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More Credit Card Issuers Let You Pay Off Debt for Free

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 Save[Balance Transfer Credit Cards](#), [Credit Card Basics](#), [Credit Cards](#)

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It's never been easier to dump your high-interest credit card balances without paying a penny in interest or fees.

Three credit cards from major issuers — Barclaycard, Bank of America® and Chase — now give you an interest-free and fee-free way to pay down debt — as long as you pay your balance off in full by the end of the promotional period. These generous balance transfer offers include:

- 0% introductory annual percentage rate, or APR, on balance transfers
- No balance transfer fees or an introductory transfer fee of \$0 (usually,

these fees are 3% to 5% of the amount transferred)

- No annual fee

Before 2017, only one major issuer — Chase — offered such a card. Now, this once-rare offer is quickly becoming the new gold standard for balance transfers.

“[Issuers are] finding people who are already in debt and making them an offer they can’t refuse,” says David Robertson, publisher of The Nilson Report, an industry newsletter.

For indebted cardholders with good credit, these offers are a way to save hundreds of dollars on interest and fees. And the higher their current interest and balances, the more they can save — as long as they understand the terms and conditions.

Offers bloom in 2017

The Chase Slate® credit card debuted in 2009, making Chase the first major issuer to offer a card allowing cardholders to sidestep both interest and balance transfer fees. For qualifying applicants, it offered 0% APR and an introductory \$0 balance transfer fee.

In the wake of the financial crisis of 2008, banks were [pulling out all the stops](#) to bolster their hollowed balance sheets, in part by boosting sign-up bonuses and lengthening 0% APR periods. The Chase Slate® credit card took that trend a step further with its new balance transfer offer.

“When we launched the Chase Slate [credit card] in 2009, the decision reflected where the country was at the time,” says Mical Jeanlys, general manager of the Chase Slate® credit card. “We wanted to give customers the ability to be in the driver’s seat in terms of how they manage their credit.”

Chase Slate® credit card is now one of Chase’s largest portfolios, Jeanlys says.

In 2017, two other major issuers debuted similar offers.

In February, the Barclaycard Ring™ Mastercard® [added 0% APR](#) to its

previous terms. As before, it charges no annual fee and no balance transfer fees.

“When we launched our new offer, the response and application volume was substantially higher than expected,” Hameer Ruparel, vice president and head of acquisition of U.S. branded cards at Barclaycard, said by email.

In May, the BankAmericard® credit card also [debuted a similar offer](#), adding an introductory \$0 balance transfer fee.

What’s in it for issuers?

When issuers let you pay down your balance interest-free and fee-free, they likely aren’t expecting to make money on the balance transfer itself. Instead, they’re aiming for:

FUTURE INTEREST REVENUE

Interest revenue is a major money-maker for issuers, generally bringing in more cash than swipe fees (paid by merchants) and service fees (paid by cardholders). As interest rates rise, banks are especially keen on attracting more “revolvers,” or people who carry balances, says Hank Israel, director at Novantas, a banking advisory firm.

“The bank is making a bet that enough people who are regular revolvers or even seasonal revolvers are going to stick with the card once they move over that balance and pay it off over time,” Israel says.

AN EDGE ON THE COMPETITION

Issuers want to give you a reason to walk away from a competitor into their waiting arms. And they can woo you easily, because they know when you’re carrying debt with another issuer.

“It’s not a needle in the haystack,” says Nilson Report’s Robertson. “You know who’s in debt. That information is readily available from the credit bureaus.” Issuers can make “soft pulls” on your credit, or inquiries that don’t affect your score, to see where you stand.

YOUR LOYALTY

When issuers offer these rich balance transfer offers, they're not just looking for a casual summer fling.

“With every customer we welcome ... we're looking for a lifelong engaged relationship,” says Jeanlys of Chase. She notes that 3.6 million cardholders are enrolled in the Chase Slate Credit Dashboard, which tracks and explains their FICO credit score, and they are visiting Chase.com to check their credit.

Barclaycard's Ruparel notes that the card also has an online community where members can suggest improvements to the product and vote on changes. “We want to meet all their credit card needs — not just the ability to transfer balances,” he said.

If you transfer a balance to a card and continue using it long term, even just to make purchases, the issuer gets more revenue.

What's the catch?

Before you apply for a balance transfer card, you should know:

The promotional period is limited. After a card's 0% APR period elapses, issuers will start applying interest charges to your remaining balance going forward. If you can pay off your balance in full early, you'll save more money. Also, promotions for introductory balance transfer fees and balance transfer APRs may apply only to transfers made in the first couple of months after opening the account.

Your limit might not be high enough. Issuers give you a balance limit after you apply for a card, so you might not know ahead of time whether you'll be able to transfer all your balances. If you don't qualify for the limit you were hoping for, consider a personal loan instead.

It might not fit your long-term needs. The best balance transfer cards generally don't offer rewards. If you're looking for rewards after paying down your debt on such a card, call your issuer and see if you can switch to another card that's a better fit.

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