CASH CONVERTERS INTERNATIONAL LIMITED
ABN 39 069 141 546

ANNOUNCEMENT

The Company wishes to comment on the recent press statements by the Queensland Minister for Fair Trading, Ms Keech, as reported in the Courier Mail on 12th February, 2007.

The Company welcomes the statement by Ms Keech that "I want a scheme that's fair and equitable – one that has consumer protection as its priority, but also balances the need to keep the industry viable." Cash Converters has always been at the forefront of delivering an ethical product in the payday lending arena. The Cash Converters chain never takes any security for its cash advance loans; customers are lent only 15% of their net income and no additional loan is made until the current loan has been repaid so that a customer cannot get into a debt spiral; loans fully comply with all Consumer Credit Code disclosure requirements. The vast bulk of our lending business is conducted with repeat customers who are familiar with the product and use the credit facilities from time to time to meet short term needs. These customers are not being properly serviced by the banks.

Although the Minister declares that she is convinced of the need for a cap on fees, charges and interest rates, the Company submits that her opinion has been prematurely formed since that proposition is still the subject of a policy paper being prepared. She has herself confirmed that the policy paper is still being finalised. The New South Wales experience has been that the capping she refers to has had no effect in stopping short term lending. The Victorian government's recent review cited the New South Wales capping approach as being ineffectual. Anyone can see this for themselves by a casual search of the many lenders advertising on the internet for borrowers in New South Wales. In fact, such capping was considered in detail in Victoria which concluded that it would not be in the best interests of consumers to cap fees including charges.

Cash Converters is keen to see disreputable participants in the short term lending market properly dealt with and the Company believes that a licensing regime such as the one which applies to second hand dealers and pawnbrokers would be the best way forward. This has worked for many years throughout Australia with disreputable business practices being controlled without the business activity itself being outlawed.

Cash Converters has over 160,000 customers nationally, many of them in Queensland, who are happy to have cash advance credit available. The Queensland government should consider their ongoing needs in any decision it makes. The view taken in Victoria should prevail and we will be working to see that it does. Cash Converters supports any legislative approach which remedies unconscionable conduct while preserving the legitimate business which the Cash Converters chain conducts.

As far as the Company is concerned, our business will continue throughout Australia and the United Kingdom as before. In that segment affected by Queensland laws, we will do whatever it takes to continue providing our customers with the credit they require. Although we are only one lender amongst many, we have many thousands of active customers and they evidence the demand for micro-lending – history shows that such a strong demand will always be met with a form of supply. Cash Converters will ensure that it is part of the solution as market leaders.

Cash Converters has dealt with many legislative changes over the past twenty years and this review in Queensland is just one more. No doubt, there will be others in the future. The Managing Director, Mr Peter Cumins, stated that Cash Converters remains confident that it is very well placed to continue developing its micro-lending products in a win-win way for both our customers and our shareholders.

Ralph Groom
Company Secretary
14 February 2007