**CONSUMER ECONOMICS**

**Chapter #4 Study Guide**

Parts of Credit-

Principal-

Interest-

Two types of debt or credit-

Installment-

Revolving-

What are the differences?

When would you use both?

What does a bank do for its’ customers?

What are the differences between commercial banks and credit unions?

How do credit cards work?

How do credit cards benefit consumers?

How do credit cards abuse consumers?

What is the difference between a credit card and a debit card?

Which method of calculating interest on a credit card is best for you?

**DETERMINING RISK**

Name the factors that make you a good credit risk

Which loan has a lower interest rate, secured or unsecured? Why?

What are your responsibilities as a lender or user of services?

Review usury laws and bankruptcy.

What types of checks are more secure than a personal check? Why?