

African Bank Limited press release

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### **Start saving smart**

According to SA Reserve Bank Statistics 16 million South Africans have savings accounts, but they are emptier than they should be. About 40% of this money sits in accounts that offer very low interest rates, if any interest at all.

Neil Thompson, Head of product and customer value proposition at African Bank, says it's time South Africans started becoming more savings savvy and there could not be a better time than now. South Africans have been spoilt for choice this year with the introduction of a deluge of new banking options, all promising great deals and better prices. "This is great news for consumers who now have an opportunity to grow their wealth faster by just switching to an account with the best savings account interest rates and one with lower monthly fees."

Warren Kopelowitz, CEO at MyTreasury, an independent personal finance comparison website that helps South Africans compare saving options online, agrees saying that efficient saving can make a massive difference to your wealth. "Moving your cash from a call account that offers returns of 3% to a long-term fixed deposit with an interest rate of 10%, for example, would effectively double your wealth over ten years."

Savings and investment accounts are a great way to encourage smarter wealth management and with July being National Savings Month, Thompson urges everyone to move money if they are not getting a return. "Don't keep your money in a low or no interest-earning bank account when the market is opening up and offering so much more. Start using your accounts as a tool to generate income."

African Bank provides the following savings tips:

- Check the savings rates that are being offered in your various accounts carefully. Banks may offer similar rates, but you need to check what balance you need to qualify for that rate. Lazy money, or deposits which sit in current or savings accounts earning very little interest, doesn't make any sense. Grow your money by banking smart. African Bank's day-to-day banking product called MyWORLD offers SA's best interest rate of 5.5% on any positive balance in the MyWORLD account or Power Pocket account. MyWORLD will also offer SA's best savings rate of 6.5% on any positive balance in a Savings Pocket account, linked to your MyWORLD account, with real time access to your savings.
- Don't get caught unawares by high banking fees. You should compare apples with

apples and see which bank offers you the most value. Find a bank that banks the family, not just the individual and save on monthly account fees and bank with SA's lowest banking fees. Thompson explains that MyWORLD for example offers the first account made to share with your community or family, with up to 6 accounts and no monthly account fees, free transactions and low fees on other transactions!

- Apply for a debt consolidation loan. Debt consolidation loans are a great way to settle outstanding loan payments into one account at a rate that is affordable for you. This then allows you to continue saving without having the “leaky bucket” effect.
- Invest your savings. You need a monthly savings plan but saving money is not always enough. If you're saving for a long-term goal, open a notice deposit or tax-free account which allows you to add money monthly while your investment matures. A notice account is ideal if you'd like to be strict on your savings as you cannot withdraw money before the notice period you choose or save for a 12 month goal using a tax-free account which will pay out on the 12 month anniversary of the account.
- Use a financial advisor or visit your branch. The complexity of savings products and different interest rate structures and calculations can make it difficult to accurately compare products. To save and invest wisely it is often prudent to seek the advice of a qualified advisor.

Thompson cites the MMI Unisa Consumer Financial Vulnerability Index (CFVI) study, which has shown that the people who feel most vulnerable financially are those who don't budget and have a financial plan. “The important thing to remember is that it is never too late to start, never too late to teach your children and never too late to switch to a better option,” he concludes.

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