What is credit?
Credit is money you borrow from a lender. You have to pay it back by an agreed time. You need to pay back the money you have borrowed plus interest, fees and charges. If you do not pay the money back on time there will be extra costs.

Lenders are also called credit providers. They include banks, credit unions, building societies and finance companies that lend money. Lenders make money by lending money and charging interest, fees and charges for this service.

What are interest, fees and charges?
Interest is an ongoing amount of money you pay to use credit. Fees and charges are the extra costs for borrowing money (credit). They can be charged monthly or yearly. These costs can include:
- monthly fees for keeping your account
- fees if you do not pay on time
- fees if you do not make a repayment.

Credit law
In Australia lenders must follow consumer credit law. This is regulated by the Australian Government. The person borrowing the money also has to follow the law.

Types of credit
There are many different types of credit in Australia and the type you use depends on what you borrow money for. Some examples are credit cards, car loans, home loans, store cards, short-term loans and consumer leases.

Remember
- Credit is borrowed money you have to pay back.
- Credit has extra costs.
- Too much credit can cause money problems.

For more information about credit, visit ASIC’s MoneySmart website, moneysmart.gov.au, or call 1300 300 630. You can also call a Financial Information Service Officer on 13 23 00 who will help you better manage your use of credit.

To order your credit file, visit mycreditfile.com.au.