



Thumbnail image showing a newspaper page with a table and text. The table has columns and rows, and the text is in a standard newspaper layout.

## **NAB SHOWS 'SMALL IS BEAUTIFUL' WITH MICROFINANCE SUCCESS**

The NAB Small Loans Pilot, launched in May 2008 with alternative credit provider Money Fast, is lending at a break-even rate of nearly 28 per cent, seeing off the fringe-lenders charging exorbitant rates of interest.

Under the pilot, NAB is providing Money Fast up to \$1 million in loan capital to fund small personal loans of between \$1000 and \$5000 for a 12-month term, at an interest rate of 15.95 per cent per annum for every dollar

borrowed.

NAB's head of community finance and development, Richard Peters, said that six months into the pilot, plans to test a break-even interest rate - where revenue fully covered costs - were tracking well.

"Data indications are that the actual break-even rate of 27.92 per cent (or 15.76 per cent as a percentage of the initial loan amount) is slightly less than forecast and remains well below current industry practice," Peters said.