

## African Bank Ltd press release December 2022

### Less spending in December, less worry in January

It's mid-January 2023 and you're feeling good about the year ahead. School fees and uniform are covered, debit orders are on track, you've saved a portion of your bonus and your budget for other essentials is looking happy. And ... you can look at the pics from your holiday in December without any regrets.

If you read this and wish your financial situation was as favourable, you're not alone. For many people, January is the most stressful month of the year, mostly because it's the month in which we pay the price for our December excesses and often overspending.

Sbusiso Kumalo, Group Chief Marketing Officer at African Bank, says one way to circumvent this type of financial stress is to make December the month in which you organise and plan your finances for the next year.

An important point Kumalo makes is that while December is often called the silly season, it is in fact the time to be most serious about financial planning and saving and to avoid making decisions you might regret in January or more long term.

“Come January when ‘silly season’ is over, we see our bank balances and debts as our enemy when, in fact, it is our own spending habits ‘Re ja joy’ that have eaten away at our money and created unnecessary financial stress.

“A personal loan is something to include in your planning for 2023 if you find this year has been tough and are worried about the year ahead,” he says.

Kumalo explains that although many people may approach a loan application with trepidation, most have used one to upgrade their circumstances at some point in their lives. The reality is that 1 in 3 South Africans rely on their credit cards and unsecured loans to supplement their income. This means that borrowing serves consumers as a survival tool.

“When buying your first car, paying for tertiary education or renovating your home - a loan is seen as an investment in your future. It can help to create wealth or improve your earning power. It represents growth. And, when you harness that mindset in your financial life, a loan can also be the key to financial freedom.

“The rising cost of living means salaries are stretched to the limit – often used up within a week or two following pay day– so incorporating a personal loan into your financial planning is a good idea to help you get the things you really need and want,

like education for your children, a big household purchase or much-needed car repairs,” he says.

“The way to navigate the holiday season and a worry-free January is to change your relationship with money, especially credit, into one that allows you to make informed decisions and advance your life positively. We know there is genuine fear when it comes to credit: borrowing is seen as being synonymous with debt. This definitely does not have to be the case when you change your mindset and realize access to finance is intended to uplift, empower and change your life for the better.

#### *5 ways to ward off the “Januworry” blues:*

1. **Borrow to grow.** Credit *can* form part of sound financial planning. If you are thinking about a loan, make sure you can afford it and that ultimately it will put you in a better place financially.
2. **Open a savings account today.** It is a quick and easy process you can do online. Most require a small minimum deposit but put a bigger amount in if you can. Always look for an account that offers the best savings interest rates and let the contribution come off by debit order each month. Get it allocated into a savings pocket so you don’t use it for unplanned spending. The MyWORLD account from African Bank for example offers convenient savings pockets which allow you to do just this.
3. **Budget.** Creating a realistic budget is the first step and sticking to it is the next step. See what you can realistically afford for gifts and entertainment. Set a budget for individual gifts as this will reduce the risk of overspending.
4. **Check your debt.** Use your bonus to pay off debt, like your credit card, and then you can have peace of mind that you have an emergency fund tucked away for the New Year (or a fund for something life-changing, like sending your child to university).
5. **Shop wisely.** Avoid the heavily commercialised shopping spots and look for markets and places closer to home to find unique and interesting gifts. Handmade gifts are often cheaper and of more sentimental value.

#### *Some creative ways to stay within budget this December:*

1. **Get everyone involved:** Make a collective decision with family that the festive season should be about family not debt.
2. **Get the shopping done early.** The closer it gets to Christmas the higher prices can go, so be the early bird that catches the “savings” worm.
3. **Plan a staycation.** Make it fun with some day trips to nearby attractions, like picnic spots, museums, or theatres – accumulate memories and not debt. Act like tourists in your own city!

4. **Bring and share.** Ubuntu is all about family and sharing. Ask your guests to each bring a platter of something and when you put it all together you have a feast fit for a king!

Kumalo concludes that with discipline and planning it is possible to have a truly festive holiday season on a budget and without overspending you can start your New Year on a good footing and avoid the January tailspin.

**ENDS**

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