

## **Create a better financial future by getting smart about your credit**

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According to the Q2 Consumer Default Index (CDIx) released by Experian, South Africa's 25 million credit active consumers account for just over R2 trillion of outstanding debt. The index, which tracks the rate of increase in consumer first payment default, has steadily increased over the past six quarters across all consumer affluence segments. This highlights how the challenging economic climate has made it increasingly difficult for many South Africans to manage their finances effectively.

Consequently, lenders have become more cautious in approving credit applications due to concerns about consumers' affordability. This is primarily attributed to the high consumer price inflation rates (especially with regard to food and fuel costs) and prevailing high interest rates in the market. Thus, individuals who have taken risks with credit, by taking up loans they could only just afford, are now experiencing the costly consequences such as not paying on time or skipping payments.

Aside from the immediate financial impact, mismanaging credit can have long-term repercussions, including limited eligibility for future credit lines for significant investments like home loans, vehicle finance, or emergency funding. Additionally, it may affect employment prospects. Therefore, it is crucial to prioritise developing healthy credit habits, engaging in sound financial management, and understanding how to manage and build one's personal credit report and credit score.

### **Take control of your finances, gain better access to credit**

In light of this, the 19<sup>th</sup> of October serves as a reminder of the importance of credit awareness. [Get Smart About Credit Day](#) emphasises the need to reflect on and take control of one's financial behaviour, regardless of whether an individual is starting their credit journey or has been credit active for a considerable period. This self-reflection may involve reviewing one's credit report to make sure it accurately reflects your personal information and debt exposures, monthly statements, assessing interest rates on accounts, monitoring credit scores regularly, and actively working towards reducing debt.

The significance of credit access cannot be overlooked. Lenders utilise different scoring models when evaluating individuals, assigning varying weights to different factors to determine credit scores. While there isn't a universal measure of a "good" score or a specific number that guarantees loan approval, a higher credit score generally indicates greater creditworthiness. Hence, the goal should be to increase one's credit score through responsible credit behaviour.

### **Experian has developed a free app to help consumers better manage their finances**

To assist South Africans in taking control of their financial health, Experian recently introduced *Up* - a free web-based app, which combines financial education, budgeting tools, and credit reporting features. Through an interactive gamified experience, *Up* guides consumers on their journey towards financial wellness. The app allows users to access their Experian credit report and credit score at no cost, enabling them to ensure all personal and credit exposure information is accurate whilst staying informed and up-to-date on their credit profile. Additionally, the budgeting tool provides a consolidated view of individuals' finances, helping them assess their ability to afford additional credit facilities whilst an ever growing UpLift partner platform provides consumers the opportunity to create healthy habits through savings and investments, understanding their expenses and learning about tax - all of which is used to positively impact on the consumer's financial wellness.

Developing healthy credit habits and actively managing one's personal credit report and credit score are essential for navigating today's economic landscape. *Up* powered by Experian offers South Africans the necessary tools and knowledge to take control of their financial well-being and improve their credit standing. Building a solid foundation for your financial future and staying resilient amidst economic challenges is possible, with the right tools and resources. Access Up powered by Experian, for free from [www.up.experian.co.za](http://www.up.experian.co.za).