

## **Spend Wisely – It should be a mean and lean Christmas for SA consumers**

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During last year's Christmas season, consumers were cautioned not to overspend – and a year later as the global recession has taken its toll in South Africa, the message is no different. "Consumers are generally worse off than they were a year ago – the economy is in a recession, inflation remains stubborn and the possibility of further job losses persists" says Peter Setou, Senior Manager: Education & Strategy at the National Credit Regulator (NCR).

"A reckless Christmas spend will cause untold financial stress into the new year and consumers need to keep an accurate tally on exactly what they will spend this season – and should plan in advance, rather than wait until its too late, where one would find that he/she is already over-indebted. Rather start formulating a budget now. All those little purchases can add up to one big debt burden. Consumers should not be tempted, nor should they give way to social pressures to spend – they need to admit and accept their financial limitations."

Setou advises that a Christmas budget is crucial. "Putting down on paper the realities of income and daily living expenses will concentrate the mind on exactly what is available for gifts, travel and entertainment over this period. It is a reality check for many consumers in denial." He also urges consumers to give great consideration as to how bonuses and thirteenth cheques will be spent. "The repayment of debt, even some savings, would be the preferred route, rather than unplanned spending."

"Another good plan is to be proactive and to double-up on your regular payments such as mortgage or rent, lights and water. That way you would have given yourself some breathing space after the holiday season for New Year costs such as school fees and uniform", added Setou.

Besides being extra vigilant over Christmas, Setou encourages consumers to regularly revisit their spending patterns. "Lifestyle changes should be made if required, rather than simply going further into debt to keep up the same standard of living. This could mean a downgrade in car or even sharing transport. Become more effective at comparing prices and effective shopping, ignore tempting product and credit advertisements, shut yourself off from those deceptively expensive "no-deposit" offers, and be a disciplined borrower, saver and spender. There are many consumer bodies, media articles and websites that offer a host of money-saving tips to consumers. In all of this information and advice, there will always be something for a specific consumer to try."

The NCR in conjunction with the South African Savings Institute (SASI) and the Consumer Protection Forum which comprises of all the nine Provincial Consumer Affairs

Offices, the Department for Trade and Industry (dti), and other sector regulators such as Financial Services Board (FSB); Council for Medical Aid Schemes; Independent Communications Authority (ICASA) and the National Energy Regulator of South Africa (NERSA) will be running joint campaigns and sensitizing consumers during this season. Consumers are advised to take these bold initiatives seriously.

In an environment when job losses are still occurring, Setou urges those who have been retrenched to carefully manage their retrenchment packages. While consumers have had some relief this year from a 5% cut in interest rates, Setou says these benefits should not simply be seen as opportunities to return to reckless spending habits. "Consumers should channel these savings into repaying debt or building up a small emergency fund." With some consumers having learnt some very wise spending tricks over the past year of recession, Setou advises that these are lessons well learned. "Put the brakes on overspending, think before you buy as debt costs more than you think, spend wisely this festive season and remember to save for the New Year, concluded Setou".

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