What are student credit cards and how do they work?

August 6, 2021 6 min read

This article was translated from our Spanish edition using AI technologies. Errors may exist due to this process.
Opinions expressed by *Entrepreneur* contributors are their own.

Credit **cards** are financial tools that work as both **a payment method** and **a financial instrument** . In the first case, they offer a revolving credit line; that is, an amount of money that is renewed as payments are made and that can be used to buy a product or service; while in the second scenario, the plastic helps to generate credit history.

According to data from the financial coach Coru, 59.4% of Mexicans do not have a credit card, so developing a good credit history from a young age is important to be able to access better financial opportunities in the future.

Banking institutions offer some products that encourage the financial inclusion of young people; among these options are student credit cards. This type of plastics are designed for the needs of people who are studying or who have just got their first job and, therefore, their first income.

“Student credit cards are a tool that can integrate young people into the financial world. Likewise, it can help them to generate credit history, teach them how to operate a revolving loan and become familiar with concepts such as commissions and interest ”, says Fernado González, CEO of Coru.

How does a student credit card

work?

As these types of cards are focused on a college student profile, their credit limit is not that high. However, it is common to see that banks have an agreement with universities to offer these services.

The requirements to remove the plastic vary from one institution to another, but generally a valid official identification, proof of address, some document that guarantees your status as an active student and minimum income is requested, between 1,500 and 6,000 pesos per month , according to the bank.

These credit cards can have fees for plastic replacement, late payment, cash disposition, and annuity. Although its limit is not that wide, it can help you pay for school supplies, meals and entertainment outings, as well as build credit history.

According to figures from Coru, 30% of credit card users within the 18 and 24 age group withdraw cash from these types of products, while almost 30% pay their credit card in full. Only about 20% of young cardholders have had to pay interest at least once.

“Through this tool, a young person can start his financial life and begin to build his credit history. Having a good track record can facilitate the approval of a loan in the future ”, indicates the CEO of Coru.

What banks offer this service?

Santander – Zero credit card. This card is designed for college students. It does not charge an annuity as long as the user spends at least 100 pesos a month. To apply you need to be between 18 and 25 years old, present a copy of your current university credential, maintain a minimum balance of 1,500 in the last month, verify minimum income of 2,750 pesos per

month, present payroll receipts from the last two months, present a copy of your official identification and proof of address, in case your new address does not match your identification. If you are a foreigner, you must present a valid passport and an FM2 immigration document.

This card has 77.6% average CAT without VAT, 58.86% average interest rate weighted by balance and annual commission at no cost.

BBVA – My first Bancomer card . This is the option that BBVA offers to university students who want to access a credit card. To apply you need to be over 18 years old, reside in Mexico and have a minimum monthly income of 6 thousand pesos. This is the documentation that you must present at the branch: valid official identification (INE or passport), proof of address dated no more than 3 months ago (electricity, telephone or water bill) and proof of income. If you are a foreigner you have to present a copy of your immigration form. With this card you can receive an alert or SMS message with your movements, carry out operations with the BBVA app and make purchases online.

This card has 89.9% average CAT without VAT and annual commission at no cost.

Citibanamex – B Smart University Card . To apply for this credit card you need to be between 20 and 24 years old, a minimum verifiable income of 1,500 pesos and three months of verifiable residence. The documents you need to present at the branch are: official identification (INE or valid passport, in case of being a foreigner you need a permanent resident card or valid passport), present your valid university credential or proof of studies and proof of residence with antiquity 90 day maximum.

This card has 91.7% average CAT without VAT, 52.4% annual weighted average interest rate, annuity of 352 pesos plus VAT

and annual commission at no cost.

These types of tools allow young people to start building credit history, cover their expenses, get used to the operation of a revolving loan and can get more and better financial products in the future. For this, it is important that you analyze which card best suits your financial personality and budget in order to manage your account well.

https://www.entrepreneur.com/article/379583