



The Case Against Cash: Why You Should Use Your Credit Card for Every Christmas Purchase

Description

Let me get this out of the way: I have nothing against those who use cash for every purchase. If cash helps you save money, or if you don't trust yourself with credit cards, by all means — use cash.

That said, I *do* think you're missing out. Cash might feel good in your hand, but it does very little outside of a basic exchange. Credit cards, on the other hand, come with perks and benefits that can turn a simple transaction into so much more. Here are five reasons I'm using my credit card for every holiday purchase this year.

1. Earn points or cash back

The most obvious reason to use a credit card this Christmas is to earn cash back, mileage, or rewards points on your everyday purchases.

Don't overlook this fact. With inflation rates as high as they've been, you want to earn as much as you can on every purchase. A [cash-back credit card](#) with a 4% or 5% earn rate can help you pocket some serious cash, especially if you're matching the card with your spending habits. And if your credit card provider gives you bonus rates, such as those found in online shopping portals, you can find yourself with a hefty sum of points after the holidays end.

Admittedly, some debit cards can help you earn cashback for purchases. But the earn rates on debit cards typically pale in comparison to those on Canada's top rewards cards and cashback [cards](#).

2. Track your purchases

Cashback and rewards are exciting, sure. But for the budget-conscious, credit cards come with another great feature: they help you track your purchases.

With cash, it's super easy to lose track of your spending. After all, unless you keep receipts, and come

on, who does?), you have no way of knowing how much you spend. For one store purchase, this might not be a problem. Throw in five department stores, a gas station, the grocery store, and a fast-food restaurant, and you could easily forget and lose track of your purchases.

With a credit card, you can simply look at your credit card balance to jog your memory. Some credit cards will even break purchases out, helping you see how much you spent on groceries, gifts, and even rent or your mortgage.

3. Shopping insurance

A little-known fact: many credit cards come preloaded with valuable shopping insurances. For instance, many cards have price protection. With this coverage, your credit card provider will credit you the difference if a product goes on sale after you bought it.

Credit cards also typically come with purchase protection, which covers your purchases from accidental theft and damage. For product defects, your credit card could give you an extended warranty, adding a year or more on top of any manufacturer warranty your product may have.

In addition, credit cards often have travellers insurance, too. From trip cancellation to baggage insurance, you could cover an entire trip if the conditions are right.

4. Build your credit score

Cash does nothing to help your [credit score](#). Not even a debit card will help you. If you want to improve your credit score this holiday season, a credit card should be your go-to tool. Pay your bills on time, be careful to keep your credit utilization ratio low, and you'll steadily improve your score.

5. Generous welcome bonus

Last but not least, you might be able to snag a hefty sign-up bonus. Many new credit cards will offer you extra rewards or cashback if you hit a spending limit within a period of time. Spend \$1,000, for instance, and you get amass \$300 in cashback. It's a super-easy way to earn passive income in a short period of time. And, yes, all you have to do is *spend money*.

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