

Activity | Read the factors to help you assess the benefits and drawbacks of having a credit card

Factors	Risk	Benefit
1. Convenience: Using a credit card lets somebody buy something today but put off the real cost until payday rolls around – so they don't have to wait.		
2. Cashback and rewards: Many credit card providers offer a range of rewards to customers. A customer could be getting air miles or shopper loyalty points each time they use their card, or even cashback on purchases.		
3. Getting trapped in debt: If somebody can't pay back what they borrow, their debts can pile up quickly. If they have a poor credit score, they could get hit with high interest rates – and the debt could spiral debt making it even harder to pay it all off.		
4. Spread out the costs: If a person needs to make a big purchase, a credit card lets them pay over several monthly instalments. This can help with budgeting and, as long as they ensure that they make their repayments, it won't leave a huge hole in their finances.		
5. Go interest-free: Many credit cards offer a 0% interest period. So, they can borrow for free with no interest charged, as long as they make their minimum monthly repayments.		
6. Expensive: Credit card providers might charge you extra for things that are free with a debit card, such as withdrawing cash from an ATM or buying things overseas.		
7. Purchase protection: Sometimes there could be a problem with a purchase – it might get lost or damaged, for example, or the company could even go bust. With credit cards, they have buyer protection for any purchases made on the card between £100 and £30,000. That means the purchaser can claim money back from the card provider if there's an issue with their goods or services.		
8. Extra fees: The interest rate isn't the only number that needs to be checked out when choosing a credit card – there may be extra charges too. The provider could impose fees if a payment is missed or a person goes over the credit limit. Some credit cards might have a monthly or annual fee, and many balance transfer cards charge a fee to switch a balance. Check the APR (annual percentage rate) to get an idea of the overall cost of a card.		
9. Damage credit score: A credit score can go down as well as up. Miss a payment on a card or allow debt to stack up and this can damage somebody's credit rating. This can make it harder to get credit (borrow money) in the future.		
10. Boost credit score: If somebody uses a credit card responsibly, lenders will notice – and it can help to improve their credit score. If they have a low credit rating, they can get a credit builder credit card designed to help them build up their score.		