



DIGITAL FINANCE WORKSHOPS FOR WOMEN- LED BUSINESSES IN HAMILTON AND HALTON

MODULE 4 WORKBOOK: CREDIT & CREDIT REPORTING



Generously supported by:
The Allen and Milli Gould Family Foundation



CONTENT RESOURCES

- <https://prospercanada.org/Resources/Financial-Literacy-Facilitator-Resources.aspx>
- https://prospercanada.org/prospercanada/media/PDF/Facilitator%20Tools/English/Module%206/Participant_Handbook_Module-6.pdf
- https://prospercanada.org/prospercanada/media/PDF/Facilitator%20Tools/English/Module%207/Participant_Handbook_Module-7.pdf
- <https://www.canada.ca/en/financial-consumer-agency/services/credit-reports-score.html>
- <https://www.canada.ca/en/financial-consumer-agency/services/credit-reports-score/order-credit-report.html>
- <https://www.canada.ca/en/financial-consumer-agency/services/financial-basics/financial-basics-videos/financial-basics-video-credit.html>
- <https://www.ontario.ca/page/credit-reports>



ADDITIONAL RESOURCES

Financial Consumer Agency of Canada

www.fcac-acfc.gc.ca

This website offers interactive tools such as a Credit Card Selection Tool and Credit Card Payment Calculator. There are many helpful resources on credit card features.

Can Learn

www.canlearn.ca

This website has information about housing and mortgage insurance in Canada.

Canadian Mortgage and Housing Corporation

www.cmhc-schl.gc.ca

This website has information about housing and mortgage insurance in Canada

TD Personal Loan Calculator

www.tdcanadatrust.com/lending/tools/loan_calc.jsp

This calculator helps you figure out a repayment schedule for a loan based on the loan balance, interest rate, and length of the loan.

Visa

www.visa.ca

This site provides cardholder information and resources for understanding credit card terms and conditions.

MasterCard

www.mastercard.com/canada/

This website provides cardholder information and resources for understanding credit card terms and conditions.



GLOSSARY

Annual fee:

A fee charged once a year by many credit card companies

Collateral:

Items of value that are promised to the lender in the event the borrower does not repay the credit; acts as a form of security for the loan; may be seized and sold if the repayment agreement is not followed.

Credit:

The ability to borrow money or receive items or services now while paying for them later.

Credit card:

A card issued by a financial institution that lets you buy things and pay for them later. The credit card company pays the seller. You repay the credit card company monthly.

Creditor:

A person or company that lends money or sells you goods that you pay for later.

Debt:

Money that you owe.

Grace period:

The amount of time you have to pay a credit card balance before you are charged interest

Interest:

The amount paid by a borrower to a lender for the use of money

Line of credit:

A type of pre-approved loan that allows you to borrow money when you need it, up to a maximum amount

Loan:

Money that you have borrowed and have to repay on a set schedule, with interest



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Mortgage:

A loan to buy property. If the loan is not repaid on time, the lender can take possession of the property

Overdraft:

A shortage in a bank account caused by taking out more money than you had in the account. Banks will sometimes allow good customers to make overdrafts for a short time, but they charge fees and interest for the service

Payday loan:

A small, short-term loan from a lender with high interest rates

Prepaid card:

A card you pay cash for in advance. The balance goes down as you make purchases or withdrawals

Principal:

The money invested or loaned, not counting the interest

Secured:

A loan with collateral attached to it as a form of security, the collateral (i.e. house) may be seized if the repayment agreement is not followed

Unsecured:

A loan issued and supported only by your credit worthiness, rather than collateral. You must have good credit. Typically, higher interest rates than secured loans.

Bankruptcy:

When a person does not have enough money to pay their debts and cannot get more credit to borrow, they can file for bankruptcy. This may involve selling items off and making monthly payments to your creditors until you are discharged from your debt. The process may take over a year or more and you must pay a trustee to administer the process.

Collections:

Agencies that go after people who have not paid their debts and try to get the money back for the lender

Credit bureau:

A company that gathers information about you as a borrower and provides reports about your creditworthiness



Credit check:

A request to a credit bureau for a report about your credit worthiness

Credit limit:

The amount of credit you have available to you. Your credit limit is shown on your credit card statement.

Credit rating:

In a credit report, each of your accounts gets a rating.

For instance, if you have a credit card and a car loan, you get ratings for each of these.

The rating is a number from 0 to 9. A rating of 1 means you pay your bills on time and follow the terms of your credit agreement. A rating of 9 means you did not pay a debt and the account has been sent to collections.

Credit score:

A score between 300 and 900 that credit bureaus use to rate the information in your credit report. Credit bureaus use a mathematical formula based on many factors to arrive at your credit score.

Creditor:

Someone to whom you owe money

Credit worthy:

Having a good credit 'track record'. This makes it easier to get access to credit at lower interest rates.

Installment credit:

The kind of credit where you receive an amount of money all at once and then pay back in regular instalment payments until the balance is zero, such as a car loan
Not Sufficient Funds: (NSF for short.)

What the bank calls a cheque that you write when there is not enough money in your account to cover it. This results in a penalty fee.

Identity theft:

When someone steals information about you and uses it to buy things or get cash in your name

Open credit:

The kind of credit where you get a bill in the mail monthly, such as a phone bill, and you are expected to pay it in full

Revolving credit:

The kind of credit where you are given a limit up to which you can spend, such as a credit card.



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MODULE 4 ASSIGNMENT: GOAL SETTING

GOAL: GET A LOWER INTEREST RATE ON MY CREDIT CARD

BY WHEN:

TASKS TO COMPLETE MY GOAL

BY WHEN:

Task 1:

Read through my statement to confirm my current interest rate.

Task 2:

Locate the customer service number for my card.

Task 3:

Call customer service and ask for a lower rate.



MODULE 4 QUIZ

1. Which of the following is not contained within your credit report?
2. Which type of credit is used to make large purchases (ex. Car, renovations, computer)?
3. Which type of credit is used for short-term cash needs?
4. True or False: Credit should be treated as free money.

SCORE:

