

Comparing Small Business Credit Cards & Unsecured Business Line of Credit

The market for distributing credit lines for businesses nowadays has grown. After all, most entrepreneurs know that owning a sufficient credit line can give a business a lot of advantages. The bigger the company gets, the more useful a credit line becomes.

For anyone trying to put up a business, choosing which financing option is best can get a little intimidating especially since credit lines available for businesses come in different varieties. Two of the most commonly compared forms available for business credit are the small business credit cards and unsecured business line of credit. Knowing the difference between the two and which is best for the nature of your business can greatly help you in your decision.

Small Business Credit Cards

A small business credit card is basically a credit line catered especially for companies who are just starting out. This type of resource offers a lot of flexible options for businesses, which may include discounts and other penny-pinching benefits that could greatly assist companies especially new ones.

These are also quite easy to get, and a lot of suppliers in the market today readily accept payments done through these business credits. And so, if you are trying to start a new business and you still do not have much of resources or the long credit history, then this type of credit line would be ideal for your company's use.

On the contrary, as ideal as this type of financial resource may be, it does have its setbacks. And if you are not careful enough with your credit usage, you might end up damaging your business as well as your personal credit score. The thing about most credit card companies offering small business credits is that they would require a personal-liability agreement for the business owner to certify.

And so, your company's credit report may appear in your personal score even if no expenses were done for your private use. On the other hand, there are lenders who do not necessarily comply with this contract, so if you are afraid to risk your personal credit score, then looking for credit cards that do not require personal-liability is highly suggested.

Unsecured Line of Credit

As your company grows, having a bigger credit line would certainly prove to be

more practical. For companies that have large expenses or need to purchase goods at bigger bulks, then having an unsecured line of credit can offer your business much more flexibility. This particular financing resource can give the same services as small business credit cards, but with much lower rates of interests and a higher credit limit. And unlike secure credit cards, no collateral is needed to secure your debts.

But, then, your company is required to have an excellent business credit history in order to be given an unsecured credit line. And if you are still starting out, most lenders will probably not recognize your personal credit score. If your company is interested in acquiring this credit line, then you must first build up your business credit. This type of credit resource is usually best for companies that have already established themselves, and may not be the best option for those just starting out.

Choosing a credit line for your company is just the initial step. Pick out which financial resource can best suit your company's needs at the moment and make sure to build a very good credit score to enjoy all the financial aids and benefits that your business may need from lenders.

As long as you are smart with credit usage and pay dues on time, then it is best for you to take advantage of what these credit cards have to offer you. Business credit lines will surely play a major role in the success and growth of your business.