



Branson to give banks ‘a run for their money

By Drew Cratchley

Entrepreneur Sir Richard Branson has set his sights on breaking the stranglehold of the big four banks, launching the first in a range of new financial products.

Sir Richard unveiled at Sydney Harbour yesterday an online savings account and two credit cards to be offered by Virgin Money.

“We’ve come to Australia to give the banks a run for their money,” he said.

Virgin Money managing director Matt Baxby said he wanted to take back the big banks’ market share.

“Eighty per cent of the savings market is controlled by the big four. I think this is a fantastic opportunity for us to take some of that share away from the majors,” Mr Baxby said.

The Virgin Saver online account has an introductory variable interest rate of 6.75 per cent a year, which drops to 5.35 per cent after four months. Data supplied by comparison website InfoChoice shows both of Virgin’s interest rates are above

similar accounts offered by the big four banks. A Virgin Flyer credit card offers several discounts and a points system with Virgin Blue, while the second new card’s selling point is no annual fee.

All three new products are offered through an alliance with Citibank Australia, meaning the online saver accounts are covered by the Federal Government’s guarantee of bank deposits.

Mr Baxby said Virgin Money also aimed to offer home lending and everyday banking in the future. “Making the products we launched today work is the priority,” he said.

Independent online comparison body mozo.com.au warned consumers to be aware of the interest rates on the new credit cards.

Managing director Rohan Gamble said, “It does look like a very strong airline offer, but I think it’s important for people to look at the financial aspects of the offer.

“The [Virgin Flyer] card has got an interest rate over 20 per cent. There’s obviously a lot of other cards with a lower interest rate than that.”

Meanwhile, Virgin Blue Holdings senior executives said the airline did not have to cede the leisure market to its competitors as it chased more high-paying corporate travellers.

Virgin Blue’s group executive commercial, Liz Savage, said the airline group, which comprised Virgin Blue, Pacific Blue, Polynesian Blue and long-haul offshoot V Australia, was aiming for the middle ground.

Sir Richard ruled out offloading any part of Virgin Blue.

“No plans to sell any stake to anybody, that’s all I can say at this stage,” Sir Richard said in response to a question about whether there were any plans to sell his company’s stake in Virgin Blue to Air New Zealand. **AAP**



CREDIT: Sir Richard Branson in Sydney yesterday to promote his new products.