**THREE QUESTIONS TO THE FEDERAL TREASURER**

**QUESTION #1:  What is the Labor Govt's reason for excluding a review of the RBA's performance in addressing *inter alia*-**

**i)**[**Predatory Advertising**](file:///C%3A%5CUsers%5Cscribepj%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CINetCache%5CContent.Outlook%5CDefinedTerms%5CPredatorySaleOfAFinancialProduct.htm)**of**[**Credit Cards**](file:///C%3A%5CUsers%5Cscribepj%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CINetCache%5CContent.Outlook%5CDefinedTerms%5CCredit_Cards.htm)**since the early '90s, in particular some**[**Credit Card Issuers**](file:///C%3A%5CUsers%5Cscribepj%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CINetCache%5CContent.Outlook%5CDefinedTerms%5CCredit_Card_Issuer.htm)**have brazenly lured**[**Financially Uneducated And Vulnerable Australian Credit Cardholders**](file:///C%3A%5CUsers%5Cscribepj%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CINetCache%5CContent.Outlook%5CDefinedTerms%5CFinancially_Uneducated_And_Vulnerable.htm)**with poor**[**Financial Literacy Capacity**](file:///C%3A%5CUsers%5Cscribepj%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CINetCache%5CContent.Outlook%5CDefinedTerms%5CFinancial_Literacy.htm)**by marketing**[**Balance Transfer**](file:///C%3A%5CUsers%5Cscribepj%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CINetCache%5CContent.Outlook%5CDefinedTerms%5CBalance_Transfer.htm)**offers intent upon snaring the most lucrative payers of**[**Interest and Penalty Fees**](file:///C%3A%5CUsers%5Cscribepj%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CINetCache%5CContent.Outlook%5CDefinedTerms%5CInterest_And_Penalty_Fees_Revenue.htm)**; and**

**ii)      the**[***User Pays Principle***](file:///C%3A%5CUsers%5Cscribepj%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CINetCache%5CContent.Outlook%5CDefinedTerms%5CUser_Pays_Principle.htm)**has never applied to the cost of providing**[**Credit Card Products**](file:///C%3A%5CUsers%5Cscribepj%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CINetCache%5CContent.Outlook%5CDefinedTerms%5CCredit_Card_Products.htm)**on the** [**Retail Supply Side**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CRetail_Supply_Side.htm) **in Australia:**

**\*        67% *circa* of**[**Credit Cardholders**](file:///C%3A%5CUsers%5Cscribepj%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CINetCache%5CContent.Outlook%5CDefinedTerms%5CCredit_Cardholders.htm)**identified by the RBA as**[***Transactors***](file:///C%3A%5CUsers%5Cscribepj%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CINetCache%5CContent.Outlook%5CClass_Actions%5CTransactors_and_Revolvers.htm)**have enjoyed their** [**Lines of Credit**](file:///C%3A%5CUsers%5Cscribepj%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CINetCache%5CContent.Outlook%5CDefinedTerms%5CLine_Of_Credit.htm) **at virtually no cost.  "**[**Although they normally pay an annual fee, they pay no transactions fees, enjoy the benefit of an interest-free period and in many cases earn loyalty points for each transaction."**](file:///C%3A%5CUsers%5Cscribepj%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CINetCache%5CContent.Outlook%5CRBA%5CConsultatiionDocument2001%5CExecutive_Summary__Reform_of_CreditCardSchemes.htm)

**\*        33% *circa* identified by the RBA as**[***Revolvers***](file:///C%3A%5CUsers%5Cscribepj%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CINetCache%5CContent.Outlook%5CClass_Actions%5CTransactors_and_Revolvers.htm) **have carried (or revolve) their debt, making minimum repayments or slightly more, and thus maintain a level of continuing debt.  Due to their outstanding balances and repayment habits,**[***Revolvers***](file:///C%3A%5CUsers%5Cscribepj%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CINetCache%5CContent.Outlook%5CClass_Actions%5CTransactors_and_Revolvers.htm)**pay more interest, and have higher default rates, whilst**[***Persistent Revolvers***](file:///C%3A%5CUsers%5Cscribepj%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CINetCache%5CContent.Outlook%5CClass_Actions%5CPersistent_Revolvers.htm)**that represent a mere**[**12.58%**](file:///C%3A%5CUsers%5Cscribepj%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CINetCache%5CContent.Outlook%5CActions%5CCreditCardStatistics_4-May-17.xls)***circa* of all**[**Credit Cardholders**](file:///C%3A%5CUsers%5Cscribepj%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CINetCache%5CContent.Outlook%5CDefinedTerms%5CCredit_Cardholders.htm)**, have contributed a *whopping* 80% *circa* of**[**Credit Cardholders' Contribution To Credit Card Issuers Gross Revenue**](file:///C%3A%5CUsers%5Cscribepj%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CINetCache%5CContent.Outlook%5CDefinedTerms%5CCreditCardholdersContributionToGrossRevenue.htm)**, too often suffering
[Extreme Financial And Emotional Distress](file:///C%3A%5C%5CUsers%5C%5Cscribepj%5C%5CAppData%5C%5CLocal%5C%5CMicrosoft%5C%5CWindows%5C%5CINetCache%5C%5CContent.Outlook%5C%5CDefinedTerms%5C%5CExtreme_Financial_And_Emotional_Distress.htm) as attested by**[**Credit Card Distress Authorities**](file:///C%3A%5CUsers%5Cscribepj%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CINetCache%5CContent.Outlook%5CDefinedTerms%5CCreditCardDistressAuthorities.htm)**.**

**Yet the RBA did not recommend to the Federal Govt to re-legislate**[**a maximum interest rate on Credit Cards that had been 18% until April 1985.**](file:///C%3A%5CUsers%5Cscribepj%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CINetCache%5CContent.Outlook%5CRBA%5CPrice_stickness_in_credit_card_interest_rates.htm)**The**[**Overnight Cash Rate**](file:///C%3A%5CUsers%5Cscribepj%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CINetCache%5CContent.Outlook%5CDefinedTerms%5CCash_Rate.htm)**fell from**[**18.78% in June 1985**](file:///C%3A%5CUsers%5Cscribepj%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CINetCache%5CContent.Outlook%5CRBA%5C3-22a.xls)**to 0.10% in June 2020 and remained at that historic low for 18 months.  As at April 2017** [**the highest Purchase interest rate was 25.9% from Lombard Visa Card Classic**](file:///C%3A%5CUsers%5Cscribepj%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CINetCache%5CContent.Outlook%5CDefinedTerms%5CHighestInterestRateCreditCards.htm)**and the**[**highest Cash Advance interest rate was 29.49% from G.E. Money's "Go MasterCard"**](file:///C%3A%5CUsers%5Cscribepj%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CINetCache%5CContent.Outlook%5CDefinedTerms%5CHighestInterestRateCreditCards.htm).

**QUESTION #2:   In order for Australia's**[**Credit Card System**](file:///C%3A%5CUsers%5Cscribepj%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CINetCache%5CContent.Outlook%5CDefinedTerms%5CCredit_Card_System.htm)**to apply the**[**"“user pays” approach to credit card payment services (that) would be consistent with the approach adopted by Australian financial institutions in pricing other payment instruments under their control"**](file:///C%3A%5CUsers%5Cscribepj%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CINetCache%5CContent.Outlook%5CRBA%5CConsultation_Document_14-Dec-2001.htm)**will**[**Australia's Principal Regulator of the Payments System**](file:///C%3A%5CUsers%5Cscribepj%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CINetCache%5CContent.Outlook%5CDefinedTerms%5CParliamentary_Bestowed_Mandate.htm)**recommend [pursuant to**[**Section 11(1) of the Reserve Bank Act 1959**](file:///C%3A%5CUsers%5Cscribepj%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CINetCache%5CContent.Outlook%5CRBA%5CSect_11_Reserve_Bank_Act_1959.htm)**] that the Federal Treasurer support the re-imposition of**

**a maximum interest rate on all**[**Credit Cards**](file:///C%3A%5CUsers%5Cscribepj%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CINetCache%5CContent.Outlook%5CDefinedTerms%5CCredit_Cards.htm)**of -**

**1.       850 basis points *circa*for**[**Purchases**](file:///C%3A%5CUsers%5Cscribepj%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CINetCache%5CContent.Outlook%5CDefinedTerms%5CPurchase.htm)**; and**

**2.       950 basis points *circa*for**[**Cash Advances**](file:///C%3A%5CUsers%5Cscribepj%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CINetCache%5CContent.Outlook%5CDefinedTerms%5CCash_Advance.htm)**,**

**above the RBA official interest rate (**[**Overnight Cash Rate**](file:///C%3A%5CUsers%5Cscribepj%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CINetCache%5CContent.Outlook%5CDefinedTerms%5CCash_Rate.htm)**) for each Credit Card issued subsequent to the imposition of the above sought new maximum interest rates.**

**Due to the lower interest profit margin,**[**Credit Card Issuers**](file:///C%3A%5CUsers%5Cscribepj%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CINetCache%5CContent.Outlook%5CDefinedTerms%5CCredit_Card_Issuer.htm)**and**[**Credit Rating Bodies**](file:///C%3A%5CUsers%5Cscribepj%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CINetCache%5CContent.Outlook%5CDefinedTerms%5CCredit_Reporting_Bodies.htm)**would need to be diligent when appraising the**[**Credit Report**](file:///C%3A%5CUsers%5Cscribepj%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CINetCache%5CContent.Outlook%5CDefinedTerms%5CCredit_Report.htm)**/**[**Credit Score**](file:///C%3A%5CUsers%5Cscribepj%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CINetCache%5CContent.Outlook%5CDefinedTerms%5CCredit_Score.htm)**of each applicant for a new Credit Card.**

**The above two interest rates are slightly lower**[**than the 10% *Cap* requested by CHOICE on 17 June 2020**](file:///C%3A%5CUsers%5Cscribepj%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CINetCache%5CContent.Outlook%5CChoice%5C10_costliest_credit_cards_in_Aust.htm)**when the**[**Overnight Cash Rate**](file:///C%3A%5CUsers%5Cscribepj%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CINetCache%5CContent.Outlook%5CDefinedTerms%5CCash_Rate.htm)**was 0.10%.  Section 8 of the**[**Writer's comprehensive letter to Ms. Sharon van Etten at the RBA dated 8 Dec 2011**](file:///C%3A%5CUsers%5Cscribepj%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CINetCache%5CContent.Outlook%5CRBA%5CComms%5CResponse_to_RBA_8_Dec_11b.htm) **requested application of the above two interest rate *Caps*.  It contained seven other recommended changes to better apply the**[***User Pays Principle***](file:///C%3A%5CUsers%5Cscribepj%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CINetCache%5CContent.Outlook%5CDefinedTerms%5CUser_Pays_Principle.htm)**.  Adopting some of the other seven, if not all, would further evidence the**[***User Pays Principle***](file:///C%3A%5CUsers%5Cscribepj%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CINetCache%5CContent.Outlook%5CDefinedTerms%5CUser_Pays_Principle.htm)***,*because as**[**acknowledged by the RBA at point 5 of RBA's "I A Consultation Document" – Dec 2001**](file:///C%3A%5CUsers%5Cscribepj%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CINetCache%5CContent.Outlook%5CRBA%5CConsultatiionDocument2001%5CExecutive_Summary__Reform_of_CreditCardSchemes.htm)**presently**[**67% of Credit Cardholders**](file:///C%3A%5CUsers%5Cscribepj%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CINetCache%5CContent.Outlook%5CActions%5CTransactors_and_Revolvers.htm)**do not contribute to**[**revenues received by Credit Card Issuers**](file:///C%3A%5CUsers%5Cscribepj%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CINetCache%5CContent.Outlook%5CDefinedTerms%5CCreditCardholdersContributionToGrossRevenue.htm)**leaving a considerable burden upon**[**12.58% *circa* of remaining Credit Cardholders**](file:///C%3A%5CUsers%5Cscribepj%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CINetCache%5CContent.Outlook%5CActions%5CPersistent_Revolvers.htm)**.**

**QUESTION 3:   Pursuant to** [**Section 11(1) of the Reserve Bank Act 1959**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CRBA%5CSect_11_Reserve_Bank_Act_1959.htm) **why didn't** [**Australia's Principal Regulator of the Payments System**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CParliamentary_Bestowed_Mandate.htm) **recommend to the Federal Treasurer (at least 15 years earlier) the below three of the nine *'requirements'* that were imposed upon all** [**Credit Card Issuers**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CCredit_Card_Issuer.htm) **by the** [**ABA's Banking Code of Practice -**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CABA%5C2021-Code-A4-Booklet-with-COVID-19-Special-Note-Web.pdf) **Setting the standards of practice for banks, their staff and their representatives (binding from 1 July 2019) be imposed by the RBA at least 15 years earlier:**

**1.    No longer charging interest (at the**[**Purchase Interest Rate**](file:///C%3A%5CUsers%5Cscribepj%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CINetCache%5CContent.Outlook%5CDefinedTerms%5CPurchase_Interest_Rate.htm)**) retrospectively on the total amount of**[**Purchases**](file:///C%3A%5CUsers%5Cscribepj%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CINetCache%5CContent.Outlook%5CDefinedTerms%5CPurchase.htm)**during the previous month if the**[**Total Amount Owing**](file:///C%3A%5CUsers%5Cscribepj%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CINetCache%5CContent.Outlook%5CDefinedTerms%5COutstanding_Indebtedness.htm)**-**

**\*        was not paid by the**[**Payment Due Date**](file:///C%3A%5CUsers%5Cscribepj%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CINetCache%5CContent.Outlook%5CDefinedTerms%5CPayment_Due_Date.htm)**but some of the**[**Total Amount Owing**](file:///C%3A%5CUsers%5Cscribepj%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CINetCache%5CContent.Outlook%5CDefinedTerms%5COutstanding_Indebtedness.htm) **was paid by the** [**Payment Due Date**](file:///C%3A%5CUsers%5Cscribepj%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CINetCache%5CContent.Outlook%5CDefinedTerms%5CPayment_Due_Date.htm)

**\*        was paid *in toto,* but a day or more after the**[**Payment Due Date**](file:///C%3A%5CUsers%5Cscribepj%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CINetCache%5CContent.Outlook%5CDefinedTerms%5CPayment_Due_Date.htm)**.**

**2.    A ban on unsolicited offers to increase a Credit Cardholder's**[**Card Limit**](file:///C%3A%5CUsers%5Cscribepj%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CINetCache%5CContent.Outlook%5CDefinedTerms%5CCard_Limit.htm)**.**

**3.    Making it much simpler for a Credit Cardholder to cancel their Credit Card.**