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Credit Card EMIs Do Not Reduce Interest Rates, Say Experts

August 10, 2025

— Categories: Finance

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Financial experts have clarified a common misconception among credit card users: converting outstanding dues into Equated Monthly Instalments (EMIs) does not reduce the interest rate. Both EMIs and unpaid balances on credit cards attract the same rate of interest, offering no financial relief in terms of cost.

According to a report by the *Financial Express*, interest on credit card dues begins accumulating immediately after the expiry of the interest-free grace period, which typically lasts up to 21 days from the billing date. If the balance is not cleared by then, interest is charged on the total outstanding amount, including any new purchases, which also lose their interest-free status.

While many consumers opt to convert large dues into EMIs to make repayment manageable, the interest charged remains largely unchanged. The EMI structure simply spreads the repayment across several months but does not offer a lower interest rate.

Experts advise that cardholders should prioritize reducing their average daily balance to manage interest costs effectively. Since credit card interest is calculated on a daily basis, making partial payments even before the due date can help reduce the total interest payable.

The clarification comes amid rising consumer debt and increased use of credit cards for daily and high-value purchases. As more people opt for EMI conversions, financial advisors stress the importance of reading the fine print and understanding how interest is calculated.