

Take your financial destiny into your own hands, advises NCR

For Immediate Release

May 2009

During workers' month (May), employees should play an active role in ensuring that their finances are in order and that they are in charge of their financial destiny. Peter Setou, Senior Manager: Education and Strategy at the National Credit Regulator (NCR), says this is even more necessary given the grim economic conditions, which were initially preceded by steep interest rates, high debt servicing costs and the rise in food prices.

He also points out that employees should take advantage of the financial wellness programmes offered by their companies. Employers are the ones who receive garnishee orders on behalf of employees and the company suffers when employees are financially stretched and get distracted by debt burdens.

According to Setou, employees/consumers suffering under the yoke of over-indebtedness can get in touch with their credit providers to negotiate repayments as the first step. In most instances credit providers will be willing to assist. "If you cannot get assistance, you may consult a debt counsellor for advice on how to extricate yourself from the debt trap", advises Setou.

A debt counsellor is someone who is registered with the National Credit Regulator and who assists consumers who are experiencing debt-related problems and are having difficulty making their current monthly payment by providing them with budget advice support and mediation with credit providers.

Consumers should take note of the fact that if you are under debt counselling, you are not allowed to incur further debt than you already have until you have finished paying your current debt or have been issued with a debt clearance certificate.

"During these tough economic conditions workers should be prudent and spend their money wisely and avoid falling into the dreaded debt trap. Do not sit back when you are experiencing financial difficulties or are receiving letters of demand from your credit providers."

He points out that debt counselling services are available to consumers, who are unable to honour in a timely manner, all credit agreements to which they are party, as indicated by their history of debt repayment.

“We should also note that debt counselling is aimed at assisting consumers who are over-indebted, to reschedule or restructure the debt to manageable levels, it is not about debt pardoning,” he clarifies.

Setou offers tips for consumers when approaching a debt counsellor:-

- It is therefore advisable to contact your credit provider first to try and resolve your problems before you can apply for debt counselling;
- Only approach a debt counsellor if you cannot get help from your major credit providers or banks;
- If you are earning below R2500, note that the NCR has set up a fund to pay for your debt counselling fees. Please enquire about this from your debt counsellor;
- Remember that a debt counsellor must disclose the fees upfront to you before you can go under debt counselling. Insist on getting this;
- You have the right to negotiate this fee. Exercise this right. In most instances there is more than one debt counsellor in your area and you have a choice. Use this as a negotiating tool;
- If a debt counsellor insists on charging you exorbitant fees, you have the right to approach another debt counsellor;
- Make sure that you get a copy of the agreement setting out fees for future reference.

Setou urges employees to familiarise themselves with all these services and stay out of debt.

How can one avoid falling into the dreaded debt trap?

“First of all,” Setou advises, “plan your budget – know exactly how much you have available and what expenses must be covered.”

Setou also recommended attending to current debts before incurring additional expenditure. “Be wary of ‘buy now, no deposit needed’ deals, which will finally cost you more. If you do decide to borrow money, make sure you borrow only for what is strictly necessary and ensure that you can afford the repayments.”

Setou also offers these pointers:

- Try not to be tempted by the flood of advertisements in newspapers, on radio and television, including letters offering credit;
- Plan carefully and pay particular attention to your budget, especially bearing in mind the current tough economic conditions;
- Don’t spend what you don’t have – this means do not live beyond your means;
- Be careful of “no-deposit” offers, because those are loans and can attract high interest and other charges;
- If you do decide to borrow money, make sure you borrow only for what is strictly necessary and ensure that you can afford the repayments;
- Spend wisely now and enjoy a financially relaxed life.

Consumers can contact the National Credit Regulator on 0860 627 627 or go to www.ncr.org.za.

Issued by:
Bullion PR & Communication
Fezile Africa

On behalf of:
National Credit Regulator
Lebogang Selibi
Tel: (011) 554-2722