Flat files are adequate when:

* The amount of data is small
* One at a time write access is all that’s needed
* The data structure is fairly simple, or (if complex) you can provide an API in library routines that each application must use in order to interpret the data contents and maintain their structural integrity

Databases are superior when:

* There is large data involved
* Multiuser concurrent reads and writes must be supported
* Complex structures are involved
* Complex queries and operations are needed
* Security is a significant factor
* Transactions, rollback, and consistency are necessary
* Things like Backup, Recovery, Reliability (Failover, Fault-Tolerance), Redundancy, Scalability etc. are requirements.