

Should You Opt For A Store Or Credit Card?

Contributed by Webmaster

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Over the past year, with finances having been very strained for most households, many people have become increasingly reliant on credit. With Christmas around the corner many of us are likely to use some form of credit to pay for Christmas purchases this year. Many people tend to use plastic such as store cards and credit cards to fund the cost of Christmas purchases over the festive season and bargains in the New Year sales. Putting the cost of Christmas on plastic means that you need to find out whether the credit card or the store card is going best match your needs, so make sure you do a little research and weigh up the pros and cons of each.

The majority of experts in the finance industry have said that using a credit card is a much better option than using a store card, and there are a number of reasons behind their thinking. There are a number of benefits to using credit cards over store cards, but you need to ensure that you are using the right credit card otherwise you may not get the full benefits.

Most retailers spend time pushing store cards at this time of year, as they know that customers will be looking for ways to pay for Christmas goods, and these stores make a fortune off these store cards. When you use a store card to make purchases and you spread the repayments on the balance you will end up paying far more for the goods that you buy, and this is because the rate of interest charged on these cards can be very high indeed.

You will find that many retailers will offer various incentives such as discounts when they try to get you to sign up for a store card, but you need to bear in mind that you will end up paying far more than this in interest, which means the discount is worthless. It is worth remembering that store cards can only be used at a certain store or chain of stores, and therefore another downside to these cards is that their usage is far more restricted than that of credit cards.

Even credit cards have various problems, and users should remember that they can lead to high debt levels and can also come with high rates of interest. However, you can get cards that offer interest free credit on purchases for a lengthy period, enabling you to spread the repayments on your balance and avoid having to pay any interest. One major benefit of using a credit card rather than a store card is that you can use credit cards to make purchases from any retailer that accepts credit card payments rather than from certain shops and retailers that are linked to a store card. If you plan to repay your balance in full within the interest free period you can even opt for a rewards based or cash back credit card.

Alisdair Cosgrove has been writing finance articles for many years and can find more of his work at the UK site CreditCardsWeb.co.uk, offering credit cards for UK residents and also a great selection of balance transfer credit cards.