



# media release

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FOR IMMEDIATE RELEASE

## Petrol savings subsidise car loan

CANSTAR CANNEX releases *personal loan star ratings* report today.

A new set of wheels just might be back on the wishlist after the financial reprieve delivered by recent rate cuts, Government bonuses and petrol price dives.

Even though belt-tightening has not been completely abandoned, many household budgets are now looking in better shape than they were a few months ago.

For the majority of motorists, petrol prices retreating to a more acceptable level now mean a saving of \$20 or more per week on fuel alone.

This saving could be made to work even harder, according to financial services research firm CANSTAR CANNEX.

Releasing its latest *personal loan star ratings*, CANSTAR CANNEX compared 337 car loans, along with 83 secured and 117 unsecured personal loans.

"We found that you could save nearly \$1400 on an average car loan just by putting the money you save on petrol into your car loan," CANSTAR CANNEX Financial Analyst Joshua Zenas said.

In the CANSTAR CANNEX example, you would save over \$1,395 if you paid an extra \$80 in petrol savings per month into a car loan of \$25,000 taken over 5 years at 11.63% interest.

You would also pay the loan out at 4 years and 3 months.

"It's a hypothetical that just may work for you and will give you a double shot at making the most of fuel savings," Mr Zenas said.

**Car Loan – \$25,000**  
**Loan Period – 5 years**  
**Interest rate – 11.63%\***  
\*average car loan rate

### Normal Repayments

Monthly Repayments - \$551.45  
Total Interest Paid - \$8,086.89  
Repayment Period – 5 years

### Extra Repayments, \$80 per month

Monthly Repayments - \$631.45  
Total Interest Paid - \$6,689.67  
Repayment Period – 4 years & 3 months  
Total Interest Saved - \$1,397.22

The current drop in car sales means options have widened for the potential car buyer.

“With the car industry feeling the squeeze of the credit crunch, you can almost pick up a Porsche at the price of a Lada,” Mr Zenas said.

To add to car dealers’ woes, GE and GMAC, two giants of the car financing industry, have both withdrawn completely and are no longer offering financing to car dealers. This has affected roughly 40% of car dealers.

Apart from wholesale financiers opting out of the market, some retail banks such as HSBC and Citibank have also withdrawn a few of their personal lending products for new customers.

Even though the government has stepped in with an interim scheme that includes the four major banks, there is still uncertainty over the long-term future of car yard finance.

“It’s more important than ever to arrange your finance before you go car shopping,” Mr Zenas said.

“A pre-approved car loan is likely to be much better than finance you may or may not get at the car yard.”

CANSTAR CANNEX *personal loan star ratings* report once again shows that this finance type is very much the flagship of credit unions and building societies over banks. Five-star products are highlighted from 93 lenders. The 537 personal loan products compared and rated are broken down into car loans, secured and unsecured personal loans.

“This will help consumers identify the right personal loan for their purpose, saving a lot of time shopping around,” Mr Zenas said.

Consumers can download this report on [www.canstarcannex.com.au](http://www.canstarcannex.com.au)

#### **CANSTAR CANNEX FIVE-STAR PERSONAL LOANS:**

ABS Building Society	Australian Central CU	Australian Defence CU
Capricornia CU	Community First CU	Defence Force CU
Family First CU	First Option CU	Heritage Building Society
Holiday Coast CU	Horizon CU	Illawarra CU NSW
Macquarie CU	Maritime Mining & Power	Memberfirst CU
MyState Financial	NSW Teachers CU	Police Credit
RTA Staff CU	Savings & Loans CU	Service One Members Bank
Unicom Cu	Wagga Mutual CU	

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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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