



Media Release

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Time for Banks to Drop Credit Card Interest Rates

Finance sector union Finsec is calling on banks to make significant cuts to credit card interest rates, saying the margins on this form of lending appear to have grown by more than 200% in the last year.

Finsec says that based on the difference between the 90 day bill rate and what banks are charging on their standard credit cards, the banks' margins on credit card debt have ballooned from around 140% in January 2008 to a whopping 470% this year.

"This level of margin growth at the expense of customers is frankly astounding," said Finsec General Secretary Andrew Casidy. "The minor reductions banks have made to credit card interest rates are tokenistic tinkering."

"We calculate that if the banks' margins remained the same as they were in January 2008, then standard credit card interest rates should be about 8.4% today" said Casidy.

"It's time for banks to step up and actually do something to help New Zealand customers out. Dropping high credit card interest rates would be a good first step in the right direction and we challenge them to do so and do so now," he said.

"Many banks are still on track to make record profits, despite the recession. At a time when the Prime Minister and Reserve Bank Governor are asking banks to do all they can for their customers and the New Zealand economy by passing on interest rate reductions, these credit card rates are totally unacceptable," said Casidy.

"People don't want platitudes from their banks, they don't want yet more marketing spin and they certainly don't want to be taken advantage of in bad times," said Casidy

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