

Personal Loans For Emergency

Personal Loans For Emergency Funds , short term loan , long term loan , temporary loan , home loan

The recent interest rate hikes, food price increases and generally tough economic times in South Africa right now mean that you're probably feeling a little stretched financially. [Personal Loans](#) can help bridge the gap by providing financing in the short-term, which you can pay off in smaller amounts later. Here are our tips on how to get a Personal Loan, even when the economy (and you) may be struggling.

1. Improve Your Credit Score

Your credit score plays a large part in determining how likely you are to pay your Personal Loan back to the provider. Kristia van Heerden, CEO of Just One Lap, says that to achieve a shiny credit score, it really helps to have a little credit that you settle on time every month. But isn't it counter-intuitive that a healthy credit score is built up by having debt? Not really, says Kristia. "Banks and other credit providers want to see that you can be trusted to pay back your debt on time and in full". One way of doing this is to have an in-store credit card that you settle with a retailer every month.

Jessica White, from **Citadel Wealth Management**, advises that improving your credit score is not a quick fix and takes time. "Your goal should be to create long-term healthy credit habits as opposed to quick fixes with the view to securing a loan" says Jessica. Some other quick tips she says can improve your credit score:

- **Pay your bills on time:** This is the biggest contributor to your credit score as delinquent payments and collections can have a very negative impact.

- **Savings accounts don't build a credit record:** If you only have a savings account for your monthly transactions, consider opening a cheque or current account – as long as it's appropriate for your situation.
- **Keep your debt burden light:** A high outstanding debt bill will have a negative effect on your credit score.
- **Open new credit accounts only as needed:** Don't open accounts for the sole purpose of improving your credit score as it probably won't improve your credit rating much.
- **Pay off debt:** Rather than moving it around.



2. Build a relationship with your lender

Getting a Personal Loan is not all about money; it's also about relationships. Kristia says that your bank statement is your strongest ally in establishing a relationship with a

lender, even if that lender is not your bank. “Your bank statements show that you earn a steady income and also indicate how you handle your money. Having a cash deposit saved up will also go a long way in strengthening the relationship with your lender,” says Kristia.

Jessica says relationships play an even more important role in an age where interactions frequently take place online. Why? Because when it comes to lending, in most cases there is still a person on the other end of the line making the decision on whether to grant you the loan or not. “If possible, arrange a face-to-face meeting when you apply for credit and if you can’t, then pick up the phone. Consultants will be able to provide valuable information on how to improve your chances of getting your loan approved,” Jessica advises.



3. Only apply for what you need

There's no use applying for an obscene amount of money that you don't really need and can't actually afford to pay back.

Andrew Schrage, co-owner of **Money Crashers Personal Finance**, says that your best bet is to use an online calculator to figure out a realistic amount you can borrow based on what you can afford to pay back each month. Calculators use information like your income and monthly expenses to determine an affordable loan amount for you. "Once you see your results, take an objective look at how much the calculated monthly payment is and how well it fits into your budget," says Andrew. If you show this research to your potential lender, they'll see that you're serious about obtaining a Personal Loan and even more importantly, paying it back.

Jessica agrees on the importance and usefulness of online financial calculators. In fact, she says that lenders will use similar calculations when determining your suitability for the loan amount you're applying for. "So if you request a far higher amount than you can afford, you create a bad impression with your lender," she says.



4. Make yourself a more attractive candidate

There are several subtle yet important things you can do to make yourself more attractive to a prospective lender and improve your chances of getting a Personal Loan. Andrew says that dressing your best never hurts, but that it's even more important to make sure that any requested documents are 100% accurate and organised. "You should also take a look at your credit report beforehand and be able to comment on it intelligently, especially when it comes to addressing any potential red flags," he says.

Jessica agrees. Physical appearance and neatly organised documents do influence the lender's decision to extend you credit. "We are humans and first impressions count," she says. Submit neat and well-organised documents, which give the impression that you are disciplined and that your finances are similarly well organised.

5. Find the best loan provider

Your current bank may be your first port of call when considering a Personal Loan, but be aware that they aren't your only option. Consider alternative banks and online loan providers or try a credit union, says Andrew, where the application process may be a bit more informal, and you'll normally have a chance to state your case in front of an actual person. "You could also consider peer-to-peer lending websites such as **LendingClub** and **Prosper**, although those normally require a credit score in the high 500s or low 600s to qualify," Andrew explains.

Make sure that the institution you approach for a Personal Loan is reputable. Kristia advises reading up on them as much as possible on consumer review sites like **Hello Peter**. "If you doubt the company's legitimacy, either move on to the next company, or consult the **Financial Services Board (FSB)**," she says.

Jessica encourages shopping around for the best interest rate

and making sure that you understand the agreement properly so that there are no nasty surprises.



6. Offer financial benefits to the lender

Your best leverage here is a good financial record. If you can prove that you can afford the purchase and that you'll be on time with payments in the future, you're in a very strong position to negotiate. "Don't settle for the first offer, and approach more than one company to find something that works for you," says Kristia.

Bear in mind that the higher the risk of your lending is to the lender, the more the lender will expect to be compensated to take on this risk. When a lender declines your application, ask them under what circumstances they will approve the application. "This will give you an indication as to whether you should decrease your Personal Loan amount, offer to pay slightly higher interest, or extend or shorten the loan term," says Jessica.

Conclusion

Times are tough and in some instances a [Personal Loan](#) is the most suitable answer. But no matter what your current situation, you should always have a backup financial plan in place to help you take control of your finances, whether this means getting out of the debt cycle, or building future wealth.