

Petition 2014/87 on behalf of the Thames Coromandel Women's Loan Fund/ Wahine Putea

Written submission in support of petition to the House of Representatives requesting a cap on interest rate charges in New Zealand

The petition to cap interest rates is due to our concern with high interest loan agencies, payday loan providers and food /clothing trucks.

Background:

Our loan fund has offered interest free loans to the Hauraki area for 12 years. We are one of 7 autonomous groups lending to women since the first fund started in Wellington. The loans are offered for educational advancement and for small businesses but many of the loans are for debt restructure.

Reason for the petition:

At the 2013 national Women's Loan Fund Conference held in Auckland, the keynote speaker was Dr. M Claire Dale. She is with Nga Tangata, a similar scheme of interest free loans affiliated with Kiwi Bank. They help people in debt through loans and referrals to budget counselling the same as we do.

It was Dr.Dale who informed us that there was no limit on the rate of interest charged in New Zealand. We learned that interest rates are capped in many countries.

Launch of the Petition:

Thames is a small town but we had a good attendance to sign the petition and listen to our invited speaker Catriona McLellan, an Auckland solicitor who writes articles for the New Zealand Herald newspaper. She has recently had articles in the Consumer magazine highlighting the usurious practices of the clothing/food trucks that are common in our cities and towns.

Possible effect of the cap on interest rates:

Most lending institutions in New Zealand charge reasonable lending rates. However, a cap on interest rates could help those with spiraling debt incurred through loans with unlimited interest, exorbitant fees and penalty costs. The 'pay day loans' offering a top up prior to payday load the unwary with crippling rates of interest. As well, there are the numerous loan agencies or loan sharks that can take advantage of no interest cap in New Zealand. We are all aware that taking a loan because it seems so easy is a trap for the unwary. Budget advice does help. We are presenting this petition asking for further help by capping interest rates.