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DAYS ARE NUMBERED FOR PAYDAY LENDING 'ROGUES'

The State Government this week decided to develop legislation designed to crackdown on unscrupulous operators in the payday lending industry.

Minister for Consumer Affairs, Jennifer Rankine, said the intention of the new laws was to provide a range of protection for vulnerable people seeking short term credit including improving a maximum interest rate cap that encompasses fees and charges.

Reforms will also include requiring credit providers to be licensed and subject to 'fit and proper' character testing by SA's Consumer and Business Affairs branch.

"This is a significant and innovative step towards ensuring that South Australians who use fringe credit providers are confident that they're dealing with people who've been determined as being of 'fit and proper' character.

It's hoped these new regulations will help stamp out any unsavoury elements within the industry," Ms Rankine said.

The State Government is also addressing the issue of so-called 'interest free loans'. Presently, some credit providers sell goods and claim to not charge interest, but actually build the cost of credit by boosting the price of the goods.

"We would hope these sneaky tactics could be curbed by ensuring the amount is declared as part of the interest rate and come within the cap.

Meanwhile, with the festive season fast approaching, people should think twice before turning to short-term loan schemes which can currently charge as much as 1900 per cent, to beat the New Year financial blues.

"For some low-income earners, payday lenders look attractive because they are unable to get credit from mainstream lenders but unfortunately people could simply find themselves spiralling deeper and deeper into debt," Ms Rankine said.

Meanwhile Consumer Affairs is liaising with SAPOL about any rogue elements currently affecting the industry.

For more information about alternative sources of financial assistance or financial counselling visit the OCBA website www.ocba.sa.gov.au

To report problems with a payday lender phone Consumer Affairs on 8204 9777 or for regional callers 131 882 (local call cost).