Card Act, which included banning bait-and-switch pricing, usurious interest rates and other shady practices, small business credit cards were not included in the act's reform measures.

Isaac M. O'Bannon • May. 06, 2014

Even though Congress passed fairly consumer-friendly reforms with the 2009 Credit Card Act, which included banning bait-and-switch pricing, usurious interest rates and other shady practices, small business credit cards were not included in the act's reform measures.

In fact, one of the most important rules that the act created was a ban on credit card companies being able to raise interest rates on existing debt unless the consumer is more than 60 days delinquent. Unfortunately, small businesses did not see the same relief, which means that the companies can do just that: raise rates whenever they want.

As a result, business owners should be careful when selecting a card, since the variable rate can change to different costs for their debt, and thereby causes some uncertainty in terms of their cash flow and business planning.

“Credit card debt instability is a huge problem for smaller businesses—particularly younger businesses since they rely more heavily on credit cards,” Molly Day, VP of public affairs for the National Small Business Association, recently told the consumer financial website CardHub. “If entrepreneurial people can’t garner the capital to launch a business we’ll see fewer start-ups, which means slower employment growth and less innovation.”

In addition to monitoring consumer credit issues, CardHub also looks at business credit trends, and has provided ranking of business credit cards since 2011. In this year's study, the rankings for the best and worst cards for small business, based on

Scoring 45% or less:

- Chase (45%)
- CitiBank (30%)
- Discover (30%)
- U.S. Bank (30%)
- Wells Fargo (30%)

The full report can be read on CardHub's website.

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