MEDIA RELEASE

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Tuesday, 19 April 2011.

Credit proving a challenge for consumers

One in three expect difficulties meeting their upcoming credit commitments

One third of Australians expect to experience difficulties meeting their credit commitments over the next three months and nearly 40 percent anticipate having to use their credit card to cover otherwise unaffordable expenses. At the same time one in four Australians are planning to apply for a new credit product**, although the greatest product demand is for non-bank credit such as mobile phone plans.

These are some of the findings from the latest Dun & Bradstreet *Consumer Credit Expectations Survey* released today. The survey was conducted by Newspoll* and examines peoples' expectations for credit applications, credit usage, and spending and debt performance in the June quarter 2011.

Key findings from the survey include:

- 27 percent of Australians expect to apply for a new credit product**
- 23 percent of Australians expect a higher level of debt
- 38 percent of people expect to use their credit card to pay for otherwise unaffordable expenses – a figure that has remained elevated since the GFC
- 29 percent of Australians expect to make a major purchase, while 23 percent have decided to delay making a major purchase
- 34 percent of Australians anticipate difficulties in meeting their credit commitments
- 50 percent of Australians believe a rise in interest rates will have a negative impact on their finances.

Overall the survey indicates that while Australians have a reasonably strong appetite for credit they are concerned about their capacity to effectively manage debt levels in an environment of rising interest rates. Expectations of relying on credit cards for otherwise unaffordable expenses and worries about meeting future credit commitments are the strongest indication of this concern.

Dun & Bradstreet CEO Christine Christian believes the latest data points to the financial pressure many households are experiencing as a result of debt levels remaining at historic highs despite recent talk of household deleveraging. The most recent Financial Stability Review by the Reserve Bank of Australia reported that household debt-to-income levels remained above 150 percent.

"Household de-leveraging has been a regular theme in economic commentary over recent months. However, debt levels remain at historic highs and many households continue to struggle balancing their income and credit commitments', said Ms Christian.

"This survey shows that many Australians are using credit in ways that may eventually harm them and expected interest rate rises later in the year may be the trigger that causes distress for many households."

Credit applications

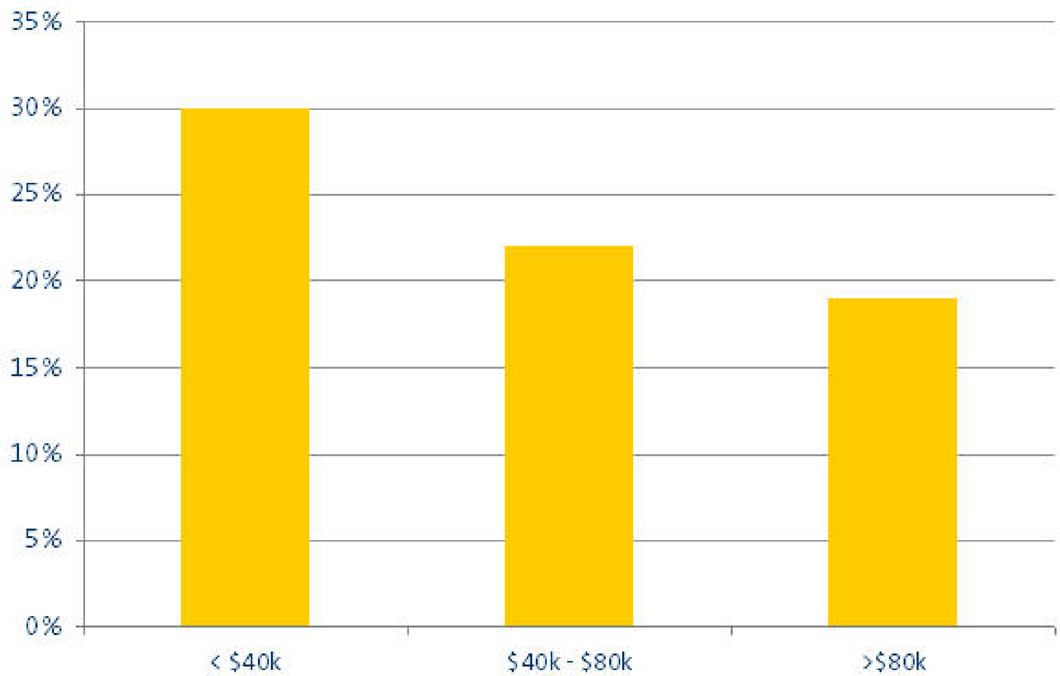
While 27 percent of Australians expect to apply for new credit** the greatest demand at a product level is for mobile phones, a non-bank product. Thirteen percent expect to apply for a new mobile phone plan, while 8 percent expect to apply for a new credit card. However, 6 percent expect to apply for a credit limit increase on their credit card. Expectations for mortgage applications for a primary residence sit at just 4 percent.

Demand for a new credit card is higher among men than women, at 10 and 6 percent respectively, and is also heavily skewed to younger people between the ages of 18 - 34. Fourteen percent of people in this age bracket expect to apply for a new credit card, a number that drops to just 5 percent for those aged 35 – 49 years. People aged 18 - 34 (8 percent) and 35 - 49 (7 percent) are more likely to be planning to apply for a credit card limit increase in the next three months, compared to people aged 50 - 64 (2 percent).

Level of household debt

Twenty-three percent of Australians expect to have a higher level of household debt by the end of June and 20 percent expect lower levels. Thirty percent of people with an income of less than $40,000 per annum anticipate higher debt levels. This compares to 22 percent of people earning $40,000 - $79,999 and 19 percent of people earning $80,000 or more.

Examining the data by age reveals that 24 percent of those aged 35 years and over expect higher debt levels, while only 21 percent of those aged 34 and under expect the same.



Expectations of higher household debt level (income)

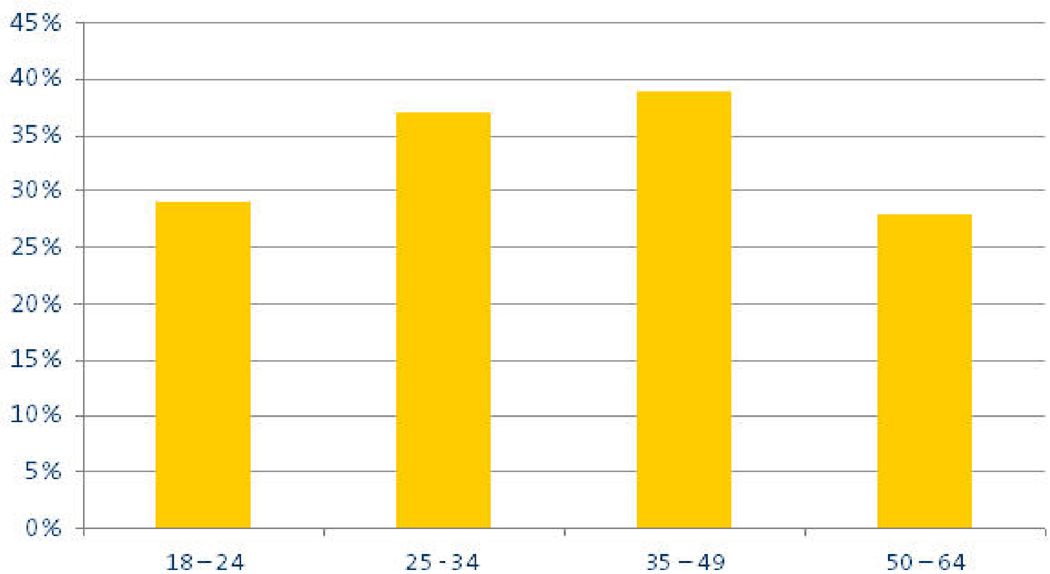
Use of credit card to pay for otherwise unaffordable expenses

Thirty-eight percent of people with a credit card expect to use their credit card to cover otherwise unaffordable expenses. People aged 18 – 34 years (45 percent) have the greatest expectations in this regard compared to people aged 50 - 64 (28 percent). Forty-six percent of people with children expect to use their credit card to pay for otherwise unaffordable expenses, compared to 31 percent of people without children. From an income perspective those earning less than $80,000 (45 percent) have greater expectations of using their card in this way, compared to those earning $80,000 and over (33 percent).

Meeting credit obligations in next three months

Thirty-four percent of Australians households expect to face a level of difficulty in meeting their credit obligations throughout the June quarter. Twenty-six percent believe it will be 'fairly' difficult, while 8 percent believe it will be 'very difficult'. People aged 35 – 49 years (39 percent) are more likely to think it will be difficult, compared to people aged 50 - 64 (28 percent). Perhaps of most concern, 40 percent of households with children expect to face difficulties in meeting their credit obligations over the next three months.

Examining the data by location reveals that Victorians (40 percent) are more likely to think it will be difficult, compared to people in Queensland (29 percent), South Australia / Northern Territory (30 percent) or Western Australia (23 percent). People with a household income of less than $80,000 per annum (39 percent) are more likely to say they will face difficulties, compared to people earning $80,000 or more (25 percent).



Difficulty meeting credit obligations (age)

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Impact of interest rates rises

Fifty percent of Australians believe a further rise in interest rates would have a negative impact on their finances, with 35 percent anticipating a minor negative impact and 15 percent a major negative impact. Examining the data by age reveals that those aged 25 – 34 years (56 percent) and 35 – 49 years (56 percent) are more likely than people aged 18 - 24 (38 percent) or 50 - 64 (44 percent) to say an interest rate rise would have a negative impact. People with children in the household (53 percent) are more likely to say an interest rate rise would be negative, compared to those without children (47 percent).

Dun & Bradstreet believes that the solution to potential stress involves action by government, lenders and borrowers.

“Lenders need to ensure they are conducting rigorous credit checks that examine a borrower’s total credit exposure. Government can help in this regard by pushing ahead with its plan to introduce comprehensive credit reporting. This reform will ensure lenders have better information on which to base lending decisions”, said Ms Christian.

“Consumers are also part of the solution. They need to think carefully about the credit they are seeking and how they are going to use that credit. Any decision to apply for new credit or increase their credit card limit should begin with obtaining a copy of their personal credit report so they understand their current credit position.”

Consumers can obtain a copy of their personal credit report for free from Dun & Bradstreet by visiting www.dnbcreditreport.com.au

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Media notes

** This Newspoll study was conducted online in March 2011 among 1,200 respondents aged 18-64 nationally.*
** New credit products include a new credit card, new debit card, new mortgage, new personal loan, new loan for a rental property or investment, a credit limit increase on their credit card or a new mobile phone contract.

For further information, including addition data breakdowns, please contact:

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