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[credit, Tips](#)

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At some or other point in time most of us need to make use of the necessary evil known as credit.

Even though credit can come in handy, it can just as easily spiral out of control. In South Africa most of the large retailers and banks belong to the CPA or Credit Providers Association (www.cpa.org.za).

The CPA provides members with a self-regulatory framework by which consumer credit data is shared.

These retailers and banks send all payment records to the CPA who share the information with the [credit bureaus](#) on a monthly basis so as to ensure timely and accurate transfer of consumer credit information. This information then forms your credit history.

What to do when you miss a repayment:

- Find out the payment amount and make payment as soon as possible.
- Talk to the bank or retailer concerned and make alternative arrangements in advance so as to avoid complications.
- If you can no longer afford your monthly repayments you can attempt to negotiate with the credit provider for reduced monthly payments spread out over a longer repayment period.
- In the event of the credit provider agreeing to such an arrangement be sure to request confirmation in writing.

What to expect when payments are missed:

- Your credit record could be negatively affected which would lead to difficulty in the event of you applying for credit in future.
- Missed repayments could affect the interest rate charged on the credit in question.
- A late fee could be levied on your account which would add further financial strain.

Tips for more efficient credit control:

- Draw up a monthly budget before applying for credit to see whether your financial situation will allow for it.
- Don't even think of applying for credit if you can't afford to do so or else you'll just be setting yourself up for financial hardship.
- Pay at least the minimum outstanding instalment on your credit every month.
- Avoid missing payments as it does damage to your credit record.
- If you can afford to do so contribute larger amounts towards your credit payments to save on interest that you would pay over the term.
- If you're unsure as to which credit repayment to start with; the rule of thumb would be to start with the credit on which you pay the highest interest.

moneysmart tip: It's important not to become too dependent on credit. If you require credit to maintain your current lifestyle, then maybe it's time to review your spending habits.

Here are some tips to help you avoid living beyond your means:

- Spend less money than you bring in. As simple as it might sound many people fail to do so.
- Save up for items that you'd like to purchase instead of putting them on credit.
- In doing so you can gradually improve your monthly cash flow and enable yourself to make provisions for more important aspects of your financial planning.
- Set up an emergency fund. Ideally an emergency fund should consist of three to six months worth of your living expenses.
- This could then rather be used for unforeseen expenses to avoid credit payments. [Unit Trusts](#) provide an ideal investment vehicle for Emergency funds due to their flexibility.



For all your financial planning requirements [visit PSG Konsult](#) or [email Raul Jorge](#).

References:

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