

African Bank Ltd press release

November 2019

### How a consolidation loan can make 2020 a better year for you

Consumers are often warned against putting all their eggs in one basket, but in the case of simplifying debt a consolidation loan is exactly this, and has many positive spin-offs, says Neil Thompson, Head of Product and Customer Value Proposition at African Bank.

In the build-up to the festive season consumers should be thinking less about spending and more about cleaning up their money matters for a financially stronger 2020.

The wise consumer, Thompson says, will take immediate steps to simplify their credit commitments by thinking about applying to consolidate debt instead of waiting for the dreaded holiday money hangover to set in.

“There are many ways to deal with debt and ultimately you should take the route that will work best for your financial circumstance.

“To consolidate loan and other debt repayments is often a good solution. Debt consolidation loans are based on the simple principle of putting all your eggs in one basket - in other words, instead of having several creditors a consolidation loan bundles all these payments into one affordable monthly repayment.”

The positives of this, Thompson elaborates, is that you simplify your credit by settling other debt and turning several loan payments into one cost-effective payment.

He points out that a recent quarterly bulletin of the SA Reserve Bank revealed that household debt as a percentage of disposable income was 72.7% at the end of 2018. What this equates to is that almost 75% of households' available income is spent on debt.

“Paying several creditors every month can be stressful, especially since they all have their own terms, monthly fees and interest rates. It makes sense for consumers to apply for a debt consolidation loan as a means to cut out multiple lenders and multiple loans.”

#### 3 more good reasons to consider a consolidation loan:

1. It can free up cash flow and provide access to additional capital, which could come in handy in an emergency. It is a fact that many consumers do not save for emergencies and since these arise when least expected, having money available to cover the necessary expenses is important.
2. Pooling debt into one loan repayment can lower the cost of credit to the consumer.
3. Loan consolidation can also help to avoid damage to your credit record which can come with missed credit card payments and defaulted accounts.

To get the most out of debt consolidation loans, consumers must be clear about what they

want to achieve, Thompson says. Ultimately a consolidation loan should result in a consumer consolidating multiple monthly instalments into one monthly instalment that is lower than the combined payments.

“When you apply to consolidate debt the bank will be able to tell you whether you qualify and what the monthly instalment benefit will be if you choose to consolidate the various loans identified in the application process.

“Your credit profile, whether you can afford to repay the loan and the bank’s risk assessment criteria will all factor in determining whether you are granted a loan or not, and the bank also takes compliance and regulatory rules into account.”

The process is not complicated, Thompson assures consumers. “It is never too early or too late for consumers to take control of their finances, try to simplify credit and deal with debt effectively. By combining all your debt repayments into one easy loan repayment today can help you to go into 2020 on a stronger financial footing.”

ENDS

Visit the African Bank [website](#) or like them on [Facebook](#)

PREPARED ON BEHALF OF AFRICAN BANK BY CATHY FINDLEY PR. CONTACT JACQUI RORKE ON [JACQUI@FINDLEYPR.CO.ZA](mailto:JACQUI@FINDLEYPR.CO.ZA) OR (011) 463-6372 WITH ANY CONSUMER PR QUERIES.