

# Comparison of credit cards and paying in cash

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Cash versus Credit Cards There are benefits and drawbacks to using either cash or credit cards. Using cash for purchases can sometimes earn the buyer to discounts on certain items, and it also avoids interest charges and other fees associated with using a credit card. However, carrying a lot of cash is risky, because anyone can spend it, no matter how it is acquired. Credit cards have three main advantages: they provide deferred payment, can be used on line or over the telephone and they make an automatic record of the purchase. Some issuers offer benefits for card use, such as money back, discounted services or points that can be exchanged for goods, services or cash, but interest cost can nullify this benefit. Measuring the benefits of cash against credit cards is highly individual and dependent upon circumstances.

People often use credit cards for convenience. This is good if they pay the bills before interest is incurred, called the " grace period". Businesses are also charged for accepting credit cards, so they raise prices. However, interest is high if the grace period is missed and it does not apply to cash on credit. Credit cards are easy to use on line, but care must be taken to check the transactions as one might see recurring payments applied from the fine print they did not read. Online purchases are much harder to make without a credit card, and generally incur fees for a payment service. One often overlooked benefit of using credit cards is to build one's credit rating. In today's world getting a mortgage or buying a car with no credit rating can be difficult and may cause the buyer higher interest. Some places have a chip sensing machine that only requires waving or tapping the card on a surface to register the purchase, making it even easier, but that ease of use may encourage

overspending. Cash may lower the price of items or services, but then the buyer must store the receipts and carry that cash, which is not as safe since it can be spent by anyone. When getting cash on credit the cost can be up to 29% and it accumulates at the time of purchase until that balance is paid, so running one's self out of cash is also not good. Online purchases are much harder to make without a credit card, and generally incur fees for a payment service, but debit cards that have a credit logo often work. Credit cards are fast and very easy to use. The major drawbacks of using credit cards are also what makes them tempting to use: deferred payment and convenience. There is a tendency to over-spend as the availability of credit makes impulse buying easy. However, for some people, cash has this same effect. At times one may need to defer payment. However, using cash can lower prices. Credit cards track transactions easily, but so do debit cards. Everything depends upon the users, their financial situation and their need to build a credit rating. If credit cards are overused, the users can find themselves working to pay the interest.