosing a credit card, it is important to consider, among other variables, the annual percentage rate (APR) charged by the issuer, the user cost, and whether the card is for domestic or international use.

User costs include life insurance on the financed balance, administrative expenses (card statement charges), annual renewal fees, and cash advance fees.

Likewise, the user should bear in mind that, since this is a credit line, there are financing and/or purchase limits that depend on the issuer's credit policies and the client's credit rating.

Among other variables to be considered are the interest rate on outstanding balances, penalty interest, over-the-credit-limit fee (usually depending on income) and eligibility requirements (income level, maximum age).

It should also be borne in mind that the monthly card statement includes, together with the balance and list of purchases, the minimum payment, that is to say, the minimum amount to be settled in order to avoid penalty interest.

Some institutions offer benefit programs with their credit cards as a way of ensuring customer loyalty. Some of the benefits may include frequent flier miles, points earned to be redeemed for rewards, discounts and special offers in shops and shows, as well as additional cards free of charge.

In compliance with the Central Bank Transparency Policy, institutions report the highest as well as the lowest value for each item.

The **APR** is applied on the unpaid balance between the due date and the payment date or next due date, expressed as an annual nominal rate. In this respect, in March 2009, the APR on the financing of domestic consumer credit card balances averaged 32.7 percent for the lowest values reported and 37.4 percent for the highest values reported.

The following table shows the distribution by lowest and highest rate ranges as charged by institutions for both kinds of credit cards.

| Annual Percentage Rate | | | | | | | | |
|------------------------|------------|---------------|------------|---------------|---------------|---------------|------------|---------------|
| Number of Cards | Domestic | | | | International | | | |
| | lowest | | highest | | lowest | | highest | |
| | number | percentage | number | percentage | number | percentage | number | percentage |
| below 10% | 17 | 8.4% | 5 | 2.5% | 2 | 1.4% | 1 | 0.7% |
| 10–20% | 4 | 2.0% | 1 | 0.5% | 5 | 3.4% | 0 | 0.0% |
| 20–30% | 54 | 26.7% | 41 | 20.3% | 42 | 28.6% | 31 | 21.1% |
| 30–40% | 48 | 23.8% | 51 | 25.2% | 52 | 35.4% | 50 | 34.0% |
| 40–50% | 78 | 38.6% | 98 | 48.5% | 42 | 28.6% | 56 | 38.1% |
| 50–60% | 1 | 0.5% | 4 | 2.0% | 4 | 2.7% | 7 | 4.8% |
| over 60% | 0 | 0.0% | 2 | 1.0% | 0 | 0.0% | 2 | 1.4% |
| Total | 202 | 100.0% | 202 | 100.0% | 147 | 100.0% | 147 | 100.0% |

In March 2009, **life insurance** for domestic credit cards averaged 0.3 percent for the lowest values reported and 0.4 percent for the highest values reported.

Administrative expenses averaged ARS 5.5 for the lowest values reported and ARS 8.4 for the highest values reported, while **annual renewal fees** averaged ARS 19.8 and ARS 53.2 respectively. Depending on variables such as the amount of annual transactions, some institutions give a discount on these annual fees.

In comparison, the cost of credit cards for domestic use (domestic cards) and credit cards for domestic and international use (international cards), except for very few cases, showed no significant differences in terms of APR, life insurance or administrative expenses charged, although there are considerable differences regarding renewal fees and the minimum income required. As to the average renewal fee for international cards, the average lowest and highest values reported exceeded by 101.0 and 166.5 percent the average for domestic cards respectively. **Minimum income required** averaged ARS 651 for domestic cards and ARS 1,002 for international cards.

Information on credit cards and savings accounts has been summarized from data gathered pursuant to the Central Bank Transparency Policy. To consult this application and access complete tables, including all data and prices by product and institution, please visit the **Banking Client Portal** (<http://www.clientebancario.bcra.gov.ar>, under the section entitled "Compare y Decida"). The accuracy of the information provided is the sole responsibility of financial institutions. Data on the average time deposit rate are available at www.bcra.gov.ar (Monetary and Financial Variables).

10 Useful Tips for Choosing and Using a Credit Card

1 – When choosing a credit card, it is important to consider, among other variables, the APR charged by the issuer, the user cost, and whether the card is for domestic or international use (that is to say, whether it can be used abroad).

2 – User costs include life insurance on the financed balance, administrative expenses (card statement charges), annual renewal fees, and cash advance fees.

3 – Since this is a credit line, there is a financing and/or purchase limit, which depends on the issuer's credit policies and the client's credit rating.

4 – Among other variables to be considered are the penalty interest on outstanding balances, the minimum payment, and the over-the-credit-limit fee (depending on income). Eligibility requirements must also be taken into account (income level, maximum age).

5 – Avoid having several credit cards and spending small amounts on each of them. If you do so, you will face fixed charges for cards that are rarely used.

6 – When you use your credit card for purchases, bear in mind your payment capacity for future installments.

7 – Pay attention to credit card offers—they can save you some money. For instance, a discount at gas stations is not the same as a discount at first-class restaurants. That is to say, consider carefully which credit card suits your consumption profile the most.

8 – Do not allow anybody to take the card away when conducting the transaction: never lose sight of it. Keep the receipts to check your monthly card statement.

9 – Learn your personal identification number by heart. Keeping it in writing is not a good idea. Choose a PIN that would be difficult to guess for potential thieves.

10 – Avoid the habit of making only the minimum payment. If you run up a large balance, you will face higher interest in the future.

Source: Banking Client Portal (www.clientebancario.bcra.gov.ar).

Some financial institutions offer products packages including a savings account and a credit card. The information about the cost and characteristics of the different packages is available in the Transparency Policy.

For the BCRA, in any purchasing or hiring process, a clever decision is based on accurate information. Since 2004, the BCRA has gathered data on the fees charged by banks to their customers on the use of various financial products. The aim is to provide the bank user with an effective tool for comparing prices and suppliers. A useful tool to better understand these issues is the Banking Client Portal, a Web site run by the Central Bank that, as has already been mentioned, is aimed to help users of banking or financial services, with various sections including interactive features, a dictionary and an online educational microsite.