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EDITORIAL

End the payday debt cycle

PAYDAY lenders certainly know how to charge exorbitant rates – up to 600 per cent – to people who can least afford to pay.

Their clients, generally desperate for cash are hardly in a situation to argue.

But financial counsellors, who regularly deal with the sad, miserable wash-up of such loans, are – and they're getting vocal in their criticism.

Payday loans are short-term advances extended to borrowers who are expected to repay the amount at the next pay day.

But it doesn't always work that way.

And as reported in the *Geelong Advertiser* on Saturday, financial counsellors are regularly confronted with the fallout. And they're sick of seeing payday lenders purporting to help people while charging outrageous interest rates.

They're sick of the horror stories and debt cycle payday loans perpetuate for poor people.

New laws, planned to cap the interest payday lenders can charge, are being welcomed by financial counsellors but clearly, if not to the lenders' liking, will boost the pressure on aid agencies or, worse, increase the pressure on desperate people to look to other options such as crime.