

Australian credit card market set for major shape up as Virgin launches 'best ever'

Credit card 'plastic surgery' could save Australian consumers \$1 billion a year

12 May 2003. Sir Richard Branson today launched the revolutionary new Virgin Credit Card, and predicted it will lead to a major 'shape up' of the Australian market. The new card offers a more attractive all round deal to customers than has ever been available before. It is the first in Australia to combine a low interest rate, no annual fees and up to 55 interest free days with valuable, instant rewards.

Speaking at the launch, Richard promised that Virgin would transform the way Australians think about credit cards:

"There's no big mystery about what customers want. It's better products at lower prices, ideally backed up by great service. That's why the Virgin Credit Card is the plastic surgery Australian consumers just have to have!" Richard said

"I was amazed when I realised what a raw deal Australian consumers are currently getting on their credit cards. Australians are currently having to fork out \$1 billion a year on unnecessary interest charges and annual fees, which equates to \$100 a year for every credit card account*. This money will stay in their pockets if they take out a Virgin Credit Card which is, quite simply, Australia's best ever," he said.

Key features of the Virgin Credit Card:

- **No annual fee...ever...guaranteed.**
- **Introductory interest rate of 4.9%** for six months from sign up - covering both balance transfers from other cards and new purchases.
- **Ongoing interest rate of 11.9%.** One of the lowest rates in the market.
- **Up to 55 days interest free.** Market leading – no other card offers more.
- **Mates Rates™ rewards.** A totally new kind of reward. Immediate discounts, and privileges from both Virgin and non-Virgin companies, just for using your Virgin Credit Card. This is not points based and there is no fee to enjoy Mates Rates rewards, which will be available to all card-holders (see below for further details).
- **Personalised service – no need to speak to a machine.** Our call centre will be staffed by real people, 24 hours a day. We don't have complex menu systems.
- **Choice of five colours: red, blue, black, pink and silver, all on a silk background.** Pick whichever one best suits your personality.
- **Radical new design.** We've rounded off one corner. The Virgin Credit Card looks different because it is different.

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Virgin Money Australia Managing Director, Rohan Gamble, explained that the new credit card was developed following extensive analysis of credit card users' desires:

"Different people use their credit cards in different ways, but the new Virgin card will benefit everyone. We've totally done away with annual fees, which we believe are impossible to justify. We've also slashed interest rates and we're introducing a revolutionary new approach to rewards. Mates Rates™ is about offering rewards that give instant value and make a real difference to everyday life. We've partnered with companies valuable to the majority of Australians, which will save people real money everyday," Rohan said

In research, 84% of Australian consumers said they would consider swapping to a card with no annual fees, good rewards and a significantly lower interest rate. That's precisely the deal we're offering, so we expect this to be incredibly popular," he said.

The new Australian card follows the runaway success of the Virgin Credit Card in the UK. Launched in January 2002, it has already attracted more than 300,000 customers, making it one of the fastest growing cards in the UK.

Virgin Money Group CEO Paul Pester said:

"This is a very significant day in the development of the Virgin Money Group. The Australian Credit Card launch marks the start of a program of global expansion, which will enable us to take our unique approach to financial services to exciting new consumer markets worldwide."

As in the UK the Virgin Credit Card in Australia is backed by MasterCard, the most accepted card in the world, with processing facilities provided by Westpac, chosen for its ability to help deliver all the features of the new card.

MasterCard Senior Vice President and General Manager – Australia, Leigh Clapham, commended Virgin for its customer-oriented approach.

"The arrival of Virgin Money in Australia is testament to the fact that there is significant room for further growth and market penetration in our dynamic cards market. Like MasterCard, Virgin has always been associated with innovation, customer focus and value for money. These are the core values of this new card and values that I'm sure will underpin its success.

MasterCard is delighted to partner with Virgin in delivering even greater choice to Australian credit card users."

Westpac Group Executive Business and Consumer Banking, Mike Pratt said:

"Given the structural changes in the Australian cards market this is a timely opportunity to offer a low rate no annual fee product. We are delighted to be selected by Virgin Money to be their partner in Australia."

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“In Westpac and MasterCard we have two exceptional partners. With their help we’ll ensure that, after today, the Australian credit card market will never be the same again,” concluded Richard.

Application forms are available from www.virgincreditcard.com.au or by calling 13 13 06.

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Virgin Credit Card: Further details:

***Data sources:** RBA (end January credit card statistics); Cannex (7 May 2003)

- **Simple online facilities through www.virgincreditcard.com.au** Quick, simple and easy.
- **Online security guarantee.** If a fraudulent purchase comes up on your credit card you will not be required to pay.

The AUSPOLL Credit Card Monitor

Security, customer service and interest rates are important to today's credit cardholders...

Issue	Imp / V Imp %
Security features	97
Able to speak to person, not IVR	92
How many places card is accepted	89
Customer Service	89
Interest-free period	86
Annual Fees	83
On-going interest rate	79
Introductory Interest Rate	50
Rewards Program	45

Cardholders are dissatisfied on a number of dimensions...

Interest Rates

- **88%** say an interest rate over 15% is ridiculously high compared to other interest rates

Annual Fees

- **62%** say annual fees are 'an absolute rip off'

Rewards

- **65%** agree "It takes forever to get enough points to claim anything"
- **58%** of people never redeem their points – a further 18% say they rarely redeem their points

Customer Service has emerged as an area of high importance...

- **89%** of people described customer service as being either Important or Very Important to them
- **92%** of people said it was Important or Very Important to speak to a person, not a voice recognition
- **68%** of cardholders DISAGREED with the statement that credit card providers are customer-focused

Customers are ready for a change

- **84%** say they would consider swapping cards if they could find one with no annual fees, good rewards and a significantly lower interest rate.

The Auspoll Credit Card Monitor conducted by Auspoll Pty Ltd
National Survey of 405 respondents.
Conducted April 2003