

MEDIA RELEASE

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Lit Black Friday Vibes – Don't burn your budget!

Statistics released by the National Credit Regulator (NCR), as at June 2021, revealed that, 61.59% (16.14 million) of the 26.22 million credit active consumers are in good standing, whilst 38.41% (10.07 million) have impaired records. An impaired record is one which a consumer and/or any of the accounts, are either classified as three or more payments or months in arrears, or which has an “adverse listing”, or that reflects a judgment or administration order. The negative impact of COVID-19 over the last two years on consumers’ finances has caused some financial distress. Therefore, sales such as those on Black Friday should be approached cautiously by consumers to avoid reckless spending and borrowing and possible over- indebtedness, says Anne-Carien Du Plooy, Acting Manager: Education and Communication at the NCR.

Given the hype and the alluring advertising by different retailers, consumers are overcome by the temptation to buy the “specials” and benefit from the “deals” on offer. Such deals may blindside the consumer causing unnecessary credit purchases. Du Plooy reminds consumers that credit purchases don't actually amount to a savings as you have to pay interest and other fees. Remember, unplanned and impulsive buying, especially on credit, may ultimately damage your credit bureau record and lower your credit score. So it is wise to save and plan your spending for Black Friday and festive season sales, she adds.

Consumers intending to buy on credit should do so responsibly. Check and compare prices before the actual day to source the best deals. Before you commit to a credit agreement, check your budget to establish if you will be able to afford repayments. Always request a pre-agreement statement and quotation and know the real cost of credit after interest and all the other fees have been added, she advised.

Tips to stay financially savvy during Black Friday hype:

- Avoid impulsive buying. If you did not plan for this year, rather save for other upcoming “specials” during and beyond the festive season, this is not the end of the world;
- Avoid borrowing from unregistered credit providers to feed your temptations;
- Set aside the amount you intend to use during Black Friday. Draw up a budget and stick to it. Shopping lists will help to curb excessive spending and unnecessary purchases;
- If you will be applying for a loan, only apply for what you need, do not be tempted to apply for more just because you are told that you qualify for more;
- Prioritise your debts – pay off your current debt first before spending money on “wants” and making new debt;
- Stop comparing yourself with peers and colleagues, everyone has different affordability and budget so don’t compete;
- Develop a culture of saving and try to save a little every month towards some goal;
- Always live within your means and not your imagination.

Ends

About The National Credit Regulator

The National Credit Regulator (NCR) was established in terms of the National Credit Act 34 of 2005 (the Act) and is responsible for the regulation of the South African credit industry. The NCR is mandated with the registration of Credit Providers, Credit Bureaus, Debt Counsellors, Payment Distribution Agents, and Alternative Dispute Resolution Agents; and monitoring their conduct in compliance with the National Credit Act as amended. The National Credit Regulator offers education and protection to consumers of credit in promotion of a South African credit market that is fair, transparent, accessible and dynamic.

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