

For immediate release

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Desperate Aussies turning to “payday” loans this Christmas

- ➔ Triple the number of Australians taking out “payday” loans in November compared to last year
- ➔ Australians borrow \$667 million in short-term loans in past year
- ➔ Aussies urged to be careful and consider all their options rather than relying on short-term loans

December 9, 2015, Sydney, Australia – New research from one of Australia’s biggest comparison websites¹, finder.com.au, has revealed the number of desperate Australians turning to short-term loans – commonly known as “payday loans” – has more than tripled in the past year, a serious concern with the biggest spending season of the year now upon us.

According to a [comparison of short-term loans on finder.com.au](http://finder.com.au/comparison-of-short-term-loans) (finder.com.au/payday-loans), there was a 227 percent increase in the number of Australians searching and applying for short-term loans in November 2015 compared to the same month the year prior.

It follows the first-ever release of short-term loan market data from the National Credit Providers Association, which shows providers lent \$667 million to Australians over the past financial year.

Bessie Hassan, Consumer Advocate at finder.com.au, says the statistics are particularly alarming given the spending season ahead.

“Christmas is the most expensive time of year and this year is shaping up to be no exception, with Australians expected to spend \$8.9 billion on gifts alone and rack up a record credit card bill of \$28.5 billion. So it’s no surprise that more Australians are turning to short-term loans to get by.

“And it’s not necessarily the stereotypically unemployed, cash-strapped that are looking for quick-fix options, with almost 2 million Australians taking out short-term loans in the past two years. There were 1.3 million loans of which were taken out over the past year – 200,000 more than the previous year.

¹ Experian Hitwise since 2013

The report also found that the average short-term loan size was \$502 and paid back in 117 days. According to [finder.com.au](https://www.finder.com.au), that means these borrowers are paying an average of about \$180 to borrow \$502 and pay it back in less than four months. That's an annualised interest rate of about 112 percent.

Across the combined \$667 million borrowed last year, that means Australians spent an estimated \$239 million in interest for short-term loans.

“There are more short-term lenders in the market than there used to be. And while regulations are tight, technology has allowed the industry to make it even more convenient and faster to get these loans. For instance, some lenders provide the loan on a debit card and almost instant access to the loan.

“In addition, we think many people struggle at this time of year and don't plan ahead for the most expensive spending season. In fact, [57 percent of Australians aren't planning a budget](#) this Christmas, according to the annual [creditcardfinder.com.au](https://www.creditcardfinder.com.au) Christmas Shopping Survey.

“If you need to find credit this December, comparing your options is absolutely critical. Short-term loans, like any financial product, can be a positive strategic move provided it's not a blind grab for cash.

“The silly season will be gone in the blink of an eye – unfortunately the same can't be said for debt. [Plan your Christmas spending](#) properly; make your own budgeting list and check it twice,” says Mrs Hassan.

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