

ASIC's review of credit cards reveals that more than 1 in 6 consumers are struggling with credit card debt

WHAT WE ANALYSED

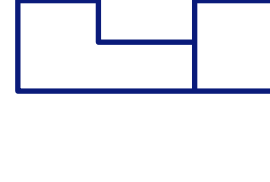
12 CREDIT PROVIDERS

MORE THAN 98.5% OF MARKET

21 384 255

CREDIT CARD ACCOUNTS

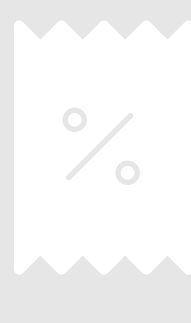
VALID FROM **07/12** VALID THRU **06/17**



CREDIT CARD MARKET SNAPSHOT AT JUNE 2017

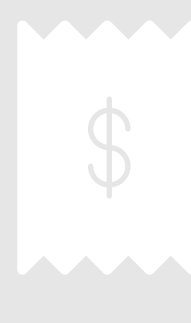
\$45 billion

OUTSTANDING BALANCES



\$31.7b

IN BALANCES ON CARDS
BEING CHARGED INTEREST

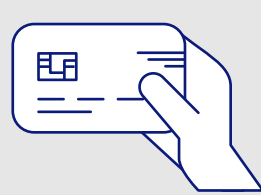


\$1.5b

IN FEES IN THE PREVIOUS
YEAR (ANNUAL FEES, LATE
PAYMENT FEES AND OTHERS)

Most consumers had 1 card, while those with

multiple cards generally had 2



70%

CONSUMERS HAD
1 CARD



20%

CONSUMERS HAD
2 CARDS



3%

CONSUMERS HAD
4+ CARDS

CREDIT CARD DEBT IS A PROBLEM FOR MORE THAN 1 IN 6 CONSUMERS

And many consumers have a credit card that doesn't suit their needs.

AT JUNE 2017

18.5%

of consumers were
struggling with their debt.
This is **1.9 million** consumers.

ACROSS 2013-2017

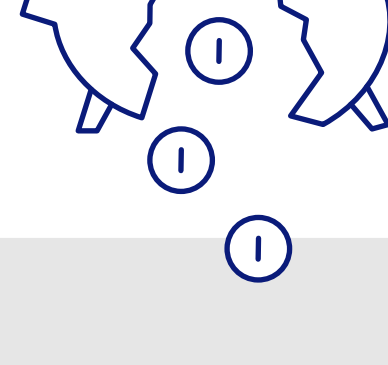
890,000 +

Consumers continued to
struggle with debt

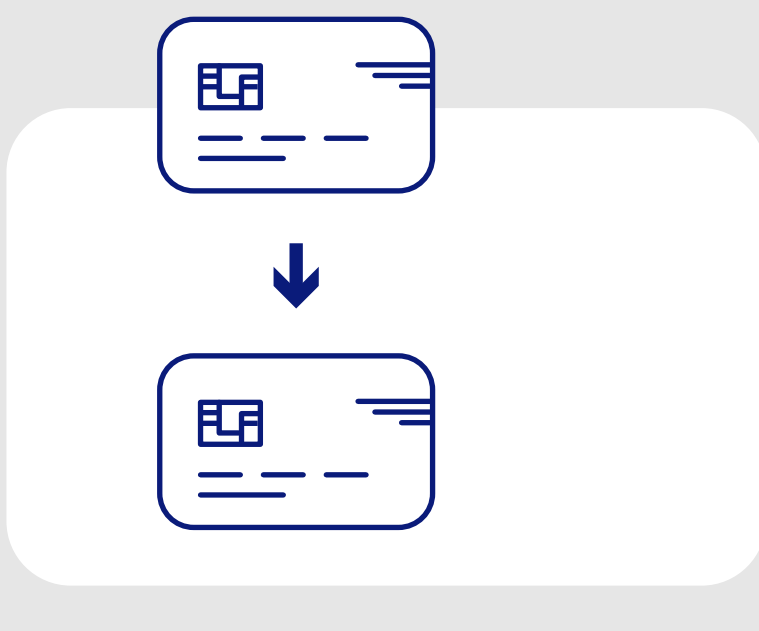
IN THE 12 MONTHS TO JUNE 2017

\$621 million

could have been saved if consumers
had used a lower rate card



BALANCE TRANSFERS CAN BE A DEBT TRAP



8.3%

OF ALL ACCOUNTS HAD BALANCES
TRANSFERRED TO THEM BETWEEN
JULY 2012 AND JUNE 2017

\$12.4b

IN BALANCES TRANSFERRED
BETWEEN JULY 2012 AND JUNE 2017

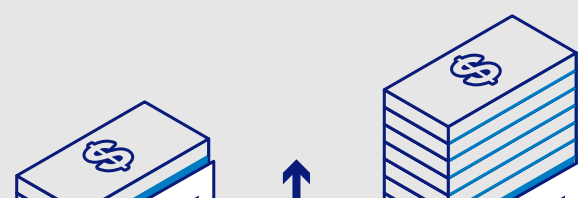
CONSUMER OUTCOMES FROM TRANSFERRING ONE BALANCE



53.1% reduced total
debt by 10% or more

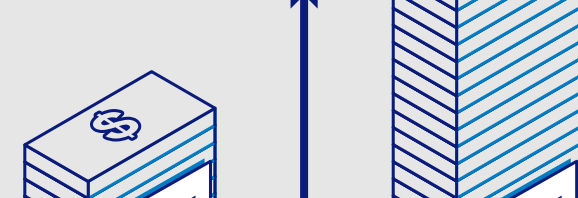


15.3% maintained
approximate debt level



15.9 % increased total debt by

10–50%



15.7% increased total debt by

more than **50%**

Many continued to use old cards. These consumers

were less likely to reduce their total debt.

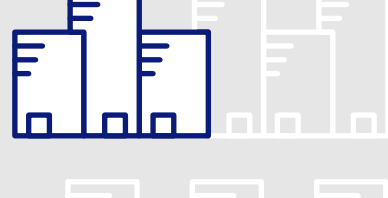
63%

OF CONSUMERS DID NOT
CANCEL A CARD AFTER A
BALANCE TRANSFER



CREDIT PROVIDERS NEED TO DO MORE

Most credit providers do not take proactive steps to address persistent debt, low repayments or cards that do not suit consumers' needs.



ONLY
3/12

PROMPT CONSUMERS WHO MAKE LOW
PAYMENTS FOR AN EXTENDED TIME TO
REPAY MORE



ONLY
4/12

ACTIVELY LOOK FOR SIGNS OF POTENTIAL
CONSUMER HARM

ASIC ACTION

NOW

Require industry to improve
behaviours and outcomes

30 SEPTEMBER 2018

Report on MoneySmart about which
providers commit to change

JULY 2020 - JULY 2021

Follow up review

