

# MANAGEMENT OUTLOOK

**jims** Jagan Institute of Management Studies

## Three Signs of Financial Problems *When to Employ Money Management Techniques*

How can an individual know if he or she is in need of financial help? Sometimes the signs are unclear unless the situation is dire. Financial problems may sneak up on unsuspecting individuals. Everything might be going well when, all of a sudden, an event such as a job loss causes a person to realize he or she wasn't financially prepared for lack of income. This article discusses several scenarios in which a person's money management should be closely examined.

### Signs of Mild Financial Problems: When to Employ Money Management Techniques

Mild indicators of money management issues may not even look like warning signs, but they still indicate that a person could benefit from a financial checkup. Here are three indicators that someone may not have financial matters in order, even though everything may currently appear okay from an outsider's point of view (and potentially from that person's point of view, if finances are being ignored):

*They regularly earmark money for future expenditures before that money is earned.* Doing so in a responsible way may be okay if the purchase is carefully considered and truly necessary. Repeatedly slating unearned money for future expenditures

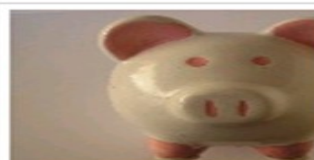
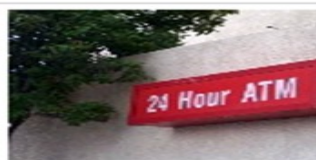
without taking into account unforeseen future expenses may not be a good idea.

*They don't have any savings, but still go shopping regularly.* To an outsider, this person looks like they are financially fit because they always have money to go shopping, but the reality is that he or she may spend every penny earned and may not have a rainy day fund in case of emergencies.

*They don't know how much money they have in their checking and/or savings account.* A financially fit person should always know how much money (at least a ballpark range) is in each account. A lack of this knowledge represents an undoubtedly overall lack of knowledge about personal finances.

Anyone who can identify with one of the scenarios above may not need immediate financial help, but may benefit from a close examination of personal finances. Creating a budget and employing money management techniques can go a long way in turning around personal finances. Debt management may also be in order for those who have racked up credit card bills along the way.

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## Bank Prepaid Credit Cards - Pros and Cons

### Advantages and Disadvantages of No Credit Check Credit Cards

Bank prepaid credit cards are a popular choice for those who have an adverse credit history or are seeking to control monthly budgeting. There is no credit limit as the customer loads their own personal cash onto the card. Whilst there are some fundamental differences in the way cash is managed behind the scenes, they operate in the same way as standard credit cards for bad credit as far as retailers are concerned.

#### Advantages of Bank Prepaid Credit Cards

**No credit check.** There is no credit scoring which means it is a **guaranteed acceptance credit card**. No matter how bad a consumer's credit score rating, an application will be approved.

**No interest.** Although there will be charges, the customer uses their own money so no interest will ever accrue. This is of considerable

benefit as rates are regularly being in excess of 15%.

**Monthly budgeting.** Customers can improve their budgeting by sending a sum of money to their card each month. A credit facility can lead to overspending.

**Reservations.** It provides a consumer with the opportunity to make a hotel reservation or repair their car. This wouldn't be possible without a no credit check credit card.

**Avoid credit card debt.** As the customer uses their own money and not a credit limit, revolving personal debt is no longer an issue.

#### Disadvantages of Bank Prepaid Credit Cards

**Charges/fees.** Providers are running a business so will charge a fee for setting up the

account, loading money onto the card etc.

**No credit limit.** There is no credit to help a consumer during a financial emergency.

**No credit reporting.** The absence of a credit limit means that providers will not report to credit reference agencies. This means that a bank prepaid credit card is not suitable for improving credit score ratings. A **secured credit card** will be of greater assistance.

**Cleared funds.** It can take a few days before the money becomes available to the consumer.

**Bin ranges.** This is essentially the information that identifies the bank. As these cards are relatively new, not all merchants will recognise or accept them.

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