

African Bank Ltd press release

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Your small change *can* grow into big money

We have all heard the saying “money makes money” or “you need money to make money”. These types of beliefs can be demotivating for someone who has set a goal to accumulate wealth.

But, according to Eloise Boezak, Head of Customer Experience at African Bank, “It does not have to take money to make money. Knowledge and good decisions make you money, not money itself.

“The truth is you can start making your money work for you with **any** amount and it can grow exponentially with the right savings and investment tools. All you need is some financial know-how, a little bit of money and the right product in which to invest your money.”

She cites the example of taking R500 and putting it in an envelope under your mattress. If you open the envelope a year later, how much money will be in there? Only the amount you put in, not a cent more.

“However, if you knew about the benefits of saving and investing and had put the R500 into a high-interest account, a year later you would have more money than you put in,” says Boezak.

“Regardless of whether it is a small portion of your salary each month or a windfall from an inheritance, putting your money into the right savings/investment product is the key to accumulated wealth.”

African Bank understands, however, that people grapple with some common issues when trying to make their money work for them. Boezak says debt is often the biggest hindrance.

Fortunately, there are steps to take to get out of debt - no matter how much you owe - and there are simple ways to find some extra money each month to top up a savings account.

Regarding debt, Boezak advises confronting it head on by finding out *exactly* how much you owe. At least pay the minimum amount on each debt - but first pay more into the debt with the lowest balance (as this will be the debt you can pay off the quickest).

With regard to wealth creation, her advice is simple - start small and be consistent in your efforts.

“Debt can be an obstacle to wealth accumulation because people feel they have no extra money to save or invest; what they earn has to go into an endless black hole of debt repayments,” she says.

“Considering however you only need a small amount to open a high-interest savings

account or an investment account, like a fixed deposit or notice deposit, the best way to stick to your goal is to put these amounts on debit order each month.

“This way, you know you are meeting your commitment and that your money is silently and diligently working for you in the background, while you pay off debt and other expenses.”

Tips on how to find extra money to top up your savings:

- Cut down on that coffee and sandwich on the way to work and at the end of the week bank the money saved.
- Do a sweep of your wardrobe and sell your unwanted items online.
- Keep your cellphone in good condition and sell it when you get an upgrade.
- If you get a windfall, like a tax rebate or inheritance money, put at least a portion into your savings account immediately.
- When you have paid off a debt let your savings account now benefit from the same amount each month.

“Also look into investment accounts which offer high interest over a period of months or years. You should know exactly what the return on your investment will be if you follow the rules and leave your money where you need to for the indicated period of time,” Boezak says.

“An important aspect of achieving your goal if you want to accumulate wealth is to change the behaviours which put you in debt and instil a culture of saving rather than spending.”

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