

Predatory Sale Of A Financial Product or Predatory Advertising or Predatory Lending or Predatory Marketing or Predatory Marketing Practices means for the purpose of this analysis of [Credit Cards](#), [Credit Card Issuers](#) that engage in [Numeracy And Literacy Targeting](#) of [Credit Cardholders](#) that possess level 1 (or below) and level 2 [Financial Literacy Capacity](#) and are vulnerable to becoming a [Revolver](#) (63% are [Occasional Revolvers](#) and 27% are [Persistent Revolvers](#)) that often pay [Usurious Unsecured Interest Rates](#) which is contrary to the RBA's parliamentary decreed role to ensure "[...the economic prosperity and welfare of \(all\) the people of Australia](#)".

Predatory Sale Of A Financial Product is any lending practice that -

- (a) [imposes unfair or abusive loan terms on a borrower; or](#)
- (b) [convinces a borrower to accept unfair terms through deceptive, coercive, exploitative or unscrupulous actions for a loan that a borrower doesn't need, doesn't want or can't afford.](#)

Predatory Advertising constitutes [Unconscionable Conduct](#).

[Balance Transfer Interest-Free Period Offers](#) explains that some [Credit Card Issuers](#) prior to the [National Consumer Credit Protection Amendment \(Home Loans and Credit Cards\) Act](#) that came into effect on 1 July 2012 -

- (i) promoted [Balance Transfer Interest-Free Period Offers](#) which targeted [Financially Uneducated And Vulnerable Australians](#) that may already be burdened by high monthly interest costs on large [Outstanding Indebtedness](#), and probably incurring [Late Payment Fees](#) and [Over-the-Limit Fees](#). These particular [Balance Transfer Interest-Free Period Offers](#) advertised that they did not charge interest on a [Balance Transfer](#) amount for up to 18 months; and
- (ii) applied monthly repayments to an '[Order of Payments](#)' [Allocation Practice](#) relying upon the fine print of the voluminous [Credit Card](#) contract which specified which balance(s) would be paid first. In nearly all cases monthly repayments applied to lowest-rate balances first - highest-rate last.

Hence, prior to 1 July 2012 many [Credit Card Issuers](#) advertising a [Balance Transfer](#) under a 'Teaser Interest Rate' (Nil or low interest rate) for up to 18 months would apply monthly repayments for [Purchases](#) to the [Balance Transfer](#) amount and not to any recent [Purchase/s](#) or [Cash Advance](#), which had higher [annual percentage interest rates](#). Whereupon many [Financially Uneducated And Vulnerable Australians](#) that were already burdened by high monthly interest costs on large [Outstanding Indebtedness](#), and had moved their existing [Outstanding Indebtedness](#) due to an offer of a [Balance Transfer Interest-Free Period Credit Card](#) commenced paying interest on [Purchase](#) and their [Balance Transfer](#) amount at interest rates up to 22.84% on their existing [Outstanding Indebtedness](#) because their monthly repayment of their [Closing Balance](#) had been applied to their [Balance Transfer](#) amount.

Post 1 July 2012 some [Credit Card Issuers](#) devised new methods to exploit [Credit Cardholders](#) with poor [Financial Literacy](#) advertising [Balance Transfer Interest-Free Period Offers](#) which are explained in [Labyrinth of 'Concealed Spiders'](#) -

- (A) [Example 3](#) highlights that some [Credit Card Issuers](#) of [Balance Transfer Credit Cards](#) have since introduced, but not overtly publicised to prospective new customers, that an [Interest Free Period](#) will not apply on [Purchases](#) until after the [Balance Transfer](#) amount is repaid in full and the [Credit Cardholder](#) has repaid its [Total Amount Owning](#), including its [Balance Transfer](#) amount;

- (B) [Example 4](#) highlights that on some of the [Balance Transfer Interest-Free Period Offers](#), should the [Credit Cardholder](#) make a [Purchase/s](#) and not repay their [Balance Transfer](#) amount and any [Purchase/s](#) by the [Payment Due Date](#), s/he will not only be charged interest on the aggregate of their [Purchases](#) and the [Balance Transfer](#) amount, but also forego their [Interest Free Period](#) for up to the subsequent two months; and
- (C) some [Credit Card Issuers](#) of [Balance Transfer Credit Cards](#) provide a Calculator for prospective new customers to determine how much interest they could save during the 'Teaser Interest Rate' (sometimes 0%) for an 'Introductory Period' (from 3 months to 24 months). Hidden in the fine print is **An assumptions that this calculator makes is that "You don't make any purchases on your card until the promotional period ends or the balance transfer is paid in full."** See [Calculate how much interest you could save!](#)

In early 2017, Citibank has been heavily advertising its [Citi Rewards Platinum Credit Card](#), [Citi Classic Credit Card](#) and its [Citi Simplicity Card](#) which offer a Zero Balance transfer for 24 months and 15 months respectively using Predatory Advertising -[Example 8](#).

See:

[Newspaper articles re Credit Card Debt Accruing Interest, Usurious Interest Rates and Compulsive Buying Disorder](#) includes:

Choice head of campaigns Matt Levey said the banks were exploiting customers' failure to understand the full cost of making payments on credit, with more than \$35 billion in credit card debt accruing interest each month. "It's basically just [banks] taking advantage of a product that's poorly understood. While there's an extensive media spotlight on home loans, it seldom extends to credit cards," Mr Levey said.

[CHOICE CEO Alan Kirkland told the committee that credit card statements should be standardised across the industry so that customers could understand the cost of using their cards and compare pricing and features with other products.](#)

[NEW NATIONAL CONSUMER CREDIT LAWS PROTECT CONSUMERS FROM PREDATORY LENDERS](#)

[BIG BANKS ACCUSED OF SETTING 'DEBT TRAPS' WITH CREDIT CARDS](#)

[How a USA Supreme Court ruling killed off usury laws for credit card rates](#)

["Reform to unfair practices in consumer leases and short term lending as well as providing better protection to reduce the incidence of predatory lending and equity stripping, particularly for the most disadvantaged."](#) - Green Paper on National Credit Reform
- The Treasury, Corporations and Financial Services Division

[High Fee — Low Credit Predatory Credit Cards Prey Upon the Poor](#) - Nov 2007