



## **The way we calculate credit card interest is changing**

The Australian Government has passed new legislation that will change the way interest is calculated on credit card purchases from 1 January 2019. So from 1 January 2019, all Australian financial institutions will need to adopt a new way of calculating credit card interest based on interest-free days.

### **What is changing?**

At the moment, if you are an Amigo credit card holder and don't pay off the full closing balance that appears on your monthly statement by the due date, interest is calculated on each purchase from the date the purchase was made.

From 1 January 2019, if you don't pay the full closing balance that appears on your card statement, interest on your purchases will be calculated from the day after your payment due date instead of being charged from the date of purchase.

Depending on how you use your credit card, this may mean you pay less interest. Transactions that are not eligible for interest-free periods, such as cash advances, will continue to attract interest from the date the transaction was made.

### **What does this mean for credit card holders?**

How you will be impacted by these reforms depends on how you manage your credit card. Take a look at the list below to see which situation best describes you.

#### **1. I always pay off my credit card in full each month**

If you continue to pay off your card's closing balance by the due date each month, you won't be impacted by the new changes, and you will continue to pay zero interest on your credit card purchases.

#### **2. I missed paying my closing balance in full by the due date**

You will only be charged interest on purchases from the day after the due date, up until you repay the total amount owing in full. This may mean that you pay less interest than in the past.

#### **3. I may be paying interest on existing purchases at 1 January 2019**

These changes will not immediately impact you as nothing will change until you have paid your closing balance in full and regained the interest-free days.

From 1 January 2019, if you don't pay the full closing balance by the due date on your card statement, you will only be charged interest on your outstanding balance from the day after the due date, rather than the date each purchase was made. Your card's interest-free days will only be restarted if you pay the outstanding card balance in full.

### **Card holders may receive a refund of card interest**

As the Government's new laws come into effect on 1 January 2019, Amigo has been granted an exemption by ASIC until 1 June 2019 to enable us more time to have our computer systems ready for the change. We will keep you updated via your monthly card statement and our website.

We are also committed to ensuring our members are not adversely affected, so rest assured, if we find you have been charged more interest between 1 January 2019 and 1 June 2019 than what you should have, we will refund you the overpayment.

### **Need a hand?**

For more information on these changes, view our frequently asked questions.

Or, if you'd like to talk to us about these changes, please feel free to give Amigo a call on

**1300 377 800** or talk to Geelong Bank today.