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## Media release

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### **Curb the marketing of easy credit**

The transfer of responsibility for credit regulation from the states to the Commonwealth is the first step in curbing unrestrained lending in Australia, according to the Australia Institute.

But if the Federal Government wants to prevent the excesses seen in the United States, it must use its new powers to put a stop to the hard-selling of debt by banks and other lenders.

“Yesterday COAG decided to entrust the Rudd Government with overseeing the credit sector. This will greatly simplify the situation for both consumers and business,” said Institute Research Fellow Josh Fear.

“But in the midst of a financial crisis, there has been little mention of the dubious marketing techniques that banks and others use to attract borrowers.

“For example, the use of sales targets for bank staff is an extremely dangerous practice, resulting in consumers taking on more debt than they can handle.

“The widespread solicitation of increases in credit card limits is another obvious area for smarter regulation.”

According to a recent paper by the Australia Institute, 3 in 4 Australians agreed that “banks are too willing to lend money to people who can’t afford the repayments.”

Mr Fear urged the Government to take action to ensure that the marketing practices of the banking industry do not take advantage of vulnerable consumers.