

## African Bank Ltd press release

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### An overdraft can help you manage your financial commitments better

Many people know the feeling of running short of money before the month is over. Some months are worse than others because unexpected expenses pop up, like a car problem or extra medical expenses.

Neil Thompson, Head of Product and Customer Value Proposition at African Bank, says an overdraft can offer some financial support to manage unexpected expenses and at times when your cash flow is dwindling.

He adds it is important to remember an overdraft is generally only available on the bank account into which your salary is paid as your salary is used to settle the outstanding balance.

This then offers the benefit too of having early access to your salary if need be.

Thompson explains how an overdraft works.

“An overdraft is linked to your current account (at African Bank it is linked to your MyWORLD bank account), allowing you to borrow money through your day-to-day transactional bank account, which makes it easier to stay on top of your expenses.

“This makes managing your expenses easier as you don’t have to track or manage a separate credit account or transfer available funds between accounts.

“It is designed as a revolving facility, which means your credit is automatically available as it is paid off. You only need to apply and get approved once and your facility will remain in place as long as your account is kept up to date.”

### 5 benefits of an overdraft

1. It is a good solution for any temporary cash flow problems, unexpected expenses or emergency costs.
2. You choose your “borrow limit” – the excess amount you can spend on top of your available funds - which gives you control over what you borrow each month.
3. You only pay interest on what you use. The interest is linked to the prime interest rates so if it drops you benefit too.
4. With an overdraft, you can have access to your salary before it is paid.
5. No need to run additional debit orders to make transfers and your salary deposit settles the overdraft.

There are qualifying criteria for an overdraft and applications can be made at a bank branch, using a banking app or on the bank’s website.

Thompson reminds consumers it is important to stick to the agreement entered into with the bank, relating to your overdraft facility.

“Be careful not to spend *all* your available funds and then *all* your additional overdraft funds, as exceeding your agreed negative balance can be costly in penalties and interest rates.

“The idea of an overdraft is to provide a cushion and financial back-up when you need it most, not to put you into even deeper waters financially. It is ideal for unexpected or mid-month expenses and emergencies and should not be seen as a means to overspend on things you don’t need or couldn’t ordinarily afford,” he concludes.

**ENDS**

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