



## **MEDIA RELEASE**

### **Virgin Money calls for national leadership on household debt**

**Sydney, 16 May 2005** – Virgin Money today called on the Federal Government to provide national leadership on the significant and growing issue of household debt.

Virgin Money Managing Director, Rohan Gamble, told the Senate Economics References Committee Inquiry into Household Debt that a national approach is urgently needed to curb dishonest credit marketing and irresponsible lending practices such as pre-approved credit offers and automatic credit limit increases.

“With household debt at unprecedented levels, it’s time for the Federal Government to assume responsibility for consumer credit law and place lending practices under national scrutiny,” Mr Gamble said.

Mr Gamble also told today’s Inquiry that the credit industry should be subject to mandatory product disclosure to openly disclose fees and interest charges in the form of a standardised Honesty Box, rather than burying them in the fine print.

“The impact of rising credit card fees and interest charges on consumers is compounded by a lack of honesty in credit card marketing. As a result, many Australians do not adequately understand the terms and conditions of their credit,” Mr Gamble said.

Mr Gamble suggested the introduction of these measures would both assist Australians to better understand their credit liabilities and also stimulate competition, which would in turn lead to improved products for consumers.

“In the mortgage market, competition has forced interest margins down to the benefit of consumers. Unfortunately, this has not happened in the credit card market as credit providers can all too easily hide extortionate interest rates and fees in the fine print.”

According to the Reserve Bank of Australia, the average credit card interest rate has risen to 16.75 percent, more than 10 percentage points above the average variable mortgage rate. Recent research by Cannex shows that over the last decade, credit card interest margins have on average increased from 8.5 percent to 11 percent.

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#### **About Virgin Money**

Virgin Money launched in Australia in May 2003 to shake up the financial services industry. Virgin Money’s first product, the Virgin Credit Card, is the first to combine a low interest rate, no annual fees and up to 55 interest free days with valuable, instant rewards. Over 500,000 Virgin Credit Cards are now on issue in Australia. There’s no funny stuff, just money stuff. <http://virginmoney.com.au>

#### **Further information or interviews:**

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