

## Credit Card Balance Plans and Payment Hierarchy Example

In this example, the customer has made a payment of \$3,400, which, after allocation, leaves a balance of \$550 on the Purchase Plan, \$5,000 on the Balance Transfer Plan, as well as the remaining balances on the Instalment Plans.

Balance Plan	Closing Balance	Interest Rate	Original Amount Financed	Instalments	Plan Expiry	Interest for Month	Payment Hierarchy	Payment Allocation	Balance after Repayment
Purchases Plan (Purchases, Purchase Fees, and Purchase Interest)	\$3,000	12%	n/a	n/a	n/a	\$30.00	6	\$2,450	\$550
Cash Plan (Cash Advances, Cash Advance Fees, and Cash Advance Interest)	\$500	22%	n/a	n/a	n/a	\$9.17	4	\$500	\$0
Balance Transfer Plan (0% for 18 mths)	\$5,000	0%	\$5,000	n/a	01/06/21	-	7	\$950	\$5,000
Instalment Plan 1 (\$600 over 6 mths)	\$500	3%	\$600	\$100 per month	01/08/21	\$1.25	1	\$100	\$400
Instalment Plan 2 (\$1,800 over 12 mths)	\$1,050	5%	\$1,800	\$150 per month	01/09/21	\$4.38	2	\$150	\$850
Instalment Plan 3 (\$1,200 over 12 mths)	\$1,200	0%	\$1,200	\$100 per month	01/03/21	-	3	\$200	\$1,300
<b>Total</b>	<b>\$11,250</b>					<b>\$44.79</b>		<b>\$3,400</b>	<b>\$8,150</b>

To be able to accurately calculate interest, understand a customer's financial situation, and accurately compare products options, all of the information in this table is required. However, based on our assessment of the current CDS version, only the information shaded in yellow will be available.

It's noted that there are BALANCE\_TRANSFER and INTEREST\_FREE\_TRANSFERS product 'feature' option in the CDS, however they are not adequately structured to capture the necessary information. It's important to note that 'balance transfers' are not always interest free.