



High-interest credit keeping 'people in the debt cycle'

Payday loans protest

MANDY SQUIRES
 FAMILY

STRUGGLING families are being driven to the wall by payday lenders such as Cash Converters, financial counsellors said at a Geelong protest rally yesterday.

About 50 financial counsellors walked out of the annual Financial and Consumer Rights Council (FCRC) conference at the Four Points by Sheraton, on Geelong's waterfront, to march through the streets and call for greater regulation of payday lenders.

Speaking from outside Geelong's Cash Converters store in Ryrie St, spokesman for the Consumer Action Law Centre, Gary Rothman, said payday lenders were "making profits on the

back of the vulnerable". "They say they help people - we say they just keep people in the debt cycle," he said.

Payday loans refer to small, short-term loans, that are intended to cover borrowers' expenses until their next paydays.

Financial Counselling Australia executive director Fiona Guthrie said families were getting trapped in a cycle of debt because of high-interest loans from payday lenders.

Some lenders were charging interest rates of upwards of 600 per cent, with scant regard for the borrower's ability to repay the loan, she said.

Financial counsellors were sick of hearing pay-

day loan "horror stories", she said.

Ms Guthrie said Financial Counselling Australia supported planned Federal Government changes to regulations governing payday lenders that would see a cap placed on the amount of interest payday lenders could charge.

Cash Converters spokesman Glenn Donaldson said the proposed cap on interest rates would make the short-term, low-value loan service offered by Cash Converters unviable.

Cash Converters was "all about protecting vulnerable people", he said.



Protesters outside Cash Converters in Ryrie St