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For immediate Release

Card statements blind consumers to debt trap

New research released today indicates that the majority of credit statements used around the world mask the true level of debt being racked up by unsuspecting consumers thanks to major design flaws within the documents.

“Consumers have been lulled into a false sense of security, that they are operating their credit card to the best of their ability based on the information they are being given on their statement,” says Professor Sless, Director of the Communication Research Institute, “but the study has found that these statements are virtually incomprehensible. This is frightening news particularly when you consider that globally consumers have accumulated more than \$US40 trillion in credit card debt.”

The international study, undertaken by the Communication Research Institute, tested credit statements from Australia, Argentina, Austria, Chile, Netherlands, Portugal, South Africa, UK and the USA and found that the statements could not be used to find out how much credit was run up on the credit card, how long it would take to pay it back, the ‘pay by’ date for each month, how much extra it’s going to cost in interest payments, and what happens if people miss a payment.

Full details of the study will be released by Professor Sless at the **Data Designed for Decisions** conference (www.DD4D.net) in Paris on Friday 19th June, 2009, held jointly by the IIID and OECD.

“To be easily understood, people should be able to find at least 90% of what they are looking for on a credit card statement and then use appropriately 90% of what they find. The only information that can be found reliably on the statements we tested is the name of the organisation sending it, and the person it is addressed to. Everything else falls well below an acceptable level.”

Final results showing the overall performance of statements from each country, where the minimum acceptable usability target level is 81%:

- Australia 33%
- Argentina 75%
- Austria 62%
- Chile-1 31%
- Chile-2 44%
- Netherlands 63%
- Portugal 41%
- South Africa 40%
- UK 55%
- USA-1 32%
- USA-2 60%

Tasks which participants were asked to execute included:

- identify who the statement is from and who it is for;
- find and explain the credit limit and the available credit remaining after purchases;
- find and explain the interest that applies to purchases and how much interest has been applied for the statement period; and
- find and explain any payment due, and how to make that payment.

Professor Sless suggests that such large scale failure is most likely a symptom of systemic failures across the industry. "The common practices are bad practices" he said. "Getting the credit card providers to design the information to an acceptable standard will require both competitive incentive and regulatory pressure".

Professor Sless added, "In other industries, such as the pharmaceutical industry, the use of good information design has worked. Easily understood products gain market share, and with well formulated regulation in the background, the majority follow suite".

The data gathered from the study is already being sought by providers and regulators, and will be used by the Communication Research Institute to inform future redesign projects within the industry.

Professor Sless is available for interview ex Australia until the 16th June, 2009 after which time he will be available ex Europe.

Further information and downloadable graphics are available at
http://communication.org.au/modules/cri_news/item.php?itemid=16

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Notes to Editors

- The Communication Research Institute is a worldwide **not-for-profit** organisation which is carrying out an international communication benchmarking study, with the first international study focusing on credit card statements. The organisation specializes in the design of public documents across a range of industries. Their work has included redesign of high profile public documents such as the Main Economic Indicators for the Australian Bureau of Statistics, and Insurance Policy and Renewal Documents for the Australian Insurance Group. They have also advised the Australian Securities and Investment Commission (ASIC); the Therapeutic Goods Administration (TGA) on the regulation of financial and medicines information for consumers; Government regulators and industry in the EU and Mexico on the regulation of consumer information.
- The Institute researches, practices and disseminates knowledge of practical communication to enhance the quality of communication between people and organisations, lending a quiet dignity to ordinary life.
- Professor David Sless will give his presentation of the Communication Benchmarking Study at the DD4D conference in Paris, at 3pm on Friday 19th June, 2009.