

Credit Cards for Bad Credit Come with Price

Americans are dependent upon their credit cards. Credit cards have become a resource for everyday spending. Cards have replaced the use of checks and cash. It is less risky than walking around with a wad of money in your pocket and is easy for retailers to deal with. You swipe your card at the grocery store checkout, sign the receipt and away you go. It is a convenience upon which most people depend. Ideally, it should be viewed as an extension of your bank account, not free money. There are people, though, that do not use their credit cards responsibly. They carry over balances, make only the minimum required payment each month and accrue more money owed to the credit card company. The result for many has been to default on those credit cards, which has affected their credit scores. To qualify for a new account, those individuals must now seek out [credit cards](#) for bad credit.

Banks who offer credit cards are tightening their standards and taking on less risky customers. Current customers whose accounts are in good standing are even faced with term modifications as a result of the tighter restrictions. Many of those customers are finding decreased limits on their credit, increased required monthly minimum payments and higher rates. According to a recent survey, the national average interest rate for credit cards right now is 12.1 percent. That means that consumers have to pay more in interest each month, if they carry over a balance. A lower credit limit for those who carry a balance means a higher debt to credit ratio, which can adversely affect their credit scores. Banks no longer want to carry the risk of those who need credit cards for bad credit. Gone are the days when anyone who applied could obtain a new credit card account. Now those who must turn to credit cards for bad credit must pay a price. Those credit cards usually charge significantly higher fees and rates. Many of those cards come with an interest rate of 30 percent or more. That means that those consumers will owe more money if they do not pay their balances in full. A higher rate and fee card is typically more difficult to stay on top of, if the balance is not paid off in full each month. A prepaid credit card and debit card are safe and convenient alternatives to a high interest rate and fee credit card. Debit and prepaid cards are free of hazards regular credit cards can pose. A consumer cannot buy more than he can afford, thus making it more difficult to accumulate debt. Although debit and prepaid cards will not help consumers improve their credit scores, they help build responsible habits around spending. That lesson in responsibility can be invaluable for those who only qualify for credit cards for bad credit. Related articles [Credit cards for bad credit](#) ... [Student credit cards](#) ...

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