

## WHAT IS A CREDIT LINE?

A line of credit is a sum money the bank makes available for you to use when you need it, for a specific period of time.

You don't have to use all the money at once. You can use it little by little, when you need it.

For example:

You have a €20,000 credit line to be used for 1 year.

If you use €5,000 during the first 3 months, you still have €15,000 available for use during the following 9 months.

You only pay for the money you use, not for all the money the bank has made available.

That is, if you have used the €5,000, you will only pay for that €5,000.

## **Do you need to have money in the account?**

No. The credit line does not depend on the money you have in your bank account.

Therefore, you do not need to use your savings and it doesn't matter if at that moment you have no money in your account.

## **What can it be used for?**

The credit line is very useful when you're not sure how much money you will spend and for how long.

For example, if you have to:

- renovate your home,
- buy furniture,
- buy electrical appliances
- or change the decoration.

So you ask for a credit line and you buy what you need, little by little.

The money you use is deducted from your credit line, up to the limit the bank has granted you and for the agreed time.

## **How is the money paid back?**

The bank gives you money to spend and then you have to return it.

Normally you pay it back little by little, paying an amount each month.

You only pay for the money you have used.

## **A very important advantage: it is reusable**

This means that when you pay the instalments each month, the money you return becomes available again.

This way, if you need it, you can use it again within the agreed time.

## **And what happens when you no longer need your credit line?**

You have several options:

- You can keep the credit line open in case you have new expenses later on.
- You can close the credit line, with no extra charges, following the contract you signed.

## **Final advice**

The credit line can give you peace of mind if you have a lot of expenses.

Before taking one out, it is important to know:

- how much money you will be granted,
- how long you can use it for
- and how you will have to pay it back.

You can then decide whether a credit line is a good option for you.