

Lack of fiscal discipline can bite you later in life

A staggering 58% of unemployed people are young people between the ages of 15-34 and, based on these stats, the credit ombud office recently carried out a survey with 250 young people and confirmed there is indeed reason for concern.



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"When one considers that youth unemployment is sitting at 34,2%, it is indeed concerning as this is the time when financial discipline really needs to start being embedded. The survey shows that most of these young people already have debt and have opened accounts from as young as 18 years of age. We are concerned to see just how many people from the report are taking out credit to fund their lifestyles and are not even aware that they are already blacklisted by the Credit Bureau," Alfred Ramosedi, African Bank group executive: sales and marketing says.

He shares the concern of Lala Mohan from the credit ombud in terms of how this irresponsible spending and credit behaviour will impact on their ability to secure future employment. "We know from our own records how many prospective employers will check credit profiles as part of the recruitment process and it is highly concerning to think many of these talented young people may lose out on their dream position because of the way they are currently mismanaging their funds.

"Swiping your credit card for all sorts of unnecessary and extravagant purchases may be a lot of fun but beware ... it can ruin your life," he says.

Ramosedi says that overspending leads to a poor credit score. He explains that everyone has a credit score, and this reflects how reliable or unreliable you are when it comes to keeping up with your monthly payments. A credit score is based on how many accounts and credit cards you have opened, the total value of your debt and how you repay your debt.

“If you neglect your repayment commitments you could be in for a nasty surprise later in life. No financial institution is going to grant you the loan if you have a history of bad debt.”

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