



Abacus
Australian Mutuals

Association of Building Societies and Credit Unions

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Credit unions, building societies cautious on credit card reforms

Credit unions and building societies issued a cautious welcome for the ALP's proposed credit card crackdown, warning more work is needed to make sure they work.

Abacus – Australian Mutuals is the industry body for Australia's credit unions and mutual building societies. Collectively, credit unions and building societies have more than 4.5 million members across Australia.

"As mutuals we are big fans of responsible lending and frankly credit unions and building societies are the best examples of it in this country," said Louise Petschler, CEO of Abacus.

"But the worst outcome would be complex rules that make it harder for credit unions – or other responsible lenders – to deliver, without improving results for cardholders."

"We think a bigger gap is competition and that working closely with mutuals would be one way for a new Government to bring more choice to consumers."

Planned credit card reforms included a standardised method of calculating interest and fees, and banning unsolicited credit card increase offers. These new proposals are in addition to new credit laws on responsible lending which just have just commenced nation-wide after extensive review.

"We want to stop credit card offers that people don't want or can't afford. Our support for the new credit laws was in part because we believe they will meet these aims. So we would have liked to see the first round of regulatory change given some time to work before starting another wave."

"That said, credit unions and building societies will work closely with government, industry and consumer representatives on credit card rules. We are pleased that the ALP is looking at time for consultation and planning to 2012 – this reduces the risk of an expensive program that doesn't deliver."

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