

# Do You Know How Cash Back Credit Cards Work?

Contributed by Webmaster  
Thursday, 06 March 2008  
Last Updated Thursday, 06 March 2008

By Annette D. Wilson

The popularity of cash back credit cards hasn't waned over the years. In fact, today, more and more people still prefer a cash back credit card over other reward credit cards programs. Do you own a cash back card yourself? Or are you still thinking about applying your own cash back card? Whether you already have a cash back card or is still planning on getting one, this article would surely be useful for you. Let's discuss more closely how these reward credit cards work.

## How Cash Back Credit Cards Reward Holders

Although specific terms and conditions vary between each credit card issuer, the procedure on earning the cash rewards is pretty much the same. Generally, a card holder earns a corresponding point for every dollar he spent using his credit card. Some credit card issuers give 2 points or double points for every dollar but in most cases, 1 point is given for each dollar amount charged on the card. The points are converted to cash or money points, thus their name- cash back credit cards.

What can you do with the cash points you earn? You can use these cash points to make new purchases or pay bills using your credit card. Some credit cards would require the holder to spend his reward from a specific shop while others give the flexibility to use your cash rewards from any store you want. Discover Gas Card Some cash back cards impose a maximum amount of cash points that the card holder can earn. After reaching this limit, the card holder may stop qualifying for more points. The best cash back credit cards however do not impose restrictions on the amount of rewards you can earn. As long as you're using credit card on your payments, you continuously earn points on your account. You can earn as much cash as you want as long as you're an active member of the reward program.

## Competition among credit cards

Cash back credit card companies are all competing for attention and in order to get more clients, these companies promise only the best. Or course, not everyone deserves your trust. For this reason, caution is advised for everyone who plans on applying for a reward credit card.

Most reward credit cards are accompanied with unreasonably high interest rates but if you do your research, you can find one that offers a good deal. When it comes to annual fees, you can now find cash back reward cards that do not have annual fees. If the cash back card you choose requires an annual fee, you'll want to make sure that the cost does not outweigh your potential to earn rewards. If you'll be paying for an expensive annual fee each year, then can you still say that you are being rewarded? Or would you end up paying more than what you get back?

Lastly, cash back credit cards will only work if you keep up with your payments religiously. Never carry over your balance for the next billing cycle if you don't want to suffer paying for an expensive interest rate. Make it a point to pay off your balance in full each month so make sure that you will be rewarded.

Ann Wilson is the head writer of Credit Card Rewards - Credit Card Reward Offers - Travel Reward Credit Card Site. This resource provides consumers with valuable reviews and information on the best cash back, business, hotel, gas, or airline credit card reward programs. Its main objective is to help people to take advantage of credit card rewards and start earning reward points.

{mos\_sb\_discuss:2}