

**Senate Economics Legislation Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Budget Estimates

2014 - 2015

**Department/Agency: Reserve Bank of Australia**

**Question: BET 9**

**Topic: Credit Card debt is \$48 billion**

**Reference: Hansard page no. 43 - 01 June 2015**

**Senator: Dastyari, Sam**

**Question:**

ACTING CHAIR: I want to get to this point: you are saying it is a live and a real consumer issue, but you are looking at it more from a systemic risk issue because the size of it is small. The figures are—these are your figures, I believe—that credit card debt is \$48 billion at the moment and debt accruing interest is now \$33 billion. Do you want to take that on notice and confirm that they are the right figures?

Dr Edey: They sound broadly right, but we can check those up for you.

ACTING CHAIR: The other point too—if you could check this—is that at the moment the banks' interest income, the interest on credit cards, that they are accruing is \$5.4 billion per quarter. Can you check that figure is correct? The other thing that I think is really concerning, and this is where it comes to an issue for the Reserve Bank, is that the ratio of credit card balances to other personal loans has actually increased from 18.2 per cent in August 2002 to 26.4 per cent in August 2012. Effectively, the amount of people relying on credit as a form of loan or income is something that has been steadily going up. I do not know if that is something that the Reserve Bank has been monitoring? Dr Edey: I was not aware of that particular figure, so I would have to take that on notice as well.

**Answer:**

Current credit card balances are as follows:

**Credit and Charge Card Balances<sup>(a)</sup>**  
End of month, billions of dollars (\$b)

	<b>Total balances</b>	<b>Balances accruing interest</b>
Apr-15	51.1	33.4

(a) Data cover general-purpose credit cards and charge cards issued to individuals or businesses by reporting financial institutions in Australia

Source: RBA

Since 2011, the level of total credit and charge card balances has been broadly steady while the level accruing interest has declined (Graph 1); both estimates are affected by series breaks.

In the 2013/14 financial year, banks' interest income on credit cards was about \$5 billion.

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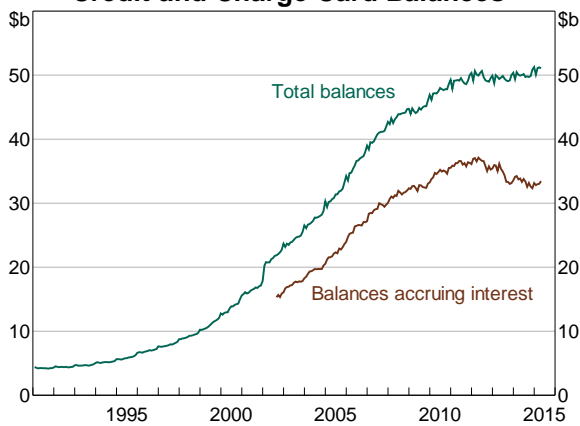
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Between August 2002 and August 2012, the share of credit and charge card balances in total non-housing personal debt increased from 26 per cent to 37 per cent; the share stood at 36 per cent as at April 2015. The level of *other personal loans* has declined since 2008 (Graph 2).

Graph 1

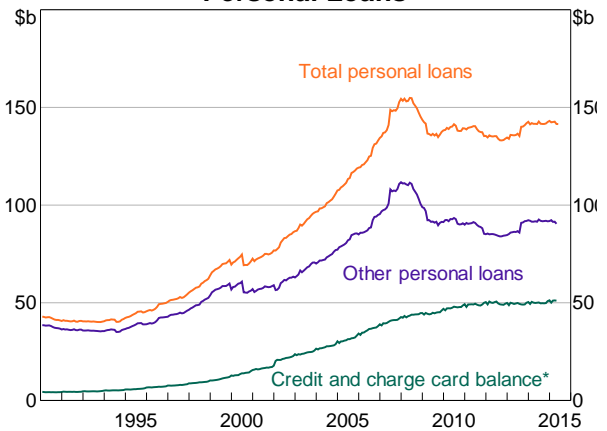
Credit and Charge Card Balances\*



\* General-purpose credit cards and charge cards issued to individuals or businesses by reporting financial institutions in Australia  
Source: RBA

Graph 2

Personal Loans



\* General-purpose credit cards and charge cards issued to individuals or businesses by reporting financial institutions in Australia  
Source: RBA