

**Title:**

Business Credit Cards Versus Business Lines of Credit

**Word Count:**

603

**Summary:**

Nothing quite matches the convenience of business credit cards. When you are looking for a good alternative to cash, checks, and personal credit cards, it is probably a business credit card you want. With credit-when-you-need-it convenience, savings and discounts on purchases, and extremely helpful reporting facilities, business credit cards can be a good tool in your financial management tool kit.

**Keywords:**

business credit cards, corporate cards,

**Article Body:**

Nothing quite matches the convenience of business credit cards. When you are looking for a good alternative to cash, checks, and personal credit cards, it is probably a business credit card you want. With credit-when-you-need-it convenience, savings and discounts on purchases, and extremely helpful reporting facilities, business credit cards can be a good tool in your financial management tool kit.

You will find it easier to get a business credit card than to open a business line of credit. For this reason, business credit cards can do a lot to help you ease your cash requirements even as you are still gearing up with office supplies and equipment. It can never be repeated too often: use business credit cards with caution and afford it the same respect you would afford any other business line of credit!

The ability to borrow money, whether from a business line of credit or from business credit cards, is something that you need for your business. Like business credit cards, the line of credit is a revolving credit, and both charge interest only on the balances that are left outstanding. The credit limit on business credit cards may be lower than on lines of credit, but both do have a predetermined ceiling. There are however a few differences between these two forms of business credit:

Cost

Business credit cards generally have higher annual percentage rates and lower credit limits, than lines of credit. When it comes to cost-effectiveness therefore, the commercial lines of credit will beat business credit cards anytime.

However, if you manage business credit cards wisely, you can maximize the 21 to 25 days grace period or float on purchases. When the statement comes and you pay off the entire balance, you will actually avoid paying any interest. The crux of the matter is that you get a 25-day interest free loan! Not bad...and only from business credit cards.

#### Convenience

Business credit cards may lose on cost, but they are miles ahead when it comes to convenience. If your checking account is running low and you need to buy some supplies, you no longer have to call the bank to transfer funds from your credit line. You could easily charge the whole transaction to your business credit card, get out of the store and back to running your business. Business credit cards also offer you the convenience of easy bookkeeping and quick cost analysis.

What's more, business credit cards are heavily loaded with perks like frequent flyer miles, purchase protection and warranty extensions, discounts and cash backs on hotel stays, car rentals, gas purchases, and more. These business credit card incentives can be valuable to a business, not only for the sake of convenience but also for the cost savings that you get.

Business credit cards and lines of credit are two financial tools that you can use together. Business credit cards are perfect for very short-term borrowings - we're talking 30 days at the most. You should pay off the bulk of the balance when it falls due, to save on interest. You may want to carry 20% of the balance forward to the next month to make your business credit card issuer happy, otherwise they're never going to earn any interest income from your business credit card account.

Lines of credit are perfect for larger purchases, particularly those that would exceed your business credit card limit, as well as for reserve funds when cash flow becomes irregular over a period. Lines of credit help you to shore up your working capital, such as payroll, paying off merchant credit and payables, or settling the quarterly taxes.