

CEO darryll Castle said a new plant in visumzis@thenewage.co.za seek a bailout to fill the financial hole

# South Africans biggest borrowers

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**SoUth** Africans are the biggest borrowers in the world, with 86% of the population in debt and 10.3 million people are battling to meet their monthly debt repayments.

This has created a “blame game” between borrowers and lenders in South Africa in which neither wants to take responsibility for their borrowing and lending decisions, a situation that is fuelling South African’s escalating spiral into debt.

Chief executive of fincheck Michael Bowren said that both lenders and borrowers – consumers and financial service providers – need to take full responsibility for the products they acquire and sell.

“Borrowers and lenders must both be responsible, proactive and honest. The onus is on the financial institution to provide accurate information and to help the consumer understand the terms and conditions of the loan, but it is also up to prospective borrowers to ask and demand answers to all the questions that they have.”

fincheck.co.za compares the costs of 26 financial products from 106 accredited financial institutions.

“Despite offering 26 financial products on our site, by far the most interest from consumers is the loans category. We compare the full set of loan types including personal, payday, student, home, vehicle finance, peer-to-peer lending, secured and bursaries. debt consolidation products are also compared.”

Micro finance South Africa chief executive Hennie ferreira says many people take out loans, often more than one, in a rush, and then blame the financial institutions when they cannot repay them. Similarly, he says, not all financial service providers are giving prospective loan customers the information that they need in a way that they can understand.

Says ferreira: “South Africans must



**WAY TO THE VAULT:** Financial institutions are advised to provide accurate informations to enable consumers to make informed choices in relation to the finer details of the conditions attached to loans. picture: Gettyimages

ask difficult questions and must insist on answers that they understand. The reputable lenders will answer and the dubious agencies will avoid such difficult questions.”

Bowren says many South Africans are “unfortunately taking out loans to pay back other loans, a spiral of debt that only gets worse”.

“This is why we want to educate consumers about their money, how to spend it, how to borrow it, how to pay it back and how to save it, in the most cost-

effective and sustainable way.

“South Africans generally have low levels of financial literacy and high levels of indebtedness. There are people who get paid on the 25th of the month and by the 1st of the next month they are already ‘in the red’. Loan sharks and Ponzi schemes make borrowing seem like an easy, hassle-free quick-fix, but the opposite is true.

“Consumers must make sure they are borrowing from accredited and legitimate financial service providers.”

ferreira says that there are many avenues that South Africans can use to deal with financial issues, and that people should use these more. “Get your free credit report, query your concerns with the credit ombudsman, take charge of your financial journey and aim to move from being a borrower to a saver. Credit is vital to keep our economy turning and it is an anchor for economic growth and development. But responsibility all round is the baseline.”

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