

ADVANTAGE AND DISADVANTAGE OF CREDIT CARD

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WHAT IS A CREDIT CARD

thin rectangular piece of plastic or metal issued by a bank or financial services company, that allows cardholders to borrow funds with which to pay for goods and services with merchants that accept cards for payment.

ADVANTAGES

CREDIT CARD CAN BUILD YOUR CREDIT RATING

Your credit card account details and payment history make up a key part of your credit score. If you keep your account in good standing, this information will help you build up a good credit score, which could increase your chances of approval for other products such as car loans or a mortgage.

MAKE ONLINE PURCHASE

Use your card to safely purchase items and services online even from international retailers.

EARN REWARDS POINTS WHEN YOU SPEND

Rewards Credit Cards let you earn reward points to redeem with the bank's rewards programs for perks including flights with partner airlines, products from the rewards store or cash back.

CREDIT CARDS GIVE YOU AN EMERGENCY LINE OF CREDIT

Can be a financial safety net if you don't have enough cash or savings to cover any unexpected costs that arise. Remember that you have to repay everything you owe, though.



DISADVANTAGES

CREDIT CARD FRAUD

Scammers could use skimming devices, phishing techniques and other tricks to steal your credit card information and your hard-earned money.

OTHER FEES

Interest payments aren't the only cost of doing business with a credit card company. Credit cards also hit you with fees for just about everything you can think of

CREDIT DAMAGE

Missed credit card repayments and ongoing debts are recorded on your credit file and can impact your chances of getting a loan down the track.

INTEREST CHARGES

If you buy something and don't pay it off immediately, you will end up paying not only the purchase price but also the interest charge on that item.



CREDIT CARDS CAN BE A CONVENIENT WAY TO MANAGE YOUR FINANCES, BUT THEY CAN ALSO BE EXPENSIVE AND RISKY.