

Title:

Credit Cards: What Do Psychologists Have to Say about It?

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534

Summary:

Credit cards are often blamed for increased unsecured debt. Find out what specialists have to say about it. Understand how credit cards make you spend more and what you can do about it.

Keywords:

The number one rule when you are choosing a credit card deal is to consider your spending habits. You should always keep in mind where you like to shop, how much balance you usually carry on your plas

Article Body:

The number one rule when you are choosing a credit card deal is to consider your spending habits. You should always keep in mind where you like to shop, how much balance you usually carry on your plastic and whether you spend enough to qualify for those rewards and cash backs. So it is obvious, that your credit card choice depends on your spending habits. However, your spending habits are greatly influenced by credit cards.

Psychological studies have shown that consumer behavior of those using credit is different from those paying with cash. The following experiment was conducted at one of the American universities. Two groups of people were bidding on the same items. Members of one group could only bid with cash, the others were allowed to bid only with credit cards. The result of the experiment was quite interesting. Those who could bid with credit cards ended up making bets twice as high as those made by participants paying with cash.

That means that every dollar spent with a credit card equals 50 cents spent in cash. In other words, people shopping with credit cards spend twice as much as those shopping cash. Why does this happen?

Buying things is pleasant. Paying for them is not. Usually a consumer tries to find a balance so that the pleasure of having overweighs the pain of paying for it. When a credit card holder uses his or her plastic pleasant consumption transaction is disconnected from the unpleasant payment transaction.

Of course, you still have to pay for what you have bought. According to scientific data people dislike paying credit card bills even more than paying parking tickets. But still, people enjoy buying something with a credit card more.

Studies have shown that even a credit card logo on a catalogue or a debit card excites people. This is another wonderful way to increase sales and many merchants know that.

So are credit cards enticing you to overspend? Pretty much so. So are credit card-issuers to blame for the increased credit card debt? Well, that would not be quite fare to say so.

Even though a consumer seems to spend more with a credit card but most people are able to stop when they know they are about to exceed the limit. And we are not talking about credit card limit, but the limit they have set for themselves, something like 'I won't pay for a pair of shoes more than 100 bucks'. Credit cards might make you spend more but they do not force you to overspend. Rather, high interest rates and fees and those unpleasant credit card bills make consumers stop. People do not like giving money, especially to banks. From this standpoint overspending is more likely to happen when shopping with cash than with a credit card.

[Credit card deals](http://www.creditcardspecialist.com) can be very beneficial for consumers if used wisely. Of course, they sometimes make you to spend more, especially if you want to get a cash back or earn bonus miles. But the decision is always yours. You are the only one who can answer the crucial question - to spend, or not to spend...