NZACU
New Zealand Association of Credit Unions

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FOR IMMEDIATE RELEASE

No 'Dumb' Debt for Credit Union Members as Christmas Comes Early

Auckland, New Zealand, 30 Nov 2011 – Christmas is coming early for almost 25,000 credit union members throughout New Zealand, as their Christmas savings accounts reach maturity this week.

This year has seen a substantial increase in the amount saved in Christmas accounts across the credit union movement, with some credit unions seeing an increase of more than 20% in overall savings levels compared with last year.

That's great news for credit union members as they prepare for their Christmas shopping sprees without the worry of how they'll pay for it. It's also great news for the economy, with around $14.5 million set to be injected into local economies over the next month….that's around $800 per member.

"A lot of our Christmas Club savers are not on big incomes, so it makes a huge difference to them knowing that they're going to be able to give their families the kind of Christmas they want without going into debt to do it," says New Zealand Association of Credit Unions' Chief Executive, Henry Lynch.

"There's been a noticeable swing back towards savings as people are 'hunkering down' in these uncertain economic times," explains Mr Lynch. "And because encouraging saving is at the core of the credit union philosophy, credit union staff are always promoting the importance to members of putting aside even a small amount each week."

However, celebrating Christmas the way they'd like is one thing that those with young families in particular can find difficult to budget for. So setting up a Christmas savings account at the beginning of the year is an excellent way of removing the temptation to fritter away savings….and it removes added financial stress at a busy time of year.

"The average of $800 that our members have in their Christmas accounts is making a big difference to how they feel about the festive season….it should be an enjoyable time for everyone, not financially stressful," adds Mr Lynch. "And when you break it down, $800 is only around $18 per week over the course of a year."

But the temptation to just put things on credit and worry about it later is all too real for many around Christmas, and traditionally, loan sharks do extremely well in December/January, warns Mr Lynch.

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"It's easy to fall into the 'buy now, pay later' trap at this time of year – we've probably all done it at some stage – but if people do find themselves in financial trouble over Christmas spending, I'd like to encourage them to check out their local credit union before doing anything rash like visiting a loan shark," advises Mr Lynch.

"The reality with some loan shark loans is that you can end up paying well over 400% in annualised interest – and it often ends up as a vicious cycle of borrowing to repay what you've already borrowed!"

Credit unions are 'member owned' so their focus is on helping people improve their financial situation, not on making profits for external shareholders.

"I can honestly say that credit unions care about their members – they'll treat you with respect and sit down with you to look at your overall financial situation. Then they'll work with you to help you get you back on your feet again."

The NZACU represents 21 credit unions throughout the country and they have more than 100 branches and 85 ATM's nationwide.

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Notes for Editors:

Credit unions are a co-operatively owned financial services provider, providing its members a similar range of services to a bank. Credit unions are all independently owned and operated by their members for their members, and any profits are returned to the members by way of fairer fees and interest rates.

The New Zealand Association of Credit Unions (NZACU) is owned by and represents 21 of the 26 active registered credit unions in New Zealand. Collectively, the NZACU credit unions are amongst the largest financial transactors by volume, have over 100 branches throughout the country and more than 175,000 members and 85 ATM's.

The NZACU is a member of global trade association WOCCU, the World Council of Credit Unions, which represents over 188 million people in 100 countries across the globe. This international network operates under the vision: "Improving people's lives through credit unions" and promotes the sustainable development of credit unions and other financial cooperatives around the world.