

How do credit cards work?

Audio transcript

Credit cards allow you to buy things now and pay for them later. They're different to debit cards, where you pay for the full cost of things when you buy them.

With credit cards you can pay the minimum (or more) every month, or you can pay them off in full and avoid paying interest and/or fees.

People use credit cards for many reasons – some cards offer rewards and benefits if you spend a certain amount, they can help improve your credit score if you manage your repayments properly and they can help you to start building your credit history.