

Press release

For immediate release
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Thousands of Australians paying hundreds in fees for fast Christmas cash

- Over half a million Australians shopping for fast Christmas cash on finder.com.au
- Costs more to borrow \$1,000 for 1 month with a payday loan than to borrow \$2,000 for 12 months with an average unsecured personal loan
- Fast Christmas cash options compared: payday loans, credit cards and personal loans!

December 17, 2014, Sydney, Australia – Thousands of Australians are paying potentially hundreds of dollars in fees to get them by this Christmas, according to one of Australia’s biggest comparison websites finder.com.au¹.

Over half a million Australians have flocked to finder.com.au in the past month, with many applying for fast Christmas cash including short-term “payday” loans, credit cards and personal loans.

In fact, finder.com.au/payday-loans saw six-times more people taking on payday loans in the past month through the site since it launched in August.

There are also more people looking for credit cards and 26 percent more people shopping for personal loans in the past month compared with the same period last year.

Michelle Hutchison, Money Expert at finder.com.au, said some Australians are desperate for fast Christmas cash and are jumping into debt without worrying about the costs.

¹ Experian Hitwise 2013, 2014



“It’s concerning to see so many Australians desperate for cash right now. It shows that a lot of people haven’t planned for extra expenses that come with the festive season and with eight days until Christmas, many are jumping into the easiest credit options.

“We have compared some of the most popular Christmas cash options available and found huge differences in costs. For instance, the annualised interest rate for a payday loan is a whopping 292 percent. It costs more to borrow \$1,000 for one month with a payday loan than to borrow \$2,000 for 12 months with an average unsecured personal loan.

“The best option would have been to plan ahead by either setting aside a small amount of money each month in the lead up to Christmas or plan for the added expenses in your November paycheck. But for those that have missed the boat or have had other unexpected expenses, it’s important to consider all of your Christmas cash options before jumping into the easiest deal.”

Option 1: Payday loan

- Average annualised interest = 292% p.a.
- Cost to borrow \$1,000 for 30 days = \$240

Australians should avoid payday loans if they can access a cheaper loan option such as a credit card or personal loan, with finder.com.au uncovering that most charge an average annualised interest rate of 292 percent. For a loan of \$1,000 for 30 days, that would cost \$240 – about a quarter of the borrowed amount!

For some people, a payday loan is their only option, as they may have a bad credit file, unemployed or their income is below the eligibility criteria for other loans. While they can help to restore a bad credit file by leaving a positive mark if you fully repay the loan on time, they are much more expensive than other types of loans.

Minimum loan terms start from \$50 and range up to \$2,000 for 16-50 days depending on the lender. Some providers offer loans with same day approval and one hour turnaround. Some also provide the loan on a prepaid Visa card.

How much does it cost to borrow using a payday loan? Use this calculator to find out:



The calculator interface shows two input fields on the left and a result box on the right. The first input field is labeled 'How much do you want to borrow?' with a value of '\$600' and a range from '\$50' to '\$5,000'. The second input field is labeled 'How long do you want to borrow the money for?' with a value of '30 days' and a range from '16 days' to '365 days'. The result box on the right states 'You will need to repay \$744 (That is 3 fortnightly payments of \$348)'.

Use this embed code to paste this calculator into your story:

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<br />
<!-- START - Embed Code --></p>
<h3>How much does it cost to borrow using a payday loan?</h3>
<p><iframe id="payday-loan-calculator" style="width: 100%; height: 210px;" src="http://www.finder.com.au/wp-content/uploads/2014/11/payday_loan_calculator.html" seamless scrolling="no" frameborder="0" allowtransparency="true"></iframe></p>
<p><sup><small>Produced by <a href="http://www.finder.com.au/payday-loans">finder.com.au</a></small></sup></p>
<p><sup><small>The calculator works off the following assumptions: fees do not change for the life of the loan, a 20% establishment fee and a monthly fee of 4% of the principal loan amount. You may want to seek advice from a financial professional before signing up to a loan. </small></sup></p>
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Option 2: Credit cards

- Average cash advance interest rate = 19.98% p.a.
- Cost to borrow \$1,000 for 30 days = \$17
- Cost to borrow \$2,000 for 12 months = \$223

- Average purchase interest rate = 17.61% p.a.
- Cost to borrow \$1,000 for 30 days = \$15
- Cost to borrow \$2,000 for 12 months = \$211

Cash advances are a big sting because they usually come with high interest and no interest-free days. To borrow \$1,000 and pay it back in 30 days, it would cost you about \$17. However, it's a much cheaper option than a payday loan (which would cost \$240 for the same scenario) if you are disciplined enough to pay it back as soon as possible and don't add to the debt. For a \$2,000 bill paid off over 12 months, it would cost about \$223 in interest.



Interest on purchases is usually cheaper, averaging 17.61 percent, and if you pay off your bill in full, most cards will offer interest-free periods of up to 55 days. If there's no interest-free period, it would cost about \$15 for \$1,000 of purchases paid off in 30 days. Paying off \$2,000 over 12 months would cost about \$196.

Many cards also offer promotional deals with no interest for new customers – there are currently 52 cards on [creditcardfinder.com.au](https://www.creditcardfinder.com.au) (www.creditcardfinder.com.au/0-interest-purchases-credit-cards) with no interest for up to 15 months. This can potentially save cardholders hundreds of dollars in interest charges.

Ongoing purchase rates range from 8.99-20.99 percent and cash advance rates range from 17.99-21.99 percent. Annual fees range from \$0-1,500 on [creditcardfinder.com.au](https://www.creditcardfinder.com.au).

Option 3: Unsecured personal loans

- Average variable interest = 14.50% p.a.
- Cost to borrow \$2,000 for 12 months = \$161

For those who need funds for a longer period of time, personal loans could be a good value option, with an average variable interest rate for unsecured loans at 14.50 percent. This would cost \$161 to pay off \$2,000 over 12 months.

They are more restricted than credit cards but could cost less because the debt can't be increased and must be paid off over the loan term. Loan sizes generally range from \$2,000-10,000 for terms between one and 15 years.

Please note: the above scenarios exclude fees and other charges that may be incurred. Eligibility criteria applies.

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For further information:

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About finder.com.au:

finder.com.au is one of Australia's biggest comparison websites and has helped over 4.8 million Australians find better credit cards, home loans, life insurance, shopping deals and more since 2006. finder.com.au compares 250 credit and debit cards from 31 providers, over 300 home loan products, and information from 13 life insurance providers as well as online shopping promo codes, mobile phone plans, travel insurance and more. One Australian every five minutes is using finder.com.au or one of its network sites creditcardfinder.com.au and lifeinsurancefinder.com.au to find better (Source: Google Analytics).

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