

Doron F. Eghbali Banking Law

[How Could You Profit from Your Credit Card Company?](#)

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It seems credit card companies are always seeking to profit from consumers. There might be a way to profit from credit card companies, at least until such opportunity exists. It involves convenience checks credit card companies send us so frequently. Let us see if we could make some decent profit ethically and prudently.

CONVENIENCE CHECKS AS INVESTMENT TOOLS

After you receive convenience checks with 0% APR, do not tear them up. Instead, with some caveats discussed later, you could write the checks to your own name and deposit it in high-yield savings account. The common perception is convenience checks or balance-transfer checks could only be written to other credit-card companies to pay off existing balances. Nonetheless, this perception is not always accurate. In fact, in *most* cases you could write these checks to yourself, too.

Then, as soon as the 0% APR period is about to expire, you withdraw the money to give back to the credit card company. The interest you have earned during this period is yours.

In fact, this might be the cheapest source of short-term borrowing in this relatively frozen credit market.

CONVENIENCE CHECKS AS EXPLOSIVE TOOLS

Before taking advantage of this opportunity, you should carefully consider the following and ascertain the pros and cons of this strategy that could be replete with perils.

1. HIGHER PERCENTAGE POINTS THAN 0% PROMOTIONAL APR

You should be extremely cautious, not always balance-transfer checks are 0%. They could be 5 percentage points or even higher. The way to obtain relatively the most competitive APR would be to get your card, keep it for two weeks or so and then pay it off. Then, the credit card company worrying you are not using your card, might send you the balance-transfer or convenience checks to lure you into spending imprudently.

2. STEEPER PENALTIES IF YOU DO NOT PAY OFF THE 0% APR

You should first pay off a relatively high-interest rate you have before transferring money into it as part of your 0% promotional APR. This is because even in the aftermath of [CARD ACT](#), the credit card companies could first apply your monthly payments to the 0% promotional APR and let the higher APR accumulate interest and grow in size, if you continue purchasing. This will

ultimately harm you as your debt substantially grows at a faster pace than you thought. This is, generally, how credit card companies profit from 0% promotional APR offers. Accordingly, to profit from credit companies, exercise extra caution and vigilance.

BOTTOM LINE

Read everything and if you do not understand it, do not do it at all. This is extremely important to ascertain what you are getting into.

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