

New online tool to educate consumers on the cost of their credit cards

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A new website which gives consumers better access to tailored information on their credit card costs is launched today by The UK Cards Association following a research project undertaken with the Personal Finance Research Centre (PFRC) at the University of Bristol.

The CardCosts website (www.cardcosts.org.uk) is built on the findings of the research which concluded that consumers are struggling with the 'APR' as the traditional measure of illustrating the cost of borrowing.

Andrea Finney, Senior Research Fellow at the Personal Finance Research Centre, said: "One of the most striking findings to come out of our research was how strongly the people we spoke to wanted to understand the costs of their credit card in relation to their own spending. A hypothetical balance, such as the one used for calculating the APR, simply wasn't meaningful. This new website was developed to

give users the opportunity to see the cost of their cards as a direct reflection of their actual balance and how they use their card.

"The way that credit card costs are calculated and applied can be complicated enough, but when you add in the potential different combinations of types of balance and the many different approaches consumers can take to repay their cards, the picture becomes even more complex. It's extremely difficult for consumers to navigate this complexity on their own. The key challenge in developing a tool like this therefore lay in stripping back this real-world complexity to make the interface as simple and intuitive to use as possible, while retaining the validity and representativeness of the results."

The CardCosts website will allow credit cardholders to gain a better understanding of the cost of their current repayment choices; experiment with different levels of payments and desired periods to pay off a balance; learn from a range of informative messages which explain what can be complicated terms; link to other help and guidance, such as credit card statements and summary boxes; and quickly receive details of sources of free independent debt advice.

The website looks to go further than other similar existing tools by capturing details of different types of balance – covering not only traditional card purchases but also balance transfers and cash advances. Furthermore, it allows the user to clearly see the impact of paying just a little more than the minimum payment. These enhanced features will ensure that the indicative costs provided are as tailored to a customer's individual circumstances as possible.

The initiative has received support from the Department for Business, Innovation & Skills, where the Minister for Employment Relations, Consumer Affairs and Postal Services, Jo Swinson MP has welcomed the alignment of this work with its own ambitions around 'consumer

empowerment'.

Jo Swinson MP, Consumer Minister, said: "The Government is committed to helping consumers in financial difficulty. A big part of managing financial problems and debt is knowing how to avoid them, and well-informed consumers make better choices and spending decisions. That is why I am pleased that The UK Cards Association and Bristol University have launched the CardCosts website today, which I'm confident will be a welcome aid to consumers seeking more information on credit cards.

"This website will help [consumers](#) take control of their bills and pick the best [credit card](#) for their needs. Consumers who are in financial difficulty can talk to the Money Advice Service on 0300 500 5000, who provide free and confidential debt advice."

More information: [www.bristol.ac.uk/geography/re ...
-debt/cardcosts.html](http://www.bristol.ac.uk/geography/research/2013-06-online-tool-consumers-credit-cards.html)

Provided by University of Bristol

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