



## Type of Business Credit Cards

## Credit Learning Center



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Like consumers, businesses are getting more and more specialized offers.



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### Credit Cards for Businesses

#### Types of Business Credit Cards by Kyle May

#### Types of Business Credit Cards

As the American economy slowly moves forward, one by one the financial institutions are again targeting business owners and corporations for new credit card accounts. Just as consumers are bombarded with new, improved and specialized credit card offers, so are the business owners.

A few short years ago there were twenty to thirty different business class card offers ranging from the age old standard American Express Business Gold to the specialized Chase Amazon.com for Business card. As of this writing, we have not yet reached that pinnacle of offer diversity but we are steadily moving towards a time when the corporate business manager will again be inundated with a variety of cards that will make the decision process extremely difficult.

Today's cards are aggressively marketed by three of the major issuers; American Express, Capital One and Chase. The offers encompass the standard array of Cash Back, Reward Points, Flyer Miles and Low Introductory offers. Just as each business entity is unique, so is the motivation and benefits of selecting a new or replacement **business credit card**. Here is a breakdown of the different categories of cards available today.

- **Cash Back**

Depending how you structure your credit usage, this could be a major benefit for a company. In theory, if you could reduce your expenses by 1% or more, your business would be more profitable and better poised against the competition. This is what the Cash Back card offers but only to the degree that you can use your business credit card to purchase items and service required to operate your company.

- **Reward Points**

Just as with consumer cards, the trick with the rewards class card is knowing what you can do with the points once they accumulate and what is their real value. The best way to approach this quandary is to find out, in advance, how you can redeem the points and what is the ratio to purchases. If there is a good use for the points, one of these card can be the best way to go since the rate of points accumulation usually exceeds the rate of a cash back card by a fairly wide margin.

- **Flyer Miles**

Again, if the redemption of miles points is something your company can use, and you or your employees travel frequently, these cards can provide a healthy dose of expense savings. A quick scan of the business credit cards available today will give you the insight to make a qualified decision.

- **Low Introductory Rate**

As we continue with the "one size does not fit all" concept, a low intro card has a much more specialized value. Should you be considering some major expenses that can indeed be purchased with a credit card, a low intro could save a substantial sum. Do not assume that procuring a low intro card will allow you to transfer any other debt to the new card as most issuers have a transfer fee that all but eliminates any interest rate reduction. For most businesses a card of this type will not yield savings as great as the other



categories.

One more item before we close this topic. A major benefit for a small business owner is how the rewards or points are allocated. If you have multiple employees that can use a card, the points and miles accumulated **from purchases can be directed into one card only.** They usually go to the primary account holder or the owner affording one more reason to use business credit cards as much as possible. Consolidated billing and management reports will also make the accounting process just a bit easier.