



Media Release

26 December 2007

GE Money advises shoppers to be savvy with January sale finance deals

GE Money advises consumers to think carefully about how they pay for stocktake sale purchases, particularly when considering interest free promotional offers and other finance deals.

GE Money Australia & New Zealand CEO Mike Cutter said interest free finance can be one of the best value credit deals, provided consumers pay off their debt within the interest free period.

"Consumers looking to use interest free or other finance deals should make sure they budget carefully first," Mr Cutter said.

"Interest free deals allow you to spread your spending over a longer period. But shoppers need to be aware that interest will be payable on any balance at the end of the interest free period."

Interest free promotional offers typically offer anywhere between six and 36 months of finance on interest free terms. During this time, more than the minimum monthly repayments must be made to pay for your purchases before any interest accrues, or if it's a deferred payment option, the balance must be paid in full before the interest free period expires to avoid paying interest.

Typically, a small establishment fee of up to \$25 is associated with setting up the interest free terms, and a monthly account service fee of around \$3 is payable.

Mr Cutter said: "This can compare very favourably with other forms of finance, including credit cards, which can offer up to 62 days' interest free on purchases but which, for many consumers, result in a serious credit hangover later.

"The trick to using interest free is to check the establishment and monthly fees, and to make sure you can pay in full within the interest free period.

"If the interest free deal requires you to take out a new credit card to pay for the purchase, make sure that, as with all offers of finance, you only accept a credit limit that you can comfortably manage."

December and January are the busiest months for interest free applications. The vast majority of GE Money consumers pay off their interest free purchases within the interest free period.

Tips for shoppers using interest free

1. Carefully consider all finance options. Ordinary credit cards are often better suited to smaller purchases to be paid off sooner; while interest free promotional offers are often the most cost-effective option for big-ticket items that will take longer to pay off.
2. Carefully work out your budget to ensure you can comfortably afford monthly repayments that will clear your debt in the interest free period.
3. Make sure you pay more than the minimum amount due each month. A good idea is to set

up direct debit to ensure your payments are made on time, to avoid late payment fees of up to \$35.

4. Check that any establishment and monthly account service fees are reasonable.
5. When taking up a credit card with an interest free deal, only accept a credit limit that you will be able to comfortably manage.

Interest free comparison

The table compares what you could pay for a \$2,000 purchase with various finance options, rounded to the nearest dollar.

Product type	A typical credit card*	12 months interest free (based on GE Money's GO MasterCard – other cards will give a different result)	
		Paid monthly over 12 months	Paid monthly over 18 months
Loan amount	\$2,000	\$2,000	\$2,000
Interest-free (months)	2	12	12
Interest rate (per annum)	16.25%	27.99%	27.99%
Application/annual fee	\$74	\$25	\$25
Monthly account service fee	\$0	\$2.95	\$2.95
Amount paid monthly [^]	\$175	\$175	\$120
Subtotal interest	\$127.34	\$0	\$49.80
Subtotal fees	\$74.00	\$60.40	\$78.10
Total cost	\$201.34	\$60.40	\$127.90

* This assumes that all other features are the same as the GO MasterCard and does not take into account any rewards programs or other benefits that the credit card may offer.

[^] Remember, this will be more than the minimum monthly payment and will result in the total amount paid over a period of 13 months.

About GE Money

GE Money Australia and New Zealand is part of the global GE Money business, which operates in 55 countries around the world. GE Money offers interest free through more than 10,000 retailers across Australia, as well personal loans, credit cards, motor loans through to home loans. GE Money also owns the Australian Financial Investments Group (including Wizard Home Loans) and is proud to be Money Magazine's Finance Company of the Year, 2005 and 2006. More information can be found online at www.gemoney.com.au

