

name: _____

date: _____



shopping for credit

Credit card costs and features can vary greatly. This exercise will give you a chance to shop for and compare the costs and features of three credit cards.



directions

Using the attached form, research the costs and features of:

- Two major credit cards; and
- One credit card from a department store.

When you're done, answer the following questions.

what did you find?

1. Which credit card has the highest annual percentage rate and how much is it?
2. What method is used to calculate the monthly finance charge for the first major credit card?
3. When does the finance charge begin to accrue on the credit card from the local department store?
4. Do any of the cards have annual fees?
If so, which one(s) and how much is the fee?
5. Is there a transaction fee on any card?
If so, how much is it?
6. Is there a minimum finance charge on either of the major credit cards?
If so, how much is it?
7. Does the first major credit card charge a fee for late payments?
If so, how much is it?
8. What is the grace period on the credit card from the local department store?
9. Rafael wants to buy a new CD player that costs \$450. According to his budget, he can afford payments up to \$62.00 per month. Which of the three credit cards you've found would you recommend that Rafael use to purchase the CD player?
Why?

shopping for credit (continued)

use the following form to compare two or more credit cards:

	card one	card two
Type of account: Credit card Charge card		
Company name, address, phone		
Web site		
Locations where card is accepted		
Annual fee (if any)		
Grace period		
Annual Percentage Rate (APR)		
Finance charge calculation method		
Credit limit		
Minimum payment		
Other fees: Late payment		
Other features		

Part B: Credit Cards

(1) Survey newspapers, magazines, and junk mail to find 3 different credit card offers. Complete the table using the information provided by the companies.

Card →	1)	2)	3)
Interest Rate (regular)			
Credit Limit			
Annual Fee			
Cash Advance Fee			
Late Payment Fee			
Rewards			
Other info:			

(2) Out of the three choices, which card would be the best deal? Explain your answer.

9. Currency Trading

Jack Markell is a currency trader for First National Bank of Chicago. Each day, he decides how to trade the cash money he has for currencies from other countries in an effort to turn a profit. Jack monitors currency prices in ratio to one another. As of January 30, 1998, for example, it took \$1.4556 Canadian dollars to purchase \$1.00 U.S. dollar. Jack determines the amount of U.S. dollars needed to purchase one Canadian dollar by dividing $\$1.00 \text{ U.S.} / \$1.4556 \text{ Canadian} = .6870 \text{ U.S.}$ To make profitable trades, Jack needs to know the conversion rates between the various countries at all times. Jack also recently went on a trip to Europe to visit with some of his trading partners. He had to do transactions in the money of each of the countries he visited.

Answer these questions about currency trading and conversion that Jack has encountered recently:

1. One U.S. dollar buys 126.95 Japanese yen on today's market. How many U.S. dollars would it cost Jack to buy 1,000,000 yen?

2. Jack learns that a Swiss franc is worth 5.7327 Mexican pesos. Jack has 10,000,000 Mexican pesos. How many Swiss francs can he buy?

3. Jack knows that a Dutch guilder will buy 0.8869 German deutsche marks. How many guilders will a deutsche mark buy?

4. Italian lire are smaller denominations than most currency. One Canadian dollar will buy 1240.70 lire. A Canadian dollar will also buy .6870 U.S. dollars. How many lire will one U.S. dollar buy?

5. The first stop on Jack's trip was London. His travel agent had booked him into a hotel for 105 pounds a night. How much did Jack pay for the room in U.S. dollars if 1 pound buys 1.6335 U.S. dollars?

6. Jack's next stop was in Paris. He saw a hat in a shop window there that was exactly like one he had nearly bought in London. In England the hat cost 25 pounds. In Paris, they were asking 240 francs. Jack knew that the franc was worth 0.09979 pounds. Which hat was a better deal?

7. Finally, Jack visited Zurich, Switzerland. He had decided not to go to Italy, so he needed to exchange his 100,000 lire for Swiss francs. The clerk handed him 820 francs. How many lire did 1 franc buy?

