

MEDIA RELEASE

30 October 2007

As credit defaults increase so does the need for credit reporting reform - Abacus

Rising credit defaults point to the case for a comprehensive credit reporting system, according to Abacus – Australian Mutuals, the industry association for Australia’s 148 credit unions and building societies.

“As household debt pressure rises, lenders need a more complete picture of a borrower’s financial commitments and their capacity to service debt if they are to act as prudent, responsible lenders,” said Abacus Head of Public Affairs, Louise Petschler.

The Abacus comments come as credit reference agency Veda Advantage has reported dramatic rises in loan defaults over the last year.

“Work on a better credit reporting model should be on the agenda for policy makers as part of programs to support responsible lending,” said Ms Petschler.

Credit unions and mutual building societies pride themselves on their reputation as responsible lenders, which is consistent with their mutual values of member-benefit and social responsibility.

Ms Petschler said Abacus is currently consulting with its members to prepare a submission in response to the Australian Law Reform Commission’s proposals for reform of credit reporting.

For more information:

Paul Murton, Media Relations Manager

(02) 8299 9024; (0434) 185 229; pmurton@abacus.org.au

Abacus - Australian Mutuals is the industry body for credit unions and mutual building societies. We work with our 150 member institutions to promote the role of mutuals - building societies and credit unions that are owned by, and operated for, the benefit of their members. Our industry offers a different kind of banking: one that puts members first. More than four and a half million Australians are members of credit unions and building societies.