



E-NEWSLETTER



WHY YOU SHOULD PREFER CREDIT CARDS TO CASH

Nigeria is largely a cash-and-carry economy which has necessitated recent efforts by stakeholders to make it a cashless one. Electronic payment systems such as PoS and online payment platforms are now enhanced and adopted to an appreciable level but credit card penetration is still at a low.

Contrary to popular belief that credit cards often lead to debt, the following are few of many advantages when used responsibly:

Safety and Convenience

Carrying a credit card provides much safety and convenience when compared to cash, particularly in urban cities of the country where robberies are frequent. Lost or stolen cash may never be recovered but a credit card can be shut down with just a phone call and replaced in due time. For stores with cash payment limit policies, making certain purchases becomes very difficult and using debit cards does not provide much safety either. Several investigations have shown that debit cards are easily hacked when entering the Personal Identification Number (PIN).

Security and convenience while travelling

Travellers are vulnerable to fraud when they are unfamiliar with the local language or surroundings. In fact, credit card is described as the best way to carry money overseas as it mitigate many foreigner-related challenges. Also, credit card purchases are exchanged at the interbank exchange rate which is the best rate you can get for currency exchange.

However, there are questions you should ask your issuer before taking a card abroad. Find out if the card is built differently from those used in your destination country, charge a foreign-transaction fee, or if the issuer has international partnerships to allow you use ATMs without extra charges.

Building Credit History

Not having a credit history can drastically hurt you when you eventually apply for a loan. This is because lenders will have no reliable data to predict your behaviour should they approve your application. One of the easiest means of building a good history is through holding a credit card. Credit card payments are more frequent and of lower amounts when compared to other facilities. The ability to keep up with such payments raises an individual's credit score significantly.

Additional Warranty and Purchase Protection

Credit and debit cards limit liability of cardholders in the incident of fraud but credit card protection is stronger. By standard, most credit cards automatically come with consumer protections that many people do not even realize they have. These protections include travel insurance and product warranties that usually exceed the manufacturer's warranty. Cash payments obviously do not have any fraud limit nor purchase protection attached to it.

Rewards for usage

There is hardly a credit card that does not have a reward program attached to it, due to competition by offering institutions. Some offer cash back on every purchase, others pay points. Some cards are designated for specific purposes thus offer more benefit when used in that regard. These are usually referred to as Rewards Credit Cards. For example, if you travel frequently or stay in hotels for long periods of time, you should consider getting a "Travel Credit Card" for additional points to your credits and also for longer periods of usage.

In addition, certain benefits are exclusive to co-branded cards. Brands such as airlines offer free checked bags to people travelling on tickets purchased with their cards and hotels offer special amenities and service upgrades to guests who pay with their branded card.