

African Bank Limited press release

10 December 2018

### **Are you in control of your credit profile?**

The start of a new year is a great time to review your finances and saving habits and to check up on your credit profile. Often it is only when you apply for credit and get turned down that you realise you have a bad credit profile and could potentially be considered a high credit risk. For many of us this often comes as quite a shock.

Mellony Ramalho, African Bank's Group Executive: Sales, Branch Network says many South Africans are surprisingly unaware of the importance of a good credit profile. "Many people do not even fully understand what this is, and even if they do, they seldom check their own personal credit profile. Today many potential employers look at credit profile reports as a way to judge a person's character and level of responsibility. It is definitely worth checking."

So what is a credit profile? "It all starts with information from the Credit Bureau," says Ramalho. The organisation records all credit applications, credit agreements, payment history and payment behaviour, as well as other consumer credit related information. "Your information - both positive and negative - is stored by the Bureau. Importantly to get good credit, it helps if you have existing credit." Ramalho explains that good credit profiles are gained when you borrow money and pay it back on time and for the full amount. Having a good credit profile enables you to borrow more money on more favourable repayment terms.

If you default on payments your credit profile is affected, which could make it much more difficult for you to obtain credit in future years. "While adverse legal information is cleared as soon as the account is settled, the negative repayment history however remains for a couple years," explains Ramalho.

She provides the following useful guidelines on how to access and improve your credit profile:

- Look at the accuracy of your credit profile reports

You can do your own credit check free of charge every 12 months through one of several credit bureaux such as:

TransUnion - 086 148 2482

Experian - 086 110 5665

Xpert Decision Systems (XDS) - 086 112 7334

Compuscan - 086 151 4131

If you find you have an unhealthy credit profile, investigate the reasons listed. A big part of fixing your credit profile is determining what caused it to go 'bad' in the first place. Was it one dramatic incident, like a foreclosure or bankruptcy? Or was the problem a series of smaller things, like late and missed payments that went on for a period of time?

Important information that you should take note of on your credit report includes the following:

- Whether all personal information is up to date, including your address, contact details, etc.
  - Whether any accounts have been opened fraudulently in your name
  - Whether any enquiries reflect on your credit report are made by Credit Providers you have no relationship with.
  - Whether any accounts that you closed reflect as open on your report
  - Whether any accounts that are still open reflect as closed on your report
- Improve your credit profile

There are a number of ways to improve your credit profile. It starts by keeping outstanding balances relatively low on credit cards and other credit accounts. High outstanding debt can affect your ability to repay credit, so importantly only apply for and open new credit accounts as and when needed and don't open accounts just for the sake of it. "Rather pay off debt than simply move it around," says Ramalho.

"Of interest, it is not only a poor credit history that may affect your ability to get credit. A lack of positive credit information e.g. not having a history of paying on time, can cause an application to be declined or can result in an increased 'cost of credit' and will have a notable impact on the amount that you need to repay," says Ramalho.

"It is never too late to begin working towards an improved credit profile. After all, it could be the difference between you being able to purchase your dream house, finance a vehicle, pay emergency medical expenses or further your studies one day. As a rule generally avoid using credit for consumption spending," concludes Ramalho.

ENDS

---

Visit the African Bank [website](#) or like them on [Facebook](#)

PREPARED ON BEHALF OF AFRICAN BANK BY CATHY FINDLEY PR. CONTACT JACQUI RORKE ON [JACQUI@FINDLEYPR.CO.ZA](mailto:JACQUI@FINDLEYPR.CO.ZA) OR (011) 463-6372 WITH ANY CONSUMER PR QUERIES.