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Credit Card 101

Types, Rewards, Fraud Protection & How to Choose

Card Types

Key Terms

Rewards

Save Money

Fraud Safety

Choose Right

What you'll learn:

- How credit cards work and the billing cycle
- 8 types of credit cards and which suits your lifestyle
- Key terms: APR, grace period, credit utilisation, forex markup
- Proven strategies to earn 3-5x more rewards from the same spend
- How to save money using credit card offers, cashback and EMI
- How to protect yourself from fraud and what to do if targeted
- How to choose the right card based on your spending profile
- 7 golden rules every cardholder must follow

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DISCLAIMER: This material is for educational purposes only. It does not constitute financial, legal, or investment advice. Credit card terms, interest rates and regulations vary by country and issuer - always read the full terms before applying. Never use credit cards to spend beyond your means. Moneykar.com accepts no liability for decisions made based on this content.

Module 1 — What Is a Credit Card?

Understand what you are holding — a short-term loan tool, not free money

20-55

Grace period (days)

36-42%

Typical APR in India

20-30%

Typical APR in USA/UK

0%

Interest if paid in full

How a credit card works

A credit card is a revolving line of credit. When you pay with it, the bank pays the merchant immediately and you repay the bank interest-free if you pay the full balance within the grace period (typically 20-55 days). You are given a credit limit — the maximum you can borrow at any time. Every purchase reduces available credit; every payment restores it.

KEY INSIGHT

A credit card is not your money. It is the bank's money, lent to you for up to 55 days for free — but at 36-42% annual interest (India) or 20-30% (USA/UK/UAE) if you do not pay back in full.

The billing cycle

Your billing cycle is typically 30 days. At the end of each cycle a statement is generated showing all transactions and the total amount due. You have a payment due date — usually 20-25 days after the statement date — to pay without any interest.

Event	Timing	What happens
Statement date	1st of month	30 days of charges summarised
Payment due date	21st of month	Pay full balance — zero interest
Grace period	1st to 21st	20 days interest-free window
Interest starts	22nd if unpaid	36-42% p.a. charged on balance

Credit card vs debit card

Feature	Credit Card	Debit Card
Money used	Bank's money (short-term loan)	Your own money
Rewards	Points, cashback, miles	Minimal or none
Credit score impact	Builds credit history	No impact
Fraud protection	Strong — chargeback rights	Weaker — money gone
Risk	Debt if not paid in full	Overspending own funds

WARNING — MOST IMPORTANT RULE

THE GOLDEN RULE: Always pay the full statement balance every month. Minimum payment keeps interest compounding at 3-3.5% per month. Example: You earn 2% cashback on INR 50,000 = INR 1,000 reward. But carrying INR 20,000 balance for 2 months at 3.5%/mo = INR 1,400 interest. Net result: INR 400 LOSS despite earning cashback.

Module 2 — 8 Types of Credit Cards

Each card type is designed for a different spending profile

1. Flat-Rate Cashback Card

Earns 1-2% cashback on every transaction regardless of category. Simple and predictable. Best for people with varied spending and no single dominant category.

- 1-2% cashback on all purchases every month
- No need to track or activate bonus categories
- Low or zero annual fee
- Good first card for beginners

2. Category Cashback Card

Earns 3-10% on specific categories (dining, groceries, fuel, online shopping) and 1% on everything else. Best for households with clear, predictable spending patterns.

- 5-10% on top 2-3 categories (capped monthly)
- 1% base rate on all other spend
- Monthly category activation may be required
- Best value if your top category spend exceeds INR 8,000/month

3. Travel Rewards Card

Converts spending into air miles, hotel points or flexible travel currency. Key benefits: airport lounge access, zero forex markup, travel insurance.

- 4-10 miles per INR 100 / USD 1 spent
- Unlimited domestic + international lounge access
- Zero forex markup on international transactions (saves 3.5%)
- Travel insurance: trip cancellation, medical, baggage delay
- Welcome bonus often worth multiple free flights

4. Fuel Card

Earns surcharge waivers and bonus points on fuel purchases. Worth it if you spend INR 3,000+ / USD 50+ per month on fuel.

- 1-4% fuel surcharge waiver at partner stations
- 5-10x reward points on fuel spend
- Roadside assistance benefit
- Low annual fee, often waived on fuel spend milestone

5. Shopping / Co-branded Card

Partnered with a specific retailer (Amazon, Flipkart, Noon). Offers 5-10% on the partner platform and 1-2% elsewhere. Often includes platform membership (Prime, Flipkart Plus).

- 5-10% cashback on partner shopping platform
- Platform membership included as benefit
- Purchase protection insurance on large items
- 1-2% on all offline spend

6. Low-Interest / EMI Card

For people who occasionally carry a balance or make large purchases. Lowest APR available (18-24% vs 36-42% standard). 0% EMI at partner merchants.

- 0% EMI at partner merchants (3-24 months)
- Lowest APR available — 18-24% vs 36-42% standard
- Balance transfer at low intro rate
- Only worthwhile option if you carry a balance regularly

7. Secured / Credit-Builder Card

Backed by a fixed deposit or security deposit. Near-guaranteed approval regardless of credit score. Every on-time payment builds credit history. Stepping stone to premium cards in 12-18 months.

- Approval guaranteed — no prior credit history needed
- Payments reported to CIBIL/Experian/credit bureaus monthly
- Credit limit = security deposit (INR 10,000-50,000 typical)
- Interest earned on the underlying fixed deposit
- Upgrade to unsecured card after 12-18 months of on-time payments

8. Premium / Super-Premium Card

Annual fees of INR 5,000-30,000 with benefits that exceed the fee for the right spender: unlimited global lounge access, flight vouchers, golf, concierge, hotel elite status.

- Unlimited global airport lounge access
- Annual flight or hotel vouchers (often worth the fee alone)
- Golf course access + personal concierge service
- Comprehensive worldwide travel and purchase insurance
- Large welcome bonus — typically INR 10,000-30,000 in value

Module 3 — Key Terms Explained

The 10 terms that determine whether a card is good or bad for you

APR — Annual Percentage Rate

The annual interest charged on unpaid balances. India: 36-42% p.a. (3-3.5% per month). USA: 20-30%. UK: 19-25%. UAE: 36-40%. At 40% APR, INR 10,000 unpaid for 12 months = INR 4,000 in interest — 40% of the original amount.

Grace Period

The interest-free window between statement date and payment due date — typically 20-55 days. Pay the full statement balance before the due date and you pay zero interest. This is the free short-term loan that makes credit cards genuinely valuable.

Credit Utilisation Ratio

The percentage of your total credit limit currently in use. Below 10%: Excellent. 10-30%: Good. 30-50%: Fair — slight negative. Above 50%: Poor — signals financial stress, hurts credit score significantly. Keep below 30% always.

Minimum Payment

The smallest amount to avoid a late fee — typically 5% of outstanding balance or INR 200, whichever is higher. Paying only the minimum is a trap: INR 50,000 balance on minimum payments takes 7+ years to clear and costs INR 90,000+ in interest.

Forex Markup Fee

Fee charged on international transactions — typically 2-3.5% in India, 1-3% in USA/UK. On USD 1,000 purchase, a 3.5% markup = USD 35 / INR 2,900. Travel cards waive this entirely — this benefit alone often covers the annual fee for frequent travellers.

Credit Limit

Maximum balance you can carry. Determined by income, credit score and credit history. Request a credit limit increase every 12 months — a higher limit with the same spend lowers your utilisation ratio and improves your credit score.

Reward Rate

The percentage of spend returned as cashback, points or miles. Flat rate: 1-2% on everything. Category rate: 3-10% on specific categories. Always calculate net value = (rewards earned per year) minus (annual fee).

Welcome Bonus

Points, miles or cashback awarded when you spend a threshold amount in the first 60-90 days. Often worth INR 5,000-30,000. Time large planned purchases (appliances, travel) around a new card application to hit the threshold without overspending.

Module 4 — Maximising Rewards

Smart strategies to get 3-5x more value from the same spending

The 2-card strategy

Most optimal earners carry exactly 2 cards: one category card earning 5-10% on their top 2-3 spending categories, and one flat-rate card earning 1.5-2% on everything else. A household spending INR 80,000/month can realistically earn INR 3,000-5,000/month in rewards.

2-CARD COMBINATION

- Card 1 (Category): 5-10% on dining, groceries, or fuel (your top 2-3 categories)
- Card 2 (Flat-rate): 1.5-2% on all other purchases — travel, utilities, miscellaneous
- Rule: Always use Card 1 first for bonus categories; Card 2 for everything else
- Never carry more than 3-4 active cards — complexity outweighs benefit beyond that

Redemption value by method

Redemption Method	Value per Point	Verdict
Statement credit / cashback	0.25-0.50	Simple, reliable, always available
Gift vouchers	0.50-0.75	Good if you use the brand
Flight miles transfer	1.00-2.00+	Best value — use for premium cabins
Hotel points	0.75-1.50	Good for frequent hotel stays
Merchandise / catalogue	0.10-0.25	Worst value — always avoid

Reward stacking — triple-dipping legally

Stack three layers of benefit on a single purchase: (1) Pay with your cashback credit card, (2) through a cashback portal or partner app (extra 1-3%), (3) during a merchant sale event (10-50% off). Example: INR 10,000 purchase — 5% card cashback (INR 500) + 2% portal (INR 200) + 15% sale (INR 1,500) = INR 2,200 saved = 22% effective discount.

Automate recurring bills

Set your highest-earning card as the default for all monthly recurring charges: streaming subscriptions, utility auto-pay, insurance premiums. You earn rewards passively and the automatic charges help meet minimum spend thresholds for annual fee waivers.

TOOL: Credit Card OS — find your ideal card type based on your spending -> moneykar.com/credit-card-os

Module 5 — How to Save Money Using Credit Cards

Practical strategies to put real money back in your pocket every month

3.5%

Forex saving on intl. spend

5%

Fuel surcharge waiver

10%

Category cashback rate

0%

EMI interest (partner stores)

1. Cashback on everyday spend

Use a category cashback card for groceries, dining and fuel — your 3 largest recurring categories. At 5% cashback on INR 20,000/month of combined spend, you earn INR 12,000 per year simply by switching your payment method. Apply your local currency equivalent.

2. Fuel surcharge waiver

Every fuel transaction in India carries a 1% surcharge. A fuel card waives this completely and adds 5-10x reward points. On INR 5,000/month of fuel spend, that is INR 600/year in waivers plus reward points — effectively reducing your fuel cost.

3. 0% EMI on large purchases

Instead of paying INR 60,000 upfront for a laptop, convert to 0% EMI over 6-12 months at partner merchants. Your cash stays in a savings account or liquid fund earning 6-7% p.a. while you pay in instalments. On INR 1,00,000 spend over 12 months, the opportunity cost saving is approximately INR 6,000-7,000.

4. Airport lounge access — save on food and lounge fees

Premium travel cards include 8-unlimited free domestic lounge visits per year. At INR 500-800 per lounge visit, 12 visits = INR 6,000-9,600 saved annually. International lounges are priced at USD 30-50 (INR 2,500-4,000) each. For frequent flyers, lounge access alone justifies the annual fee.

5. Zero forex markup on international spend

Standard cards charge 2-3.5% on every international transaction. On USD 5,000 of annual international spend, a zero-forex card saves USD 100-175 (INR 8,000-14,000). Always carry a zero-forex card when travelling abroad or shopping on international websites.

6. Welcome bonus arbitrage

Many premium cards offer a welcome bonus of INR 5,000-30,000 in value when you spend INR 30,000-1,00,000 in the first 60-90 days. Time this around planned large purchases (appliance replacement, travel booking, insurance renewal) to hit the threshold naturally without incremental spending.

7. Cashback portals and partner discounts

Before shopping online, visit a cashback portal (CashKaro, TopCashback, Rakuten) and click through to the merchant. Earn 1-15% extra cashback on top of your card rewards. This is passive income — it costs no extra money and takes 30 seconds.

8. Dining and entertainment offers

Most mid-tier and premium cards partner with restaurant networks offering 15-25% off on the total bill up to 2-4 times per month. On a family of 4 dining out twice a week at INR 2,000/outing, a 20% discount = INR 16,000 saved annually.

9. Milestone rewards and spend-based fee waivers

Many cards waive the annual fee entirely if you hit a spend threshold (e.g. INR 1,50,000/year for a INR 1,500 fee card). Track your annual spend. If you are INR 10,000 short of the milestone, put one planned purchase on this card to waive the fee and earn the milestone bonus — often worth INR 2,000-5,000 extra.

10. Insurance and purchase protection

Premium cards include complimentary purchase protection (covers damage/theft within 90 days of purchase), extended warranty (adds 1-2 years), and travel insurance. Using your card to buy electronics, appliances or book travel activates these benefits automatically — no separate premium required.

TOTAL ANNUAL SAVINGS POTENTIAL

MONTHLY SAVINGS ESTIMATE: A disciplined credit card user earning 5% on INR 20,000 of category spend + fuel waiver + lounge access + portal cashback can realistically save INR 2,500-4,000 per month = INR 30,000-48,000 per year — at zero additional cost. This compounds when invested in a SIP.

TOOL: Finance OS — track your savings rate and financial score -> moneykar.com/finance-os

Module 6 — Fraud Protection & What to Do

How fraud happens, how to prevent it, and exact steps to take if you are targeted

How credit card fraud happens

Understanding the attack methods helps you block them before they reach you. Fraudsters use multiple techniques — often combining two or three simultaneously.

Phishing / Vishing

You receive a call, SMS or email claiming to be your bank. You are asked to 'verify' your card number, CVV, OTP or PIN. Banks NEVER ask for these. Hang up immediately. Do not click email links — go directly to bank website.

Card skimming

A physical device attached to ATMs or POS terminals copies your card's magnetic strip data when you swipe. The fraudster creates a clone card. Prevention: use chip+PIN (not magnetic swipe), cover keypad when entering PIN, tap/contactless for small payments.

Card-not-present (CNP) fraud

Your card details (number, expiry, CVV) are stolen from a data breach and used for online purchases without needing the physical card. Prevention: use virtual card numbers for online shopping, enable transaction alerts, set an international transaction block if you do not travel.

SIM swap fraud

Fraudster convinces your telecom operator to transfer your mobile number to a new SIM. They then receive your OTPs and take over your accounts. Prevention: never share Aadhaar/personal details in unsolicited calls, set a SIM change alert with your telecom provider.

Malicious apps and fake payment pages

Fake banking apps or checkout pages steal your credentials and card data. Prevention: only install apps from official app stores, check URL padlock and domain spelling before entering card details, use a password manager.

Account takeover

Using leaked credentials from other data breaches, fraudsters access your bank account and change settings or add new payees. Prevention: use unique passwords for every financial account, enable 2FA, check Have I Been Pwned (haveibeenpwned.com) for your email.

Module 6 (continued) — Prevention Checklist & Recovery Steps

FRAUD PREVENTION — 10 NON-NEGOTIABLE STEPS

- Enable real-time SMS + email transaction alerts for every transaction above INR 1 / \$0.01
- Set a domestic-only block on your card — disable international transactions unless travelling
- Never share OTP, CVV, PIN or card number — not even to someone claiming to be your bank
- Use virtual card numbers (most banks provide these) for all online shopping
- Register for 3D Secure / Verified by Visa / Mastercard Identity Check on all online cards
- Check your statement every week — fraudulent charges are easiest to dispute within 30 days
- Use chip-and-PIN or contactless — never swipe the magnetic strip at unfamiliar terminals
- Keep your card visible at all times at restaurants — never let it leave your sight
- Use a separate low-limit card for online shopping — limit exposure to INR 10,000 max
- Freeze your card instantly via the bank app when not in use — unfreeze only when needed

What to do if you are a fraud victim — exact steps

Act within the first 60 minutes. Speed determines whether you recover the money. Follow these steps in order:

1. IMMEDIATELY: Block your card via the bank app or call the 24x7 helpline — do not wait.
2. WITHIN 1 HOUR: File a complaint on the bank's official website or app. Note the complaint reference number.
3. WITHIN 3 HOURS: File an FIR at the nearest cyber crime police station or online at cybercrime.gov.in (India) or ic3.gov (USA).
4. WITHIN 24 HOURS: Email your bank's fraud department with your complaint number, transaction details, and FIR copy.
5. WITHIN 7 DAYS: Follow up in writing (email/letter) — verbal complaints are not enforceable. Banks are required to respond within 7-10 working days.
6. ESCALATION: If the bank rejects your claim, file a complaint with the Banking Ombudsman (India: rbi.org.in/scripts/BS_BankingOmbudsman) or CFPB (USA) or FCA (UK).
7. ZERO LIABILITY: If you reported promptly and did not share credentials, you are entitled to zero liability under RBI guidelines (India) and consumer protection laws in USA/UK/UAE.

ZERO EXCEPTIONS — MEMORISE THIS

CRITICAL: Your bank will NEVER ask for your OTP, CVV, or full card number over phone or SMS. If anyone asks for these — even claiming to be from your bank — it is a fraud attempt. Hang up and call your bank directly using the number on the back of your card.

RBI / Regulatory zero-liability rules

Situation	Your Liability (India/RBI)	Global Equivalent
You report fraud within 3 days	Zero liability	Zero liability (USA/UK/UAE)
You report in 4-7 days	Up to INR 10,000	Usually zero with prompt report
You reported after 7 days	Bank decides case by case	Similar — report ASAP
You shared credentials yourself	Full liability — no cover	Full liability globally
Bank system was breached	Zero liability always	Zero liability always

Module 7 — How to Choose Your Card

A 5-step framework to find the card that genuinely pays you back

Step 1 — Audit 3 months of your actual spending

Look at your last 3 bank statements and categorise every transaction. Find your top 2-3 categories by total monthly spend. This is where your reward card should earn the most — not where a card's marketing says it is best.

Step 2 — Be honest about your payment behaviour

If you will pay in full every month: any rewards card is appropriate. If you will sometimes carry a balance: only consider a low-interest card. No reward rate compensates for interest charges. A 2% cashback card on a balance carrying 40% APR = net -38% return.

Step 3 — Calculate the value equation

For any card: (Expected annual rewards earned) - (Annual fee) = Net annual value. Example: Card earns 5% on dining (INR 8,000/month) + 1% on rest (INR 40,000/month) = INR 4,800 + INR 4,800 = INR 9,600/year rewards - INR 2,000 annual fee = INR 7,600 net value. If the number is positive and meaningful, the card earns its keep.

CREDIT CARD OS TOOL

Use Moneykar's Credit Card OS (moneykar.com/credit-card-os) to automatically calculate which card type earns the most based on your actual monthly spending across 8 categories. It estimates your annual benefit and ranks all card types by fit percentage.

Step 4 — Match features to your lifestyle

If you...	Look for...
Travel internationally 2+ times/year	Zero forex markup + global lounge access
Drive 300+ km/month on fuel	Fuel surcharge waiver card
Spend INR 10,000+/month online	Partner e-commerce 5-10% cashback
Have no credit history	Secured / FD-backed card first
Make large purchases occasionally	0% EMI at merchant partners
Earn INR 2L+/month	Premium card — fee justified by benefits
Carry a balance sometimes	Low-interest card only — skip rewards

Step 5 — Start one, add strategically

Begin with one card covering your top spending category. Use it exclusively for 6 months. After mastering full-payment discipline, add a second card to cover remaining categories. Never hold more than 3-4 active cards — complexity, multiple due dates and annual fees outweigh the marginal benefit beyond that.

Module 8 — 7 Golden Rules Every Cardholder Must Follow

Non-negotiable habits that keep credit cards as tools, not traps

Rule 1 — Always pay the full balance, never the minimum

Minimum payment keeps interest compounding at 3-3.5%/month. Set auto-pay for the FULL statement amount on due date. If you cannot pay in full this month, stop using the card until you can — and switch to a low-interest card.

Rule 2 — Keep credit utilisation below 30%

Using more than 30% of your credit limit signals financial stress to credit bureaus and hurts your score. If your limit is INR 1,00,000, keep outstanding below INR 30,000. Request a limit increase annually to naturally lower utilisation.

Rule 3 — Never miss a payment date — not even once

A single missed payment stays on your credit report for 7 years in the USA and 3 years in India. Set a calendar reminder 5 days before the due date. Better: auto-pay.

Rule 4 — Check your annual fee value every December

Calculate: (total rewards earned last year) vs (annual fee paid). If benefits do not exceed the fee by at least 2x, downgrade to a fee-waiver variant or cancel. Banks will often waive fees if you call and threaten to cancel.

Rule 5 — Never apply for multiple cards within 90 days

Each application triggers a hard inquiry on your credit report, reducing your score by 5-10 points temporarily. Space applications by at least 90 days. Multiple hard inquiries in a short window flag you as credit-hungry.

Rule 6 — Never close your oldest card

Length of credit history counts for 15% of your FICO score and 25% of CIBIL. Keep old cards active with one small recurring charge (streaming subscription) so they are not auto-closed for inactivity.

Rule 7 — Redeem points before expiry

Most reward points expire in 2-3 years. Review your points balance quarterly. Redeem via statement credit, miles transfer or vouchers — never let them expire. Expired points are pure loss on spending you already made.

Credit Card Master Checklist

- I pay the full statement balance every month via auto-pay
- My credit utilisation is below 30% on all cards
- I have enabled real-time SMS/email alerts for every transaction
- I have set a domestic-only block when not travelling internationally
- I have calculated my annual fee vs rewards value in the last 12 months
- I have not shared my OTP, CVV, or PIN with anyone
- I reviewed and redeemed reward points in the last 3 months
- I know the 24x7 helpline number for each of my credit cards

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Course Complete!

Credit Card 101 — You now know more than most cardholders.

What you've mastered:

- How credit cards work and the billing cycle
- 8 types of cards — and which suits your lifestyle
- APR, grace period, utilisation, forex markup explained
- Reward maximisation: 2-card strategy, stacking, automation
- 10 ways to save real money every month with your card
- 6 fraud attack methods and how to block each one
- Exact steps to take within 60 minutes of a fraud incident
- 5-step framework to choose the right card for your spend
- 7 golden rules every cardholder must follow

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