

African Bank Ltd press release

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Why saving money is empowering

It is likely that thousands of consumers have made a New Year's resolution to save money. Neil Thompson, Head of Product and Customer Value Proposition at African Bank, says this is a positive first step.

The next step should be to find out what your savings options are and open a savings account at a reputable bank.

Thompson says that consumers who are serious about growing their money should look for a flexible savings account. This type of account means your money is not tied up for lengthy periods and that you still have access to your savings while earning interest.

A good example of a flexible savings account is the unique [Access Accumulator](#) account from African Bank, which allows customers to invest money with the ability to access it, fully or partially, while earning market-leading interest rates.

“You can have the best savings plan and intentions with your bank account but be disappointed down the line when your efforts have not yielded good results,” he says.

“This is why one of the most important factors to success when saving money is the compound interest, so make sure the savings account you choose offers the best interest rate.”

Another pitfall for many first-time savers is that they do not actually know how to save money each month, even with a savings account.

“Many people will simply tell you they do not have a cent to save. When they opened their bank account perhaps they did, but times have become tougher and now they do not know where to find money to save.

“The beauty of a savings account is that only a small deposit is required each month, not thousands. Think about it this way, if you put R200 into your savings account each month by the end of the year you will have R2 400, plus interest earned.

“Imagine how empowering it would be to withdraw your savings and go and enrol your child in school, buy their school uniform or pay off a debt.”

He offers 6 tips on how to save money each month (without using a piggy bank!):

1. Treat your savings account as a creditor by creating a debit order for a certain amount to automatically be transferred to your savings account each month on the same date. This can be R100 or R1 000, whichever suits your budget. This way your

- savings are also a priority and “paid” alongside all other accounts and debts.
2. Create a budget and stick to it. When you start planning your spending you are able to control it better. A budget also allows you to identify what you are spending money on and where you can cut down on spending.
 3. Renegotiate your premiums on insurances, for example.
 4. Open a savings account which allows you to save with family and friends. African Bank’s MyWORLD account offers up to 5 Savings Pockets, with no monthly account fees, which you can use for different savings goals. Everyone can motivate each other to stick to the commitment of contributing, regardless of the amount. This is a great way to work towards a common goal, like paying for a wedding or tertiary education for a family member.
 5. Take advantage of banks that offer the lowest banking fees.
 6. Pay off debts. The high interest rates on credit and store cards can eat into your disposable income at an alarming rate.

“Ideally, what you want is an emergency savings account, for things like medical emergencies and major car repairs, at least one high interest bearing flexible savings account and a retirement savings account, like a tax-free investment account,” Thompson says.

He adds that long-term saving obviously yields the best results and the best savings options here are a fixed-deposit, notice deposit or access accumulator account.

“Watching your money grow over time through commitment to saving and then achieving your financial goals one by one is very empowering.”

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