

CAV WELCOMES NAB LOANS FOR LOW INCOME EARNERS

Friday, 30 May 2008

Victorians will have greater access to lower cost small cash loans following today's launch of a Small Loans Pilot by National Australia Bank (NAB).

Director of Consumer Affairs Victoria (CAV), David Cousins, welcomed the pilot program and congratulated NAB for assisting low-income earners.

"I welcome the leadership shown by NAB in setting up this pilot and encourage other banks to follow suit," Dr Cousins said.

"This pilot responds to the need for lower cost loan options in the small amount cash market."

Dr Cousins said NAB's pilot program responded to the Report to the Consumer Credit Review, which was lead by CAV and endorsed by the Victorian Government.

The report called on mainstream credit providers to offer more affordable small amount credit. Low cost loan options were also explored at the Affordable Credit Summit hosted by CAV last year.

"Low income consumers are among the most vulnerable members of our society and are often forced to pay excessive fees or interest for loans taken out to cover basic living expenses."

The pilot is a partnership between NAB and Mobile Finance (trading as Money Fast).

Dr Cousins said consumers would be able to apply to Money Fast for loans between \$1000 and \$5000, with a fixed interest rate of 28.25 per cent for one year.

"I hope that the pilot program will increase competitive pressures on other players in the small amount cash market and will more realistically reflect the cost of providing small amount loans."

Dr Cousins said the pilot would help demonstrate the importance of assisting low-income earners in securing credit.

"The Victorian Government encourages bank and non-bank lenders to provide vulnerable and disadvantaged consumers with more access to low-cost, small amount short-term credit."

Money Fast will operate mainly over the internet, with loans available nationwide.

The pilot will be overseen by an advisory group, of which CAV is a member. The advisory group will report quarterly on the progress of the pilot.

Full details of the pilot are available on the National Australia Bank website, www.nab.com.au.