

Credit cards not the best tool for getting credit

Credit cards are convenient and easy to use tools for making payments. However although the name credit card suggests that their main purpose is to provide credit reality is that they are one of the worst tools to use for credit.

Credit cards have that elusive Credit word in their names. Many consumers confuse the name for meaning a tool for providing credit. Although credit cards can provide significant amount of credit and debt to consumers they are not the best or the cheapest way to get such credit. The Credit portion of the credit card can be construed in two ways. One is as a way to get short term less than a month credit. You use the card to make payments and then at the end of the month you pay off the card basically utilizing a less than a month credit line. The other one is as a way to get long term credit. You use the card to make payments and at the end of the month you make a partial pay off payment thus rolling some debt into the next month and so on which in effect translates to a longer than a month debt or credit.

There is a merit to using credit cards but there is no merit for using credit card as a long term credit or debt tool. Credit card debt is almost always expensive. Even if your [credit card company promises zero percent for a short time](#) the truth is that most likely some fine prints rule will make you exempt from that zero percent promotion. Credit cards usually carry a high interest rate than any other debt tool like a loan from your bank or equity line on your home. Credit cards are also random credit tools many consumers spend on their card more than they can pay and end up finding themselves in debt they did not really plan for.

Credit cards have many good qualities too. They are convenient payment tools no need to carry lots of cash and handle change all the time. They are also a great liability control tool. If you buy a product that is faulty and the store refuses to take it back or to handle your claim you can dispute the charge on the card and the credit card will give you the money back. They are also great tools for making safe online purchases which is a more and more common way for consumers to buy stuff these days.

Credit cards should be used carefully and diligently. Make sure that you track how much money you put on the card during the month and always have a budget for how much you can spend. This will ensure that you do not end up over charging the card and then being forced to use the card credit tool because you have no money to pay the card off. Also always check your month end statement for wrong charges or for fraud. And lastly remember to track your card rewards and other perks. Some cards for example allow you to get frequent miles for every dollar you spend while others provide different types of gifts and incentives.

About the Author

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