

Shopping with a Credit Card

The Pros and Cons

Credit cards offer a convenient way to pay for goods and services, while also providing potential benefits such as rewards, fraud protection, and travel perks.

However, like any financial tool, it is important to understand both the advantages and disadvantages before making purchases with a credit card.

Consider the following pros and cons before swiping, tapping, or clicking pay.

Pros of Shopping with a Credit Card

Credit cards are widely accepted by merchants around the world, offering not only purchasing power, but also a range of valuable benefits.

Some of these benefits include:

Convenience – Credit cards provide easy access to purchases in-store, through mobile wallets, and online. This convenience makes them a flexible option for both local and international transactions.

Rewards on Spending – Many credit cards offer cash back, points, or travel miles for every dollar spent. Some cards even provide bonus rewards on categories like groceries, dining, or online purchases.

Build or Rebuild Credit – Spending within your means and making on-time payments can help to establish or improve your credit score. This can be beneficial when applying for future credit cards, loans, or even renting an apartment.

Financing Big Purchases – If you need to make a large purchase and do not have the funds immediately available, a credit card can be a helpful short-term solution. Cards with introductory 0% APR offers allow you to pay off the balance over time without interest. These 0% APR offers can range from a few months to 18 months or more.

Purchase Protection – Credit cards often come with built-in security features such as zero-liability protection, fraud monitoring, and coverage for lost or damaged items. This can provide you with peace of mind when shopping.



Travel Perks – Many credit cards provide valuable travel perks including trip cancellation insurance, lost luggage reimbursement, rental car insurance, and more. Helping to protect you before and during your journey.

Cons of Shopping with a Credit Card

Despite their many advantages, credit cards also come with risks that can lead to financial stress if not managed carefully.

Some of these risks include:

Overspending – The ease and speed of credit card transactions can encourage impulse buying and overspending. It is important to consider whether you can afford to pay off your balance in full before making a purchase.

High Interest Rates – Most credit cards carry interest rates above 20%, and if you carry a balance, these costs can accumulate quickly due to compounding interest.

Compounding interest means you are not only paying interest on your initial balance but also on previous interest charges. Over time this can significantly erode your financial stability and reduce the value of any rewards earned.

Fees and Penalties – Late payments can result in penalties of \$35 or more, and in some cases, your interest rate may increase as a result. International purchases may also incur foreign transaction fees, which are typically up to 3% per transaction.

Impact on Credit Scores – Poor credit card habits, such as consistently carrying a high balance or missing payments, can damage your credit score. This may affect your ability to secure loans, rent housing, or qualify for favorable interest rates in the future.

Shopping with Store Credit Cards

Retailers often offer store-branded credit cards at checkout, promising immediate discounts or exclusive promotions.

These cards typically limit use to within the issuing store or affiliated brands. They may seem enticing, but they come with important considerations.

Some of these considerations include:

Higher Interest Rates – Store credit cards often carry higher APRs, sometimes as high as 25%. This can lead to high interest charges if you do not pay your balance in full each month. The cardholder perks may not justify the higher borrowing costs.

Deferred Interest Promotions – Some store cards advertise “no interest” offers, which are often deferred-interest deals. These allow you to avoid interest only if the full balance is paid off within the promotional window.

If you miss a payment or fail to pay off the total by the end of the term, you may be charged interest retroactively from the date of purchase.

Limited Use and Potential for Debt – Store cards can encourage spending, which can lead to unnecessary purchases. As with any credit card, it is crucial to read the fine print to fully understand the terms before applying.

The Bottom Line

Credit cards are a powerful tool for making every day and large purchases, earning rewards, and protecting against fraud.

However, they also require discipline and financial awareness. Misuse can lead to overspending, high-interest debt, and negative credit impacts.

You can enjoy the perks of credit cards by understanding both the benefits and the risks, practicing responsible credit habits, and making informed decisions.

Key Takeaways

1. Credit cards offer global purchasing convenience, rewards, and consumer protections.
2. Without careful use, they can lead to debt, high interest charges, and credit damage.
3. Make sure to always read the fine print.
4. Responsible usage and making informed decisions are essential to maximizing benefits and avoiding pitfalls.

APCI Federal Credit Union and You

Our APCI Federal Credit Union Mastercard® Plus credit card has many benefits and features, including the following:

- Low interest rate
- No annual, balance transfer, cash advance or late fees
- Earn points for cash back, gift cards, merchandise and travel awards with CUREwards® - Earn 1.5 CUREwards® Points for every \$1 spent!
- Add your Mastercard Plus Card to a Digital Wallet and leave your wallet at home
- Setup card alerts to help manage your card activity
- Contactless card with EMV/chip technology and PIN protection for added security
- Automated Fraud Alerts for your peace of mind
- Online account access through APCI eBanking
- A Secured credit card option is available