GREATER DANDENONG

Low-interest loans' high take-up

Community finance scheme has helped thousands of families with essentials

Sam Bidey

THOUSANDS of struggling families in Greater Dandenong have borrowed more than $2.5 million in low or no-interest loans from a community finance scheme established in 2012.

The Good Money group said about 35,000 people battling on low incomes in the municipality are eligible for zero-interest loans.

The financial service is a partnership between Good Shepherd Microfinance, the Victorian Government and National Australia Bank and for essential goods and services such as fridges, washing machines or education.

In Dandenong, car repairs have accounted for 13 per cent of all loans, with washing machines and dryers the next most sought-after items accounting for 12 per cent of the 1500 loans Good Money has handed out in the region.

Pensioner Rachel Adams has taken out nine loans.

The mother of two has bought washing machines, couches and fridges. She said that without the service, her family would have struggled to get these essentials.

"Without Good Money, I wouldn't have been able to get credit," Ms Adams said.

"All my loans are now paid off and, as a person on a disability pension, it's just been fantastic to have access to this service."

Good Shepherd microfinance chief executive Adam Mooney said the store concept started as a trial but had flourished and was celebrating its fifth anniversary.

"We know around 35,000 people in the Greater Dandenong area would be eligible to access the No Interest Loan Scheme through Good Money so we wanted to let people know that there are positive options available in times of need," Mr Mooney said.

NAB general manager of retail in Victoria Mary Scoutas said almost 65 per cent of Australians experience some form of financial stress.

"We know that sometimes a small loan makes all the difference," Ms Scoutas said.

Not-for-profit public policy group McKell Institute has called for a national "Social Emergency Lending" scheme to help Australian households under financial stress borrow money at very low interest rates.

The institute said 20.7 per cent of households didn't have $500 in savings for an emergency.