

Credit card debt consolidation

Credit card debt is a nightmare of a problem and unfortunately there a lot of people who face this today (and if others don't pay heed, they might get trapped into credit card debt too). Credit card debt consolidation is generally regarded as the most important step in credit card debt reduction and elimination.

So what is 'Credit card debt consolidation'?

Credit card debt consolidation is the process/strategy to consolidate debt from multiple credit cards into lesser number of credit cards (ideally one or two credit cards). Credit card debt consolidation is sometimes also referred as a balance transfer where you transfer your balance on one credit card to another credit card. Generally, the balance transfer (or credit card debt consolidation) is done from credit cards with higher APR to credit cards with lower APR. Credit card debt consolidation can also be achieved by going for a bank loan (at a lower interest rate) and using that towards paying the debt on the higher APR credit cards. This loan is then paid-back to the bank in the form of monthly instalments.

As you would have noticed, a lot of credit card suppliers and banks keep coming out with attractive offers for Credit card debt consolidation (or balance transfers). There is no dearth of 0% APR offers for credit card debt consolidation. However, credit card debt consolidation is a serious exercise and you must exercise caution so that you don't get into deeper trouble. When going for credit card debt consolidation, you must properly analyze the offers from various banks and credit card suppliers. Check the time period for which 0% APR is being offered and also the APR that would be applicable after the lapse of that period. Generally, 0%APR is valid for a 6-12 month period only. So, if you are confident of paying back a considerable amount of debt in that period, this kind of credit card debt consolidation will work for you even if the APR (post 0% period) is a bit higher. However, if that is not the case, the long term APR is going to be the most important thing for you. If the long term APR is more than the APR for your current credit card, this kind of Credit card debt consolidation will be futile for you. Also, check processing charges etc before you actually go for balance transfer or credit card debt consolidation with another supplier/bank. Another good idea is to check with your current credit card supplier and see if they can offer a lower APR to you in order to help you in clearing off your debt (you would be surprised that they do oblige at times and hence eliminate the need for credit card debt consolidation).

It's important that, with credit card debt consolidation, you also inculcate good spending habits; otherwise credit card debt consolidation would really be

of no use to you.