

Title:

Leverage Balance Transfers

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415

Summary:

The competition is alive and well between credit card companies, every company is working hard to invent new and exciting ways of attracting applicants to apply for a credit card with their company

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Article Body:

The competition is alive and well between credit card companies, every company is working hard to invent new and exciting ways of attracting applicants to apply for a credit card with their company. No matter where you go, you will likely be given some sort of offer with any number of credit cards. For example, a credit card could inform you that they will offer you an unheard of interest rate with for an extended period, or another could offer you rewards of cash back on any item you purchase using their credit card. You will see these types of attractive advertisements often, you should bear in mind however, that even though these offers may sound extremely good, typically they do not offer these things for the consumers interest, instead they offer them to attract business.

Consumers often benefit from the fierce competition between credit card companies. Studies show that the average United Kingdom resident owes approximately £1,140 in debt with credit cards. Typically, this is for one or more cards and each card will carry a unique interest rate. The competition has led companies offering credit cards to offer a balance transfer at a 0% rate, this is in hope that they will attract consumers to apply for their credit card and transfer their existing debt onto theirs.

You may be wondering, what exactly is a balance transfer? This is the practice of taking the balance you owe on one card and transferring it to another. Typically, this is done to help you save money on the amount of interest you currently pay on the debt. Now before you run out and apply for that credit card that offers a 0% balance transfer you should be aware that usually that rate is only a promotional one. You will want to make sure that you understand what the rate will be once that promotional rate ends, as well as understand how long you

have to pay the payments interest free.

Another thing you should do, is compare the cards that offer them, the reason for this is that one card could offer a longer balance transfer term than another. The ideal card will allow you enough credit that you will be able to transfer all of your existing debt to one card. This will allow you to have only one payment monthly with 0% interest. In essence, you will be able to pay the debt off at a faster rate because none of the payment is applied towards interest.