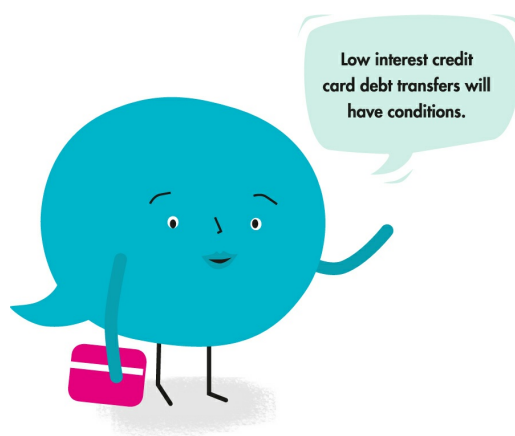


Transferring credit card debts

Banks occasionally offer low interest rate deals to encourage other banks' customers to transfer their credit card debts to them. People should understand how these transfers work and the conditions attached to them before taking up such offers.



Transfer process

You must apply for a credit card account at the new bank if you don't have one there already. You will be assessed against the bank's credit criteria. Check your debt before you apply to ensure it includes purchases or payments since your last statement. Note that interest accrued during the current month may not show up.

If the bank approves your application, it will pay off your card debt debit at your other bank and create a new debt. It will tell you the credit limit it is prepared to give you. The total of all transferred balances must not exceed that limit. You may be able to transfer store card or personal loan balances, but check first with the new bank about any exclusions.

You may have to close your existing credit card account if having two credit cards will exceed your debt servicing ability. Talk to your card provider. It's your responsibility as the customer to close accounts.

Interest rates on transferred balances

Transferred balances may have special low interest rates, but new purchases and cash advances are usually subject to the bank's normal rates. Check the card's terms and conditions to see how interest rates apply. Interest

rate deals may be for a set time only. Make sure you know when that period ends and what the subsequent interest rate will be.

Allocation of repayments

Generally, your credit card repayments will be allocated to the balance with the lowest interest rate. If you have a transferred balance at a special low interest rate and you put purchases on that card, your repayments will probably be allocated to the transferred balance rather than to the recent purchases. This means any purchases or cash advances you make after the transfer won't be paid off until you have repaid the transferred balance.

Payment allocations are described in the credit card terms and conditions. Talk to your bank if you are unclear how payments will be applied. You need to continue making minimum monthly repayments and should check out potential penalty fees if you fail to make them



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