

Video 2: Acquiring and managing credit

Chapter 4: Glossary terms

Available credit

The amount of money you still have left to spend on your credit card, after subtracting what you already owe from your credit limit

Credit card balance

The total amount of money you owe your credit card issuer

Credit card limit

The maximum amount of money you're allowed to borrow on your credit card

Credit history

A record of your borrowing and repayment behaviour, showing lenders how responsibly you've managed debts (i.e., credit cards and loans). Examples of what's included are whether you pay bills on time, types of credit and how long you've had them, your outstanding balances and whether you keep old cards active

Credit mix

The variety of different credit accounts you have, like credit cards (revolving credit) and loans (installment credit, i.e., car loans and student loans)

Credit score

Used by lenders, such as banks, to gauge how reliable you are at paying back money you have borrowed. It's calculated based on things like whether you pay bills on time, how much debt you have compared to your credit limit and how long you've been using credit

Credit utilization

The percentage of your available credit that you're currently using

Grace period

The time between the last day of your statement period and when your payment is due, typically 21 days

Minimum payment

The smallest amount you must pay by the due date to keep your credit card in good standing and avoids late fees

Payment due dates

Specified time on your statement that your payment is due

Statement period

Also referred to as "billing cycle," is the set timeframe, usually about a month, during which a financial institution tracks all your account activity like purchases, payments and fees