

# Advantages and disadvantages of students having a credit card

[Profession](#), [Student](#)



Many college and university students use credit cards (Jones 9). "Credit cards are practical and useful and managing them is a fact of life" (Engen). Statistics from a recent study show that 76.8% of college students hold at least one credit card (qtd. in Jones 9). Of those students, 16% of students' total debt is due to their credit card and 63% do not pay their balance in full each month (Jones 9-10). By debt I am referring solely to credit card debt; I am excluding student loans, auto loans, mortgage loans, bank loans and others.

This essay examines the advantages and disadvantages of students having credit cards. I will show that there are many advantages to students having credit cards, as long as they are responsible users. First, I will look at three of the most significant advantages, followed by three of the most significant disadvantages. I will also discuss a few of the solutions to the disadvantages and an alternative to credit cards. "The sooner young adults learn to use one [credit card] responsibly and begin building a credit history, the better" (Engen).

The three most significant advantages of students having credit cards are to gain responsibility, take advantage of the rewards and benefits available and building credit history. By getting a credit card, students are able to gain responsibility by managing their money and establishing a budget (Crowder 262). Students become responsible soon after receiving their credit card because they start to realize how easy it is to spend with a card and how fast interest charges can build up (Jones 14). Students should only use their card

for purchases that can be paid off each month and should not take advantage of their credit limit (Engen).

There are a lot of benefits available for students when they use a credit card. These benefits include not having to carry around cash, which also offers more security, being able to make emergency purchases and also the rewards that come along with using a credit card (Crowder 262). Some credit cards offer rewards with each purchase, such as cash back or discounts on necessities (Engen). There are many banks that offer these types of cards (Engen). The Bank of Montreal has an Student Price Card Cashback MasterCard that gives 0.5% cash back with every purchase and discounts at many retailers (Engen).

A few other banks that offer similar rewards include the Royal Bank of Canada (RBC), Scotiabank and Maryland Bank National Association (MBNA) (Engen). When choosing a credit card, students should look for one that offers rewards, has no annual fee and has a low interest rate (Engen). Although this is hard to come by, cards that offer rewards and no annual fee are common, and as long as you are being a responsible user, by not carrying balances month to month and creating interest charges, you do not need to worry about the interest rate (Engen).

Building credit history is another advantage of getting a credit card as a student (Thompson). Thompson declares " Good credit can be the ticket to a brighter financial future". A good credit can help you get loans, mortgages or cars in the future; many people struggle with this by not keeping their debt at a minimum (Thompson). Keeping debt low can be very beneficial by

building a credit score that will help achieve your financial goals (Thompson). Credit cards can be very advantageous to students and can help them gain responsibility.