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TYPES OF LOAN AND WAYS TO USE A CREDIT CARD EFFECTIVELY

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ABSTRACT: The problem of achieving a bigger financial goal faster is tried to be solved by taking a loan from the bank. In this article, we study types of a loan is and how to use credit card effectively.

A loan is a loan provided by a credit institution, such as a bank. Banks borrow money from one organization and lend it to another for a certain period. It pays interest for borrowing money and charges interest for lending to customers. The difference between the interest paid and the interest collected is the bank's income. So, if we look at the bank as an entrepreneur, it is for its own business
buys 'raw materials', 'makes the product' and 'sells' it to its customers for profit. Here,

Commodity is attracting money to a deposit in return for interest;
The finished product is banking services;
Sales are loans and other banking services.

The loan is allocated mainly for a specific purpose, term, under security, based on the repayment schedule and depending on the borrower's ability to pay. These are the main principles of credit. Because the bank must return the funds it has attracted for lending to the depositors and deposit holders along with the interest on time, cover its expenses and assess the risk of returning or not returning the loan in advance. Based on this, each bank independently sets interest rates on loans. Loans can be given to individuals, private entrepreneurs, large enterprises and even states.
Banks always need cash resources to ensure the credit needs of the population and business entities and to carry out uninterrupted activities. Banks money
• from its founders;
• from residents and legal entities;
• can receive from the state or international financial organizations.
Based on the above resources, the type and conditions of loans are determined:
Consumer loans. Loans directed by the client for certain consumer goods and services, for example, for the purchase of household appliances, motor vehicles, home repairs, weddings, vacations and medical treatment is an example.
In the allocation of consumer loans, the bank attracts resources with its own efforts. Naturally, the bank buys such resources at a certain "price". In order to cover the costs of "product production" by itself, the bank sells such loans at a relatively high "price"..
Loans for business support. Such loans are allocated in short and long terms for purposes such as initial investment, replenishment of working capital, expansion of production. In this case, loan interest can be allocated preferentially on the basis of the state program or at the expense of the bank's own funds, but different from the interest of preferential loans..
Preferential loans. Preferential loans allocated on the basis of the state program. Loans allocated with various benefits at the expense of special state funds or international financial organizations to improve the socio-economic situation of the country. The terms of this loan are set directly by the organization providing the resource.
Mortgage loans. It is a type of loan allocated for the purchase of housing, and it can be preferentially allocated at the expense of the bank's own funds or at the expense of special state funds based on state programs.

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Banks are independent in determining interest and commission fees for any banking services, except for preferential loans with strictly defined conditions based on state programs.
Effective and targeted use of credit funds requires double responsibility. Therefore, one should try to become one of the orderly debtors, feeling responsible for receiving, using and repaying the loan. Because a loan is not a gift, it is an opportunity to achieve our financial goals. Using this opportunity irresponsibly, if it is not returned on time, it will have a negative effect on the credit history.

A credit card is a bank card that can be used to pay for goods and services without cash at the expense of the bank's credit funds. In contrast to the debit (overdraft) card, the card owner (borrower) cannot save (collect) his own funds on a credit card.
This loan is granted within the limit set by the bank, and various characteristics of the borrower are taken into account in its determination: age, income, credit history, etc.
The credit card limit can be restored, that is, a part of the loan paid by the borrower can be borrowed again.
The card can be used to pay for any products, works and services at the discretion of the credit card holder.
Using a credit card, you can make payments for online purchases in any place (shops, cafes, restaurants, etc.) just like regular debit cards.
In order to effectively use a credit card in the future, before concluding a loan agreement with the bank, it is necessary to carefully study it and find out all its features, commissions and other "hidden and unexpected" situations.
In addition, it is necessary to carefully study how the grace period for the card (if any) is calculated and try not to exceed its "limit". If the specified amount is not returned on time, the client will have to pay not only this amount and its interest, but also make penalty payments.
Interest is calculated on actual used funds, not on the basis of the authorized credit limit.
Try not to withdraw cash from a credit card, as most banks may charge a fee for this.

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