

News Release
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How to afford your festive season wish list

Can you believe it's nearly Christmas? In a few short weeks, many people will be heading off for a well-earned holiday. Most of us, however, are already starting to look at our budgets carefully to see just what we can and cannot afford.

Household budgets have been under serious pressure this year. Everything seems to be that much more expensive, and the reality is that many of us may need a helping hand this festive season and in the new year. This is where accessing credit can really make a difference.

Sbusiso Kumalo, African Bank's Chief Marketing Officer, believes that credit should be viewed as an enabler for your life goals, one that should be used responsibly.

"Many people have a negative perception of credit, which in turn limits their potential to achieve their goals. And yet, when allied with a sound financial plan, credit is often the most effective way to narrow the gap between where you are in life, and where you want to be," he says.

At a time when the cost of living is so high, taking out a loan or a credit card allows you to break down those often-astronomical figures into smaller, more affordable chunks that can be safely accommodated in your monthly budget. It's like an investment in your future, one which you contribute a small amount to each month.

"Taking out a personal loan or credit card does not have to be a debt trap if you approach it responsibly," says Kumalo.

"That means you must take active control of your money and not allow money to manage you. Real money management begins with knowing where your money goes and then taking steps to channel it into areas that will benefit you the most.

"If you do need to borrow money, your reasons are important. The mindset you need to adopt is "Borrow to Grow". It means that when you apply for credit, you are doing

so to improve your quality of life. Many people use credit at this time of year to afford large purchases or to take their families on holiday. Whatever your vision is, you can use credit as a steppingstone to the next level in your life.”

Kumalo says these are the important factors one needs to keep in mind:

- Would taking out credit help me and my family achieve our goals?
- Can I safely afford the cost of credit?
- Have I researched all the various options thoroughly and am I making the right decision?
- Will I be able to build new habits and make this credit really work for my family?

“If you answer yes to these questions, then credit will be a powerful tool you can use to advance your life, and that of your family this festive season. Remember: there’s real value in paying off something that will help you grow. The amount you apply for isn’t really that important, it’s what you do with it that counts,” says Kumalo.

So, if you are considering a loan, you need to approach your lending responsibly.

We advise the following:

➤ **Understand your preferences**

Before heading to your bank, check out loan products offered online and see what competitors are offering. You need to be aware of what kind of loan you are looking for, the terms you can reasonably afford, and your goal for paying off the loan as fast as possible. Remember it is not recommended a loan be used for consumptive spending.

➤ **Ask questions**

When you find the loan product you are most interested in, contact the bank directly to find out upfront what the requirements are for loan eligibility. Banks have different requirements, and it will be important to know what they are upfront so you can be prepared.

➤ **Know your limitations**

If you are taking out a loan, you should already be aware of your credit history. Try and plan ahead and always only apply for the loan based on your financial ability to make repayments you can afford.

➤ **Create a checklist**

Based on the information from the bank, it's wise to create a checklist of the appropriate documentation needed for the loan application.

➤ **Don't be in a rush**

Again, applying for a loan when you're in a hurry is never a good idea. The approval of your loan may take time and, if it is a personal loan, the lender might want to know how you plan to use the cash — for example, you may need it for home improvements or debt consolidation.

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