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| **Press release** **For immediate release May 25, 2015** | Michelle Hutchison Head of PR & Money Expert  finder.com.au  +61403 192 994  +61 2 9299 7602  Michelle@finder.com.au |

**Banks keep $2.11 BILLION from credit card holders**

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| * No change to average credit card purchase rate since RBA began cutting cash rate November 2011 * While RBA has cut cash rate by 2.75 percentage points, some credit cards have increased rates * If card providers passed on RBA cash rate, average purchase rate would now be 14.25% |

**May 25, 2015, SYDNEY, AUSTRALIA** – Australian credit card holders have paid an extra $2.11 billion[[1]](#footnote-1) in interest charges since November 2011 because many banks have not passed on the Reserve Bank's cash rate cuts to cardholders, according to Australia's biggest credit card comparison website [creditcardfinder.com.au](http://creditcardfinder.com.au/)[[2]](#footnote-2).

The average credit card purchase rate has remained at 17 percent since November 2011 when the Reserve Bank began cutting the cash rate this cycle, according to the [creditcardfinder.com.au](http://creditcardfinder.com.au/) database.

[creditcardfinder.com.au](http://creditcardfinder.com.au/) tracked the 10 cash rate cuts since November 2011 and found that if credit card providers passed on the Reserve Bank's full 2.25 percentage point cuts, the average credit card purchase rate would now be 14.25 percent. Furthermore, it’s been revealed that credit card holders would have paid $2.11 billion less in interest over that period.

From November 2011 to May 2015, banks made an estimated $21.03 billion in interest – they would have earned about $18.92 billion if credit cards followed the cash rate cuts.

Michelle Hutchison, Money Expert at [creditcardfinder.com.au](http://creditcardfinder.com.au/) said credit card providers are under greater pressure to maintain their profit margins.

“Credit card providers are clearly doing everything they can to hold onto their profit margins, as they’re under greater pressure with cardholders being more responsible with their spending.

“For instance, we’ve seen a year-on-year decline in total balances accruing interest every month since August 2012. Before the GFC we saw up to 19 percent growth to credit card debts accruing interest year-on-year.

“We’re not expecting most credit card providers to improve their credit card rates and pass on cash rate cuts as this trend of better credit card spending looks set to continue.”

With two cash rate cuts this year, just 11 credit cards have dropped their purchase rates since January 2015, while another 10 cards have increased their purchase rates, out of the 356 credit cards monitored by [creditcardfinder.com.au](http://creditcardfinder.com.au/).

Out of the 11 cards that have lowered their rates, Quay Credit Union’s Visa Credit Card saw the biggest drop to its purchase rate, by 3.00 percentage points to 7.99 percent – the lowest ongoing rate on the market.

The 10 cards that have increased their purchase rates this year include from Bankwest, Illawarra Credit Union, Family First Credit Union, Virgin and Coles. The biggest hike was 2.00 percentage points by Coles for its No Annual Fee MasterCard, now 19.99 percent.

“Cardholders don’t have to put up with no rate cuts or higher interest rates. There are hundreds of credit card on the market, many with competitive rates and fees. So it’s worth shopping around, comparing special offers as you can potentially save hundreds – even thousands of dollars – in fees,” said Mrs Hutchison.

**Methodology:**

* [creditcardfinder.com.au](http://creditcardfinder.com.au/) tracked the Reserve Bank cash rate cuts since November 2011 and calculated the combined interest charged each month based on total balance accruing interest and the average purchase rate of 17% over that time.
* This figure was compared with interest charged if the average purchase rate followed the cash rate cuts.
* We also included estimates for April and May 2015 of total credit card debt accruing interest as Reserve Bank credit card data is currently up to March 2015 – estimates were based on average growth since November 2011.

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**For further information:**

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1. Source: creditcardfinder.com.au analysis of Reserve Bank of Australia credit card data and cash rate cuts [↑](#footnote-ref-1)
2. Experian Hitwise, since 2013 [↑](#footnote-ref-2)