

Ways to Borrow

Type of Borrowing	What It Is	Money Notes
Payday Loan	A short-term loan from a cash store.	Fees are high. If the loan isn't paid back by the due date, interest rates increase a lot.
Buy Now, Pay Later	An offer by a store where you get the item now, and agree to pay the full amount by a due date.	If you don't pay in time, you often have to pay a high interest rate starting from the date you got the item.
Rent to Own	You rent an item. After a period of payments, you own the item or may purchase it. You don't own the item while you're renting it.	You end up paying much more for the item than if you bought it at the start.
Lease	You rent an item for a period of time, but don't own it.	At the end of the lease, there may be hidden costs, such as "wear and tear" on a car.
Pawnshop	A place where you get a loan by using an item you own as a deposit.	If you don't repay the loan in time, the pawnshop keeps the item.
Bank credit card	A credit card from a bank, or another financial institution.	Interest rates and fees vary. There are low-interest credit cards.
Retail credit card	A credit card from a store.	Interest rate is often much higher than a bank credit card.
Line of Credit	A loan where you can borrow money when you need it. The loan is pre-approved.	Interest rate is often lower than a credit card or other types of loans.
Cash advance on a bank credit card	You take out a cash loan on your credit card.	Although you often pay more interest than using a line of credit, the amount is less than a payday loan.

Overdraft	It allows you to withdraw more money than you have in your bank account.	You pay interest on the amount you've borrowed until you pay the amount back in your account plus the fees. It is less than a payday loan.
Secured Credit Card	A credit card where you make a payment before you can use it.	Usually the credit limit is the same amount as what you've pre-paid.
Personal Loan	A loan for personal use rather than business. Also called a consumer loan.	Interest rates vary according to your credit history.
Mortgage	A personal loan for buying a home. It is often considered a "good" debt.	Interest rates vary. If you don't make your payments, you can lose the house.
Student Loan	A government loan to help pay tuition and other costs. It is often considered a "good" debt.	Interest rate is low. You pay back the loan at a set time after leaving school.