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Time to Reel In Loan Sharks

UnitingCare Wesley welcomes the release of the "Consumer Credit and Investment Schemes" review by the Economic and Finance Committee of the House of Assembly.

This important report contains 24 thoughtful recommendations, a number of which deal with payday lending, loan sharks and other exploitative financial practices.

The Minister for Consumer and Business Affairs (Hon Jennifer Rankine) now has four months to respond to the recommendations.

"We will be strongly encouraging the Minister to implement the recommendations" said Mark Henley. Uniting care Wesley suggests that priority recommendations for the Minister include:

4. Consideration of capping annualised interest rates and fees/charges. (UnitingCare Wesley proposes a 48% annualized interest rate cap).

5. Licensing of short term credit providers (fringe, payday etc) with a "fit and proper person" test prior to receiving a licence which would entail full background checks. Such licenses should require holders to belong to accredited professional organisations, dispute resolution organisations and undergo regular accredited professional development.

19. All protections and regulations pertaining to "consumer credit" transactions be applied to "business loans" to prevent products being dishonestly provided to individuals as "business loans" to avoid consumer protections.

23. Create a specific offence of "loan sharking".

24. Preventing credit card providers from offering pre-approved credit increases to current or prospective card holders. Any invitations to change credit limits should allow customers to nominate amounts higher or lower than currently in place, with increases to be supported by current personal income and expense details.

"These recommendations, when implemented, would provide significant protections to many low income households who are vulnerable to exploitation by payday lenders, loan sharks and unsolicited credit offers from banks. With poverty levels rising and costs of living growing at much faster rates than income, many people are vulnerable to unscrupulous practices by credit providers – consumer credit protections are urgently needed," explained Mr Henley

"We also want to see specific provisions to protect indigenous communities from financial exploitation," concluded Mr Henley

Further Comment

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