



# media release

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## Credit card rates hold out for the festive season

CANSTAR CANNEX releases *credit card star ratings* report today.

Despite three successive interest rate cuts totalling a full 3%, the majority of credit cards are stubbornly clinging to the higher ground and not passing cuts on to customers.

Less than half the 275 credit cards available in Australia have cut their rates since September, according to financial services research firm CANSTAR CANNEX.

"Melbourne-based credit union, MECU has recorded the highest cut of 1.75% on its Visa credit card and of the four major banks, Westpac has now matched MECU with a total rate cut of 1.75%," CANSTAR CANNEX Financial Analyst Peter Arnold said.

In its *credit card star ratings* report released today, CANSTAR CANNEX notes that rate cuts are trickling through slowly.

"The exception to this is that some cards have actually increased their rates which is a very unusual situation coming on the back of such a large cash rate cut," Mr Arnold said.

"Many of these have been low-rate cards and the increases are bringing them into line with the major players."

With more and more institutions reporting credit card defaults and the cost of funding unsecured debt still volatile, lenders are nervous about aggressively chasing new credit card business while doubts exist over sustainability.

"This is cold comfort for credit card users who would appreciate rate relief in this area," Mr Arnold said

"In these tight times we believe all providers should do everything possible to deliver the best deal they can to consumers, whilst ensuring they will be around next year to continue business."

Interest Rate Changes			
	1st September 2008	8th December 2008	change
Average Credit Card Rate	16.63%	16.38%	-0.26%
RBA Cash Rate	7.25%	4.25%	-3.00%

source:[www.canstarcannex.com.au](http://www.canstarcannex.com.au)

“Consumers who are still unhappy about their credit card rates can certainly voice their concerns to their lenders and while they cannot directly dictate a change in interest rates, they do have the power to choose the card that suits them best.”

According to CANSTAR CANNEX, it is even more important than ever to avoid paying high interest by choosing the right credit card.

With rates not falling in line with RBA cuts, getting the best interest rate for your needs can save you money.

“If you’re struggling to pay off your card, particularly with festive season spending, there is an abundance of “low rate” credit cards under 14% from a wide variety of institutions,” Mr Arnold said.

“These cards offer much lower interest than the traditional full-featured cards and there is little point chasing rewards points on a full-rate card if you are paying for any rewards ten-fold with high interest.”

CANSTAR CANNEX *credit card star ratings* report should be the consumer’s first stop, as it highlights five star credit cards for the four spender types – Everyday Spender, Big Spender, Habitual Spender and Impulse Spender. Consumers can download this report on [www.canstarcannex.com.au](http://www.canstarcannex.com.au)

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#### About CANSTAR CANNEX:

Founded in 1992, CANSTAR CANNEX Pty Limited is Australia and New Zealand's premier researcher of retail finance information for over 350 institutions such as Banks, Building Societies, Credit Unions, Finance Companies, Brokers, Mortgage Originators, Life Companies and finance related Internet Portals.

CANSTAR CANNEX customers use the extensive database for competitor analysis as well as a means of disseminating their product range. This information is also distributed to print and electronic media for publication and to Agents, Accountants, Brokers and Internet Portals for use in advising their clients.

#### What are the CANSTAR CANNEX star ratings?

CANSTAR CANNEX researches, compares and rates the suite of banking and insurance products listed below. Results are freely available to consumers who use the star ratings as a guide to product excellence. The use of similar star ratings logos also builds consumer recognition of quality products across all categories. Please access the CANSTAR CANNEX website at [www.canstarcannex.com.au](http://www.canstarcannex.com.au) if you would like to view the latest star ratings reports of interest.

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