

African Bank Limited press release

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Extra value, a motivator for loan customers

Fashion, funerals, electronic goods, lifestyle upgrades and home improvements are the top five motivating factors for taking out a personal loan in South Africa. This is according to consumer insights recently collected by African Bank amongst their customer base. “During our application process our customers declare what their needs are when taking out a loan,” says Alfred Ramosedi, African Bank Group Executive: Sales and Marketing.

With this in mind, African Bank partnered with Edcon and HiFi Corp to develop an Extra Value Loans idea. “It is not a rewards or loyalty programme. We found that our customers want instant value with transparency and simplicity being key. We are able to give our customers value immediately at point of sale and they do not need to rack up points to enjoy discounts or savings at a later stage,” says Ramosedi.

When a person applies for an Extra Value Loan they select a portion of the loan to be loaded onto their Extra Value Card. If the customer intends to spend that portion of the loan at any of Edcon's associated stores, Edcon will add an extra 10% of value onto the customers' card. Should the customer intend to spend a portion of the loan at HiFi Corp, HiFi Corp will add an extra 5% onto the Extra Value Card. “That means a customer gets additional value at these two partner stores at no additional cost,” notes Ramosedi.

The concept was launched at the beginning of July 2016 and to date has had an excellent response.

“People need loans so it makes sense to give our customers additional value for what they already intend to spend the loan on. Edcon and HiFi Corp meet the needs of two of the main motivators for loans namely fashion and electronic goods. Customers now receive extra value that can be enjoyed at approximately 1400 Edcon outlets, including brands such as Edgars, Red Square, CNA, Edgars Active, Legit, Jet, Edgars Connect and Boardmans, and approximately 40 HiFi Corp stores. We are looking to include more partners to our Extra Value Loans in the near future,” says Ramosedi.

In summary it is important to realise that getting a personal loan approved is not always the easiest process and many banks are tightening up their criteria.

*Here are five useful tips for getting your bank loan approved:

- **Understand your preferences**

Before heading to your bank, check out loan packages 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.

- **Ask questions**

When you find the loan package 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 and current score. The bank should tell you the range of credit scores required for loan approval. 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 reduction.

Source for tips: Forbes: Investopedia

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