



30 October 2008  
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## **Test drive finance before choosing car** CANEX warns against relying on car yard finance

The shrinking pool of car yard finance could catch out potential car buyers who leap into a commitment before looking at the best way to finance their shiny, new purchase.

Last week's announcements by finance giants GMAC and GE Capital that they plan to wind down their vehicle financing operations may mean that car yard finance is not as readily available as it has been in the past.

"The take-home message for buyers is to put the cart before the horsepower and look for the best car loan for their situation before they go car shopping," CANEX financial analyst Peter Arnold said.

"Having your finance lined up before you set foot in the car yard also puts you in a better bargaining position to secure the right car at the right price."

While car yard finance companies may be reducing or reshuffling their Australian operations due largely to flow-on effects from the credit crunch, there are still plenty of competitive car loans on offer.

According to financial services research group CANEX, it's hard to go past credit unions for a car loan.

Credit unions offer the lion's share of secured and unsecured car loans at 70%, with banks making up 20% and building societies the remaining 10% of loans offered.

"There are over 470 car loans to choose from at an interest rate range averaging around 12.3%," Mr Arnold said.

"Our top ten loans are in the 8% interest rate bracket and banks are the most notable omissions from the credit unions and building societies that make up the list."

With so many competitive car loans available, CANEX suggests pre-planning a car purchase, along with how you are going to pay for it to avoid being saddled with an inappropriate car and finance package taken on impulse.

"The salesman might have been extremely helpful but did you really want to sign up for that over-priced, souped-up, race-track demonstrator that came with the finance package you can't possibly pay off?" Mr Arnold said.

"Do your homework first and check all five-star-rated car loans for free on [www.cannex.com.au](http://www.cannex.com.au)."

## Top 10 Personal Loans for Car Purchase

Company	Product	interest rate (%)
Family First CU	Assign of Savings Loan	8
Holiday Coast CU	FTD Secured Loan	8
ABS Building Society	Personal Ln 3yr Fxd	7.75 to 8.75
Heritage Building Soc	Cake & Eat It Loan	8.33
Memberfirst Credit Union	Personal Ln Sec by TD	8.4
Holiday Coast CU	Personal OD Mort Secured	8.5
Lifepan Funds Managemnt	Personal LOC Secured	8.54
Bananacoast Community CU	Personal Ln secured	8.55
University Credit Soc	Personal Ln Sec by TD	8.6
Credit Union Australia	Vehicles <2yrs old +30k	8.69

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

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