




CREDIT


1.  When you borrow money you are **charged interest**.


2. Before borrowing money, shop around and **compare interest rates** from various lenders. (e.g. banks, shops, micro-lenders, loan sharks) 

3. When calculating interest you need to **factor in the amount of money you are borrowing (capital)**, the term or number of months you will take to pay and **the rate of interest charged**. 

4.  Interest is usually charged either per month or per year (per annum).

5.  **Compound interest** is interest added on interest.

6. Don't rush into **signing** credit agreements (contract). 


7. **Shop around and compare.** 

8. You have a right to request a quote, take it home and read through all terms and conditions. 

9. Before taking credit, check the **total amount you will be paying** including capital admin costs and interest. 

11. If you pay over a longer period, e.g. 24 months as opposed to 12 months, you will end up paying more interest. However your monthly instalments will be lower.

10. Check whether you can afford the **monthly instalments** quoted in addition to your other living expenses in your monthly budget.

12.  **Borrowing from loan sharks** has added risks in that they are **not registered with the National Credit Regulator**, they may resort to illegal ways to recover their money such as withholding your ID and your bank card. **They usually charge much higher interest rates, since they are not registered. In cases of disputes, you do not have recourse mechanisms such as those provided by the NCR.**

13. When you borrow, lenders check your credit rating with credit bureaus, maintain a good credit profile by paying your debts on time, and paying the required monthly instalments.  Before you enter a credit contract, check if you cannot save and buy the item cash or save for a deposit so that you take credit for a lesser amount.