

## 5 reasons to almost always pay with a credit card

Credit cards are convenient, sure. But that's not the only reason to go mostly cash-free.

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— If you're able to pay off your credit card balance in full each month, it's often a smart financial move to use one for nearly all your purchases. [mihalomilovanovic/Getty Images](#)

When it comes to making everyday purchases, cash may not be king anymore. Credit cards have become an essential part of many people's daily financial lives. When used responsibly, a trusty credit card offers a convenient and secure way to make purchases and often also provides additional rewards and benefits.

### Why you should almost always pay with a credit card

If you're able to pay off your credit card balance in full each month, it's often a smart financial move to use one for nearly all your purchases. Here's a look at five reasons why you should consider making your credit card your go-to payment method.

#### Reason #1: Cash back and rewards

If you qualify for a card that offers cash back or credit card rewards, those can be a valuable benefit. Cash back credit cards typically pay you back a percentage of the money that you spend on purchases. The [Citi Custom Cash™ Card](#), for example, allows you to earn 5% cash back on the first \$500 spent in your top eligible spend category during every billing cycle (and 1% thereafter), which it automatically identifies from 10 popular categories. It delivers 1% cash back on all other purchases.

If you're a business owner, the [American Express Blue Business Cash™ Card](#) lets you earn 2% cash back on all eligible purchases up to \$50,000 per calendar year and 1% cash back on eligible purchases after that (terms apply). You can also earn up to a \$250 statement credit after making \$3,000 in purchases on the card within the first three months after you open it.

Rewards cards allow you to earn points that you can use for deals on merchandise or gift cards, or for airline miles you can put toward flights. Travel credit cards have reward programs designed to encourage cardholders to use their cards for trip planning. The [Aer Lingus Visa Signature® Card](#), for example, pays 3 Avios, or Aer Lingus points, on every \$1 on flight purchases using the card through Aer Lingus, British Airways, Iberia, and LEVEL. It also pays 2 Avios for every \$1 spent on purchases directly with the hotel and 1 Avios per \$1 spent on all other purchases.

#### Reason #2: Fraud protections

Credit cards are the payment method that offer the best protections for consumers. The [Fair Credit Billing Act](#) limits your liability for fraudulent charges on a credit card in your name to \$50, but many card issuers provide \$0 liability on unauthorized charges.

"Always use credit cards for online purchases," advises Howard Dvorkin, chairman of Debt.com. "If it ends up being an unsavory retailer or an outright scam, at least you'll have some protection and an easier time with dispute resolution."

The billing cycle on credit cards also gives you time to notice and dispute charges before they impact your finances. With debit cards, an unauthorized charge will automatically come out of your bank account—and even if your bank refunds you the money, you won't have access to that cash until you've sorted it out.

#### Reason #3: Other perks

In addition to cash back and rewards, many credit cards provide additional perks to cardholders, such as access to airport lounges, extended warranties on purchases, and insurance for car rentals made with your card. The [Capital One Platinum Credit Card](#), for example, provides cardholders access to exclusive restaurant reservations and culinary events as well as pre-sales on tickets and suite experiences at music, sports, and other events.

#### Reason #4: Credit building

When you use a credit card and pay it off regularly, the card issuer will report those on-time payments to the credit bureaus. Over time, that can improve your credit score and credit history, which demonstrates to future lenders that you're a responsible borrower. That can make it easier (and less expensive) to get home or auto loans if you need them later.

#### Reason #5: Convenience

Using a credit card is often simply easier than carrying cash or writing a check for purchases. You can make purchases quickly and easily both online and in-person, without worrying about carrying around cash or finding an ATM. Contact-less, chip-enabled cards, such as the [Citi Premier® Card](#), allow you to shop safely by just tapping your card against an in-store payment reader.

### When you should skip the credit card

While the reasons above make a good case for using a credit card for most purchases, there are a few times that doing so may not be the smartest course. Some merchants, for example, charge a higher price for credit card purchases, so using a debit card or cash in those instances could save you money.

In addition, if you have trouble sticking to a budget or have a balance on your credit card that you don't pay off every month, it may make sense to put the card on ice. That's because the high interest rates on most credit cards negate most of the benefits. Instead, focus on paying down your debt first, then you can switch back using your credit cards and enjoy those rewards — interest-free.

"If you're worried about having enough for your day-to-day expenses, a debit card or the envelope budgeting method is probably the way to go," says Rebecca Stumpf, a spokesperson with Credit Summit.

### Bottom line

As long as you don't charge more than you can pay off each month, a credit card can be a great way to both protect your spending and earn rewards on things you'd be buying anyway. Spend some time researching the multitude of credit cards on the market to find one with perks that are the best match for your situation.

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Beth Braverman is a freelance writer, covering mostly about personal finance, parenting, and careers. Throughout her 20-year career as a journalist, she's loved helping people see how making smart money decisions can improve their lives. Beth began her career as a daily newspaper reporter, before moving into the world of magazines and personal finance. A former Money magazine writer, Beth has been a full-time freelance for seven years. Her work has appeared in dozens of publications, including magazines like Real Simple, Consumer Reports, and AARP, and online at sites like CNNBusiness.com, CNBC.com, and USNews.com. She has received multiple awards for her work, including recognition from the American Society of Business Publication Editors, the Society of American Business Editors and Writers, and the New York Financial Writers Association. Beth received her undergraduate degree in newspaper journalism from the S.I. Newhouse School of Public Communications at Syracuse University. She also holds a master's degree in business reporting from the Columbia University Graduate School of Journalism.