



Baycorp Advantage is changing its name to Veda Advantage in late February 2007. Veda is an ancient word for knowledge. Baycorp Advantage now trades on the Australian Stock Exchange as VEA.

**Media Release**

**February 6, 2007**

## **SHOPPING AROUND CAN BE RISKY BUSINESS**

### **Baycorp Advantage study shows consumer shopping patterns provide early signs of credit risk**

Businesses looking to improve their credit risk should consider the recent shopping patterns of a credit applicant - including their number of mobile phone enquiries - a new study by Baycorp Advantage has found.

The study of more than 2.6 million Australians across a two and a half year period revealed that individuals who make multiple telecommunications or financial applications in the six months prior to applying for a credit card are up to ten times more likely to default on their future credit payments. Key findings included:

- Individuals (with a previously clean credit history) who make two or more telecommunications applications in the six months prior to a credit card enquiry are over five times more likely to default within the ensuing two and a half years than those who make no applications.
- Individuals (with a previously clean credit history) who make five or more finance applications (excluding Mortgage applications) in the six months prior to a credit card application are ten more times likely to default in the ensuing two and a half years than those who make only one application.

Baycorp Advantage General Manager, Information Services and Solutions, Erica Hughes said that an individual's default history remains the most vital credit risk indicator. However, over 80 percent of credit enquiries are made by individuals with no adverse credit or previous defaults – making a more detailed assessment of an individual's application history extremely valuable.

“As we would expect, those with a poor default history remain the most likely to repeat that pattern in their future transactions,” said Ms Hughes. “However, as this study clearly demonstrates, a clean credit history does not automatically put a customer in the low risk category. In fact, our research indicates more than 10 percent of people with a previously clean credit record are likely to default on a future loan.

“The most significant and perhaps surprising aspect of the findings is the link between telecommunications applications and credit risk. Multiple mobile phone applications, for example, indicates a potential credit risk possibly because the criteria for securing phone credit is less stringent compared to other financial applications. This implies the applicant is being rejected on some other fairly fundamental grounds.

“This sort of information is easily accessed by any business approving credit applications – and could potentially save them millions of dollars in bad debt. All that is required is a more detailed look at an applicant’s credit file.

“From a consumer perspective, this study highlights the importance of taking financial applications seriously. Even if you are simply shopping around for a telephone carrier, submitting a credit application is not something that should be taken lightly,” said Ms Hughes.

Baycorp Advantage, soon to be known as Veda Advantage, is focused on providing the most comprehensive “credit footprint” of Australian consumers – including the collection of credit-application data for: traditional finance products, utilities data, telecommunications and other common commercial transactions.

“Through assessing this broader spectrum of an individual’s credit shopping patterns, we are able to identify signs of credit stress well before any actual signs of payment default,” said Ms Hughes. “This deeper level of information will also allow individuals to begin building a more meaningful credit history which could ultimately help to enhance their financial status with a potential credit provider.”

Baycorp Advantage drew the information from its database of credit files for more than 14 million credit-active Australians. The vast majority of applications for credit in Australia are checked against the files held by Baycorp Advantage.

You can apply for a copy of your credit file at [www.mycreditfile.com.au](http://www.mycreditfile.com.au) or by calling 1300 762 207. A \$27 express delivery service fee is payable if the file is needed urgently, or otherwise the file will be available within 10 days. Checking your credit file helps protect you from identity fraud, and allows you to ensure only correct information is used to assess any credit applications.

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For more information please contact:

Alexandra Johnson  
0400 927 003  
[alexandra.johnson@baycorpadvantage.com.au](mailto:alexandra.johnson@baycorpadvantage.com.au)

or

Fleur Brown  
0419 270 863  
[fleur.brown@baycorpadvantage.com.au](mailto:fleur.brown@baycorpadvantage.com.au)