

Credit cards are a blessing that can turn into a curse

Nowadays most people have a credit card. Like most things, there are advantages and disadvantages to credit cards. On the one hand, credit cards are comfortable to use and they can make much easier to buy things, for instance, if you don't like to carry large amounts of cash with you or if a company doesn't accept cash purchases. Besides, credit cards are really useful if you have an emergency in which you need to buy something and you don't have cash in that moment. Also, you can use it in most of shops and even to buy on the Internet. In addition, some credit cards offer additional benefits, such as discounts from particular stores or companies. On the other hand, it can be a trap resulting in overspending. Using a credit card is as same as obtaining a short-term loan. If you don't pay in full, you will find interest charges added to the balance. Those fees accumulate quickly, making paying the account in full the next month even harder. Additional penalties will be applied to late or missed payments. Furthermore, some banks charge an annual or bi-annual fee for "card maintenance" and you also can be charged a commission if you use ATMs not belonging to your bank. Getting a credit card is a huge responsibility and if you don't keep an eye on your spending habits, credit cards can create some serious problems. Most owners of credit cards do not use them properly or responsibly. What persons make the mistake of is making their credit limit higher than what they can afford or even higher than their monthly paycheck, which makes it difficult to repay when in debt and causes financial distress. Persons tend to even have 3 or 4 credit cards which may result in more debt. Another reason that might make you lose your money is that your credit card is stolen; in that case, you should call quickly to you bank to order that they annul your credit card. However, it may be too late.

Here is an excellent list of tips on proper credit card use and if you follow these, you will likely stay out of trouble:

1. What you have borrowed has to be returned - so do not borrow beyond your capacity to pay it back.
2. Always maintain a record of your credit card balances during a month so that you are aware of what you have already spent.
3. Never give out your credit card to anyone! It is not that you cannot trust people, but you cannot track purchases you are not even making.
4. When you charge more than you can repay, a lot can go wrong. This can limit your future potential of getting any kind of credit, including car loans, home mortgages and other forms of loans.

5. Pay your credit card bills on time or even before they are due. Doing so will help to improve your credit scores

6. Pay your credit card bills in full every month. This is easy to do if, based on your income, you establish a monthly budget for your credit card purchases and then not exceed that.

7. Restrict the number of cards you have and never apply for more credit than you can handle.

8. Don't accept cards because there is a gift or discount on a purchase. Also, don't get a new card because of a very low interest rate.

9. Be smart and have self-control!