

# Financial Habits That Help Get Good Credit

## You Should Develop These Habits When Building Your Credit

Your credit rating is primarily based on how you use credit products such as credit cards and loans. If you follow [good financial habits](#) and maintain them for a long period of time, you can build your credit.

A [good credit score](#) opens you up to many more financial opportunities such as home ownership or a loan for a new car. People focusing on “[how to improve your credit score](#)” are often looking to do so before applying for these major purchases.



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The goal of Continental Finance, the marketer and servicer of Surge Mastercard, is to [expand access to credit](#) for those with less than perfect credit. To that end, this article will review good credit habits that may set a person up to improve their credit score and bring them to a better financial future.

This article will cover these **Good Credit Habits**:

- Stay in your financial lane – Manage your debt-to-income ratio, avoid maxing out credit accounts
- Be organized – Know your credit score, monitor your credit reports, keep track of credit balances
- Timely Payments – Pay your bills on time
- Needs over wants – Set your priorities

- Be proactive – Contribute to an emergency fund
- Take time to know – Practice making payments before taking on new debt



## Stay within your financial lane

Knowing how to [stay in your financial lane](#) is the first habit that a person should work on when building their credit. It's the most obvious but usually a disregarded habit of consumers. It's important that you only buy what you can afford. If you don't follow this simple step, it will lead to missed payments.

Missed payments will lower a person's credit score. And then the offers they receive for loans and lines of credit will likely carry a higher interest rate.



## Be organized

This applies to most things in life, but even more so when it comes to finances. You don't want to miss payments just because you've lost track of when bills need to be paid.

When you keep dates and bills organized, you lessen the chance of missing a payment. Not missing a payment is crucial in keeping your credit score high, as payment history is 35% of your credit score.

Also be organized with your accounts and your information. Part of rebuilding or re-establishing your credit is to keep track of the performance and see the impact your actions have on your credit history.

- You want to take advantage of an offer of a free credit score if available.
- Each year you want to be checking [your credit report](#).
- You want to be able to easily know your credit card balance.
- If necessary you also want to be aware of the activity that any other authorized user does on your various accounts.



## Make your payments on time

By now you've noticed a theme: Missed payments are very bad for your credit history.

Paying your bills on time is a must, since a significant part of your credit rating is payment history.

[Credit card servicers](#) are at their happiest when a cardholder maintains their credit account and pays their bill.

Your credit reports contain information about your payment history and are updated every month by the credit bureaus. When you miss a payment, it's reported by your creditor to the bureaus and will affect your score almost immediately. Paying on time is a habit that you should develop and practice each month.



## Needs over wants

Using your line of credit to purchase products and services regularly is a great way to establish your credit. But you need to prioritize.

Which means another habit you should teach yourself is

prioritizing your needs before your wants.

It's always nice to get or do the things that you want, but spending too much on these things may deplete your income and cause there to be nothing left to take care of important bills.

So before indulging yourself, make sure that all necessary bills are paid and that you have enough funds to cover that indulgence.



## **Be proactive**

Mistakes don't correct themselves, so you should always take action immediately. If you miss a payment (since nobody is perfect), don't panic about your credit score.

Instead, keep your cool and find a way to settle the balance as soon as possible.

Yes a missed payment will affect your credit score, but it can only get worse if you don't take the necessary action.

Don't let an isolated case or mistake affect your positive habits. Keep in mind that the faster you react, the sooner the problem gets fixed.

Remember that overall your credit lines will be enhanced through a standard of good habits and positive behavior.

Being proactive to fix mistakes will help outshine those mistakes in the long term. And your credit limit will have a chance to grow by each good action you take.



# Take the time to know more about a financial product

Many people tend to dive into products without really knowing much about them.

This is especially true of financial services and their associated products. Something like an auto loan or various student loans are products people need. This prompts them to sometimes jump at an opportunity without due diligence.

Before they know it, they have many accounts open and can't cover the debts they've taken on.

You should always do your research before taking on debts like the ones mentioned. This also extends to taking on a new credit card.

There are a variety of credit products to choose from, so when you do make a decision, be sure that you are selecting the best option for your financial health. In other words, read the fine print.

Some key concepts to be aware of before making a decision:

- Know what the difference is between a secured credit card and an [unsecured credit card](#).
- Know what your [credit utilization ratio](#) is.
- Know what the [card's terms](#) and conditions are.
- Know [how to close out a credit card](#) if you need to.

## In Conclusion

These habits will help you build a track record of consistent positive activity that credit card servicer will take notice of. That will have a huge impact on your credit score and benefit your credit report.

Your credit history will show a steady path of improvement. That can factor into a variety of lifestyle improvements that go well beyond credit lines, personal loans and borrowing.

Follow these tips and start yourself on the journey to better credit today!

*Note: This article was originally published in May of 2019 and has now been updated with new information.*



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## People Also Read

- [How long does it take to get a credit card?](#)
- [What are Credit Card Cash Advances](#)
- [Free Rent Reporting Can Boost Your Credit Score](#)

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