

Understanding How And When To Use Business Credit Cards

Since Edward Bellamy initiated the concept of a credit card in the 1920s, we've taken giant strides in the development and modernization of this notion. From the pasteboard cards to the ultra-modern plastic cards, they continue to be more sophisticated in their construction and easier to use. The popularity of credit cards both for personal use and for business has surged in the past few decades and at the present time, there are very few people, who live without one.

The Purpose of a Credit Card

The fundamental purpose of a credit card is to enable the cardholder to purchase goods and services without having to pay for them at the time of purchase. You can buy as many times as you want with a predetermined cash limit and pay only once a month. It is a very convenient option since you don't have to carry cash with you everywhere and even more of an asset with online shopping and selling.

The Features and Advantages of a Business Credit Card

A business credit card follows the same pattern as a normal personal credit card, but it is used exclusively for business purposes. Personal expenses are easily distinguished from business expenses. Not mixing these two is a common sense approach to avoiding potential tax and money management problems. Below is a list of the other advantages of a business credit card.

1. Business transactions become easier as business is now global
2. Each employee is given a card with preset limits making it easier to monitor expenses.
3. Year-end statements from the credit card companies eliminate the need to maintain cumbersome records like receipts and help in categorizing the expenses.
4. Timely payments against the credit cards improve the business credit rating, and the credit card companies have many attractive offers and rewards.
5. Business credit cards offer stability and flexibility in the operations of the business.

The Need for Flexibility

Many unforeseen emergencies crop up at any time and it often is not possible to set aside a part of your working capital as this amount of money can be used for expansion of the business. A business credit card comes in handy at such a stage and may save the business from collapsing. This financial flexibility is, perhaps, the greatest asset of a business credit card.

Small business credit cards

The unsecured credit offered by the small business credit cards comes as a boon for many small business owners. These cards act as a great leveler to smoothen out the highs and lows of the capital needs of small businesses. Moreover, small business owners can easily purchase all that they need at the beginning of the month, through their credit card and plan it out in such a way that they receive payments from their clients before the end of the month in order to pay off the credit card debts.

Some Words of Caution

Business Credit cards are useful, but remember to pay them back on time and never overspend.

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