
Woolies applies for licence to issue credit cards

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WOOLWORTHS is looking to expand its presence in the financial services sector with plans to apply for a special credit card licence.

The retail giant confirmed yesterday that it planned to begin issuing new credit cards from 2007.

At the moment, Woolworths issues co-branded MasterCard through its Ezy Banking alliance with the Commonwealth Bank.

Woolworths entered the financial services market in 1999 when it signed a deal with CBA to launch the Ezy Banking service in supermarkets across Australia.

Since then the joint venture had opened 480,000 debit card accounts and issued 130,000 credit cards.

If Woolworths proceeds with a licence application to the Australian Prudential Regulation Authority, it will become only the third non-bank to secure a credit card licence following GE Capital and MoneySwitch.

Another non-bank, Australia Post, is still awaiting approval for a credit card licence after lodging an application earlier this year.

Woolworths also indicated yesterday it may be preparing to launch a range of wealth management products, such as house and contents insurance and managed funds.

Woolworths said that exclusivity arrangements with CBA in their Ezy Banking alliance would be cancelled on credit cards and wealth management offerings.

"From the beginning of 2007, the parties will be able to participate in the credit card issuing market without any exclusivity obligation to each other," Woolworths said in an ASX filing.

"Exclusivity provisions in relation to debit cards and deposit products will remain in place . . . for all other retail financial services products, the existing exclusivity obligations will be removed."

Woolworths shares closed 2¢ firmer at \$17.03.