CLB 3-Banking-Reading Skill Building-Comprehending Information

Credit Cards and Debt



Credit cards are an important part of our lives. They make life easier and more convenient. They help us shop online and pay bills over the phone, as well as use in emergency situations. However, the use of credit cards can be dangerous if not used carefully.

Some credit cards have very high interest rates which can lead to serious financial problems. For people who pay off their card balances every month on time, the debt is minimal. However, people who don't pay back their credit card payments on time can get into a cycle of debt. With high interest rates of 18-23 percent, people can carry a large balance that they have a hard time paying back.

In many cases, people have to use credit cards to borrow money to pay their bills and make other purchases. For many people, it is very easy to go shopping with a credit card even if they don't have the means to pay for it. This makes the cycle of debt even worse.

When you have a hard time paying back your credit card or get into debt, you also ruin your credit rating. If your score is low, you may have trouble getting a bigger loan in the future for a mortgage or a car.

Credit cards are issued by different sources such as banks and retail stores. Banks advertise credit cards on TV, in newspapers, and on the Internet. They are always looking for new customers. Credit cards can be great if used appropriately-which means don't spend more than you can afford, pay off you credit balance on time so you don't fall into debt and ruin your credit.

Questions About the Reading

Choose the best answer.

1. What is the topic of the reading?
    a. credit card debt
    b. bank loans
    c. high interest rates

2. What is the main idea?
    a. Credit cards can be dangerous if not used carefully.
    b. The interest rates for credit cards are very high.
    c. Internet shopping makes it easy to buy things we need.
    d. People should only buy things they need.

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3. The meaning of the word ***dangerous*** in paragraph 1 means:
    a. Using credit cards is fun.
    b. Using credit cards sometimes is fine.
    c. Using credit cards is convenient.
    d. Using credit cards can cause financial problem.

4. Which detail that supports the main idea?
    a. High credit card interest can cause financial problems.
    b. Credit cards make shopping easy and fun.
    c. You can get a credit card at a bank or retail store as a new customer.

5. Paying your credit card every month on time will lead to financial problems and debt.
    a. True b. False

6. You can have bad credit score if you…..
    a. Always pay your bills
    b. Shop online
    c. Get into debt

7. According to the text, if you have large amount of debt that you cannot pay back, what can be one of the problems in the future?
    a. The bank will not approve you for a loan to buy a house or a car.
    b. You will lose your job.
    c. Nothing. Banks are always looking for new customers.

8. Many people buy things with their credit cards that they cannot pay for.
    a. True b. False

9. What are some suggestions to not get into credit card debt according to the reading?
    a. Only spend money you can afford
    b. Pay your credit card balance
    c. Pay it on time
    d. All of the above

10. Do you like using credit cards? Why/why not?

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