




facts about credit card interest

Applicable to:

- NAB credit card Terms and Conditions
- NAB American Express Terms and Conditions
- Velocity NAB credit card Terms and Conditions

This document provides an overview of interest and how it is charged to your NAB Credit Card account. It isn't intended as a complete explanation and it doesn't form part of your credit card contract.

For a full explanation refer to your Credit Card Terms and Conditions booklet.

What is interest?

Interest is a charge for providing credit. All NAB Credit Card accounts have an annual percentage rate (interest rate). The applicable Terms and Conditions describe how interest is applied on a credit card account.

The annual percentage rate differs from product to product and different rates can be applied to the different types of transactions. For instance, some NAB products may have a different purchase rate and cash rate, or you may receive a special rate for a balance transfer. All of this is applied to the account's monthly aggregated balance to calculate the interest charge.

interest charged by NAB can be divided into four categories:

- **Purchase interest** – is interest charged on purchases such as buying food from the supermarket, paying bills or direct debits such as gym memberships or insurance premiums.
- **Cash interest** – is interest charged on cash transactions such as ATM withdrawals, fund transfers to another account using NAB Internet Banking or NAB Telephone Banking, traveller's cheque purchases, and bills paid over the counter at a bank, financial institution or post office.
- **Special interest** – is interest charged on other amounts, such as balance transfer amounts from non-NAB credit cards or transactions that are part of a specific promotion.
- **Interest on interest** – is interest charged on interest charges shown on a statement of account which are outstanding and generated by the three categories above. Additional interest is charged on any interest charges which are outstanding from the last statement period.

how is interest calculated?

Interest for a statement period is calculated by applying the relevant daily percentage rate(s) (the account's annual percentage rate/s divided by 365) to the total "aggregated balance" of the account for that period. The daily percentage rate(s) can be found on your card account statement.

$$\begin{array}{|c|} \hline \text{Aggregated} \\ \text{balance} \\ \hline \end{array} \times \begin{array}{|c|} \hline \text{Daily \% rate} \\ \text{(Annual \% rate / 365)} \\ \hline \end{array} = \begin{array}{|c|} \hline \text{Monthly} \\ \text{interest charge} \\ \hline \end{array}$$

This means that the aggregated balance includes purchase, cash advance and special balances, and any interest charges shown on a statement of account which are outstanding.

Interest on each component (purchase, cash, and special) is calculated separately and then added together. Interest that is shown on a statement of account which is outstanding is calculated on each component at the rate applicable to that component.

Fees are not included in the aggregated balance and are not subject to interest charges.

When is interest charged?

If interest is charged on your account it will be debited on the last day of your statement period. The first and last day of each statement period is shown on your monthly credit card account statement.

When is purchase interest charged?

If the account has an interest free period, and the closing balance of the credit card account is not paid in full by the payment due date each month, interest on purchase transactions is calculated from the day the transaction originally took place until the end of the statement period

If the account doesn't have an interest free period, interest on purchase transactions is calculated immediately i.e. generally the date the transaction takes place, and billed at the end of each statement period. Purchase interest is calculated daily until the transaction is paid off in full.

When is cash interest charged?

Interest on cash transactions, such as cash advances, is calculated immediately i.e. generally the date the transaction takes place, and billed at the end of each statement period. Cash interest is calculated daily until the transaction is paid off in full.

When is special interest charged?

The interest rate and its applicable period will differ depending on the promotion and any amounts remaining unpaid will defer to either the cash or purchase interest rate after the promotional period ends.

What is an interest free period?

This is a feature of some NAB credit cards which provides the opportunity to avoid paying interest on purchase transactions, by paying the account in full by the specified payment due date each month.

If your card has an interest free period, no interest will be charged on a purchase if:

- you pay the full closing balance by the payment due date for the statement on which the purchase is listed: and,
- you have paid the closing balance of the previous statement by its payment due date.

For example, the maximum interest free period for a NAB Low Rate Visa Card is 55 days – 30 days being the length of a normal statement period, and then 25 additional days between the last day of the statement period and the payment due date in which to pay the account in full to avoid purchase interest.

Note that if you did not pay the closing balance on your previous statement in full by the payment due date, your current statement will include interest charges for the outstanding balance, as well as any new transactions made since the closing date on that statement.

When do I need to make repayments?

You must pay at least the “minimum payment” listed on your statement of account by the specified payment due date. Of course, you may always pay more than the minimum payment, and additional payments can be made at any time.

If your statement has a closing balance of less than \$10, the minimum payment will be the closing balance.

When will interest stop being charged to my account?

Interest is charged to your account up until the full payment of the statement closing balance is received. Interest does not stop accumulating at the statement closing date it continues to aggregate from the statement closing date until the date that the closing balance is paid in full.

While paying the card account in full by the payment due date will enable you to take advantage of the card’s interest free period (if applicable), a final interest charge will still appear on your next statement. This charge will relate to any outstanding balance that remained unpaid from the close of the previous statement period up until the date it is paid in full.

If you then continue to pay the full balance by the payment due date on your account, each month, then no purchase interest will appear on future statements.

Cash advances are charged interest at the applicable cash rate (as shown on your statement) from the date assigned to the cash transaction was made, until it is paid in full. There is no interest free period on cash advances.

how are payments applied to my account?

When you make a payment to your NAB Credit Card account, the payments will be allocated in the following order:

- interest charges and fees and charged shown on a statement
- special promotional purchases and cash advances shown on a statement (if more than one special promotion, transactions with the lowest interest are paid off first)
- other cash advances shown on a statement
- other purchases shown on a statement
- special promotional purchases and cash advances that have not appeared on a statement (if more than one special promotion, transactions with the lowest interest are paid off first)
- cash advances that have not appeared on a statement
- purchases that have not appeared on a statement
- payment of any other amount owing on their account.



frequently asked questions

what if I pay the entire statement closing balance by the payment due date each month?

If you have a NAB credit card account with an interest free period, you won't pay any interest on purchases. If, however you make a cash advance or cash equivalent transaction, you will be charged interest from the date of the transaction until you pay in full.

Example 1: Full payment received by payment due date

May 2008			
Statement Period 10 April 2008 – 9 May 2008			
Your Account Summary			
Balance from previous statement		\$0.00	
Payments and other credits received		\$0.00	
Purchases, cash advances		\$43.50 DR	
Interest and other charges		\$0.00	
Closing Balance		\$43.50 DR	
Payment Information			
Monthly payment due by 23 May 2008		\$10.00	
Minimum Payment		\$10.00	
Your Transaction Record			
Date	Details	Amount	Balance
10/04/08	OPENING BALANCE		\$0.00
04/05/08	GROCERIES	\$43.50	\$43.50
End of statement			

June 2008			
Statement Period 10 May 2008 – 9 June 2008			
Your Account Summary			
Balance from previous statement		\$43.50 DR	
Payments and other credits received		\$43.50 CR	
Purchases, cash advances		\$315.77 DR	
Interest and other charges		\$0.00	
Closing Balance		\$315.77 DR	
Payment Information			
Monthly payment due by 23 June 2008		\$10.00	
Minimum Payment		\$10.00	
Your Transaction Record			
Date	Details	Amount	Balance
10/05/08	OPENING BALANCE		\$43.50 DR
20/05/08	PAYMENT	\$43.50 CR	\$0.00
01/06/08	GROCERIES	\$57.70	\$57.70
01/06/08	PETROL	\$160.15	\$217.85
02/06/08	HARDWARE STORE	\$49.37	\$267.22
03/06/08	LIFE INSURANCE	\$48.55	\$315.77
End of statement			

Due date for payment was **23 May 2008**.

Payment of the previous closing balance was received in full by the payment due date, so no purchase interest was charged.

July 2008			
Statement Period 10 June 2008 – 9 July 2008			
Your Account Summary			
Balance from previous statement		\$315.77 DR	
Payments and other credits received		\$315.77 CR	
Purchases, cash advances		\$459.79 DR	
Interest and other charges		\$0.00	
Closing Balance		\$459.79 DR	
Payment Information			
Monthly payment due by 23 July 2008		\$11.49	
Minimum Payment		\$11.49	
Your Transaction Record			
Date	Details	Amount	Balance
10/06/08	OPENING BALANCE		\$315.77 DR
20/06/08	PAYMENT	\$315.77 CR	\$0.00
23/06/08	GROCERIES	\$42.50	\$42.50
25/06/08	CAR INSURANCE	\$242.29	\$284.79
28/06/08	HOTEL	\$175.00	\$459.79
End of statement			

Due date for payment was **23 June 2008**.

Payment of the previous closing balance was received in full by the payment due date, so no purchase interest was charged.



frequently asked questions

what if I don't pay the entire closing balance by the payment due date every month?

If you have a NAB credit card with an interest-free period, you'll be charged interest on purchases and cash transactions for that statement period, as well as on any new transactions made since the end of that period. This will continue to happen on future statement periods until your closing balance is fully paid in full on or before the payment due date of the latest statement.

If you don't have a credit card with an interest-free period, interest is calculated daily on all transactions regardless of whether you pay the entire closing balance by the due date. Interest charges are debited to your account on the closing date of each statement period.

what if I pay the entire closing balance a few days after the payment due date?

If you have a credit card with an interest-free period and you haven't paid the entire closing balance by the payment due date, you will lose the interest-free benefit for that period. You may also be charged a late payment fee.

Example 2: Full payment not received by payment due date

May 2008			
Statement Period 10 April 2008 – 9 May 2008			
Your Account Summary			
Balance from previous statement		\$49.41	DR
Payments and other credits received		\$49.41	CR
Purchases, cash advances		\$43.00	DR
Interest and other charges		\$0.00	
Closing Balance		\$43.00	DR
Payment Information			
Monthly payment due by 23 May 2008		\$10.00	
Minimum Payment		\$10.00	
Your Transaction Record			
Date	Details	Amount	Balance
10/04/08	OPENING BALANCE		\$49.41 DR
22/04/08	GROCERIES	\$43.00	\$92.41
23/04/08	PAYMENT	\$49.41CR	\$43.00 DR
End of statement			

June 2008			
Statement Period 10 May 2008 – 9 June 2008			
Your Account Summary			
Balance from previous statement		\$43.00	DR
Payments and other credits received		\$20.00	CR
Purchases, cash advances		\$43.00	DR
Interest and other charges		\$1.46	DR
Closing Balance		\$67.46	DR
Payment Information			
Monthly payment due by 23 June 2008		\$10.00	
Minimum Payment		\$10.00	
Your Transaction Record			
Date	Details	Amount	Balance
10/05/08	OPENING BALANCE		\$43.00 DR
11/05/08	PAYMENT	\$10.00CR	\$33.00
19/06/08	PETROL	\$43.00	\$76.00
01/06/08	PAYMENT	\$10.00CR	\$66.00
09/06/08	INTEREST ON PURCHASES	\$1.46	\$67.46
End of statement			

July 2008			
Statement Period 10 June 2008 – 9 July 2008			
Your Account Summary			
Balance from previous statement		\$67.46	DR
Payments and other credits received		\$67.46	CR
Purchases, cash advances		\$43.50	DR
Interest and other charges		\$0.48	
Closing Balance		\$43.98	DR
Payment Information			
Monthly payment due by 23 July 2008		\$10.00	
Minimum Payment		\$10.00	
Your Transaction Record			
Date	Details	Amount	Balance
10/06/08	OPENING BALANCE		\$67.46 DR
21/06/08	CAR INSURANCE	\$43.50	\$110.96
23/06/08	PAYMENT	\$67.46CR	\$43.50
09/06/08	INTEREST ON PURCHASES	\$0.48	\$43.98
End of statement			

Note: for the summary of how interest is calculated for these examples see next page.

frequently asked questions

The tables below represent the summary of how interest is calculated for the examples on previous page.

June Statement					
Date	Transaction	Amount	Balance (purchases)	No. of Days	Aggregated Balance
22/04/08	GROCERIES	\$43.00	\$43.00	19	817
11/05/08	PAYMENT	-\$10.00	\$33.00	8	264
19/05/08	PETROL	\$43.00	\$76.00	13	988
01/06/08	PAYMENT	-\$10.00	\$66.00	9	594
TOTAL					2663

Closing balance on 9 June was \$43.00. Payment received on 15 May was \$10.00. The table shows show interest is charged on the aggregated balance of purchases for the period. Because the June statement was not paid in full by the due date, this also includes any new transactions since the start of the July statement.

Interest charged = Aggregated Balance (2663) x Daily Rate (e.g. 0.0547%) = \$1.46

July Statement						
Date	Transaction	Amount	Balance (interest)	Balance (purchases)	No. of Days	Aggregated Balance
10/06/08	OPENING BALANCE	\$67.46	\$1.46	\$67.46	13	877
23/06/08	PAYMENT	-\$67.44	\$0.00	\$0.00	17	0
TOTAL					877	

Closing balance on June statement was \$67.46. Full payment was received by payment due date (23 June 2008).

Interest charged = Aggregated Balance (877) x Daily Rate (e.g. 0.0547%) = \$0.48

Examples based on Annual Percentage Rate of 19.97%p.a.



for any additional questions regarding your specific product, please call:

NAB Visa Classic

NAB MasterCard

NAB Visa Mini

NAB Visa One

NAB Visa One Fee Free

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