| Credit Decision Checklist

Before You Borrow: Make an Informed and Conscious Decision

Why This Tool Matters

Taking on credit is not only a financial decision, but also a behavioural and emotional one. Many borrowing decisions are influenced by urgency, social pressure, or the desire to solve short-term problems.

This checklist is designed to help you **pause, reflect, and evaluate** whether taking credit is the right decision for your current and future financial situation.

Step 1: Need vs Want

Before taking credit, ask yourself:

- Is this an essential need (e.g. housing, health, education), or a non-essential purchase?
- Am I trying to improve my lifestyle rather than meet a real need?
- Can this decision wait?

Important: Borrowing for non-essential spending can create long-term financial pressure.

Step 2: Affordability and Financial Capacity

Carefully assess your ability to repay:

- Can I comfortably afford the monthly payments based on my current income?
- What percentage of my income will go toward this debt?
- What would happen if my income decreased or my expenses increased?

Consider: Women may experience income interruptions (e.g. caregiving), so flexibility is important.

Step 3: Understanding the Full Cost of Credit

Many people focus only on the monthly payment—but the total cost is what matters.

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- Do I know the total amount I will repay over time?
- Do I fully understand the interest rate and any additional fees?
- How much extra will I pay compared to the original amount borrowed?

Tip: Use the **True Cost of Credit Calculator** to understand this better.

Step 4: Explore Alternatives

Before borrowing, consider:

- Can I delay this purchase and save instead?
- Can I reduce the cost or find a more affordable option?
- Can I use existing savings or adjust my budget?

Reminder: Not all financial needs require credit—sometimes planning can replace borrowing.

Step 5: Impact on Your Financial Future

Think beyond the present moment:

- Will this debt affect my ability to save or invest in the future?
- Will it limit my financial flexibility in case of emergencies?
- Does this decision align with my long-term goals (e.g. stability, independence)?

Important: Small debts today can become barriers tomorrow.

Step 6: Emotional and Behavioural Awareness

Financial decisions are often influenced by emotions.

- Am I feeling stressed, pressured, or rushed into this decision?
- Am I influenced by social expectations (e.g. lifestyle, comparison with others)?
- Am I using credit as a way to cope with a problem rather than solve it?

Insight: Awareness of emotional triggers can prevent unnecessary debt.

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Step 7: External Influence and Financial Pressure

- Is someone else influencing or pressuring me to take this credit?
- Am I taking on debt for someone else's needs?
- Do I feel fully in control of this decision?

Important: Maintaining financial independence is key to long-term security.

Final Decision Point

After completing this checklist, reflect carefully:

☐ I understand the full cost and impact of this credit
☐ I can afford it without financial strain
☐ It aligns with my long-term goals

My Decision:

☐ I will proceed
☐ I will reconsider
☐ I will delay and review later

Final Reflection

- What influenced my decision the most?
- Did I discover any risks I had not considered before?
- What would my future self think about this decision?

| Key Takeaway

Credit should be a **strategic financial tool**, not a reaction to pressure or impulse. Making informed decisions today supports **financial independence, stability, and confidence in the future**.

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