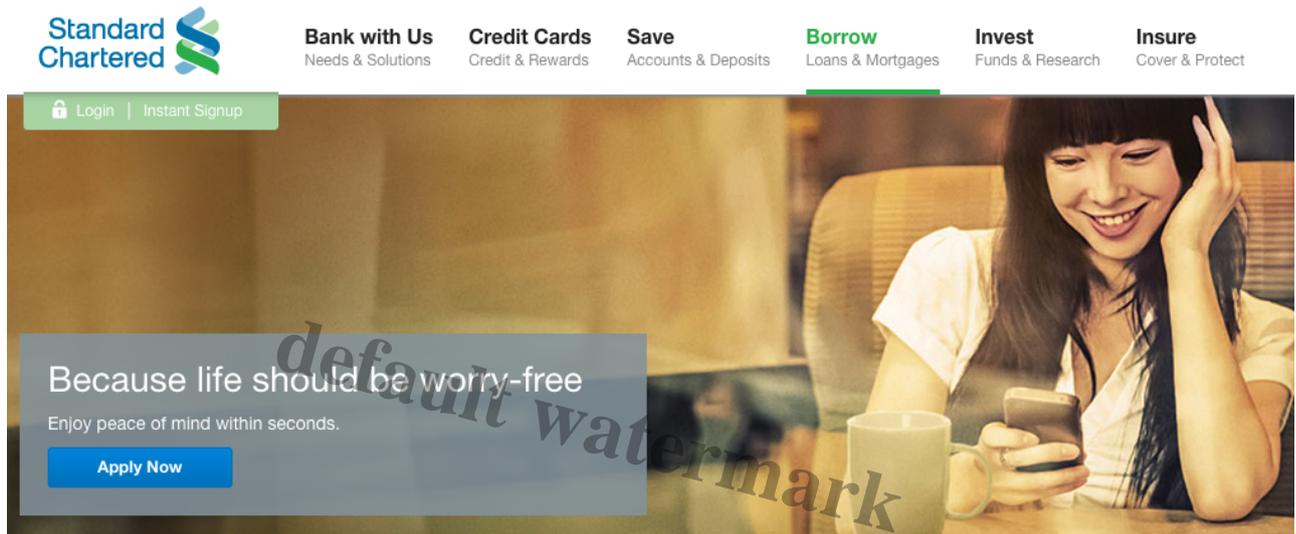


More Younger Customers Finding Instant Cash the New Way

Description



Earlier this week, a friend of mine wrote about [younger customers heading to pawnshops for quick cash](#), and just yesterday, I read about [a 31-year-old's failed plan to rob a bank in order to pay off his loans](#).

My personal mantra is to (i) stay out of debt (ii) clear off debts as fast as I can (iii) have enough cash savings so that I never have to resort to taking a loan. But recently, I've been looking at some loans for my sister to take, as we hope to [pay off her tuition fee loan](#) as quickly as possible in order to pay minimal interest to OCBC at almost 5%!

I must admit, some of the promotions for the loans are attractive. Take a loan and get a freebie! (Don't forget that your so-called 'freebie' is probably paid for in your interest rate). Here's some cash on loan, because life should be worry-free! (Life is NEVER worry-free. We can only hope to minimize our worries.) Don't need to put your desires on hold! Loan up to 4 times your monthly income!

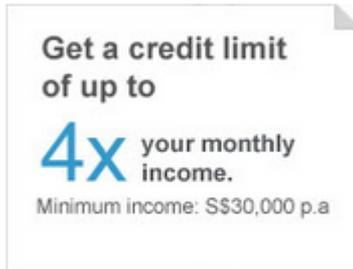
A promotional banner for ANZ MoneyLine Term Loan. It features a blue background with a white text box on the left and a small image of a modern office interior on the right. The text in the white box reads: 'Apply online for fast approval & your Philips SoundBar Speaker worth S\$599. Terms & conditions apply.' Below this is a green 'Apply now' button.

ANZ MoneyLine Term Loan is a personal loan drawn on your ANZ MoneyLine line of credit account to provide you extra cash to support your lifestyle needs and desires while managing your cash flow with equal monthly instalments.

With a credit limit of [up to 4 times your monthly income](#) (subject to a maximum of S\$100,000), you can maximise life's opportunities and turn your dreams into reality.

Now this is where it gets scary. Loaning someone more than their monthly income is definitely overspending, because as far as possible, we should always aim to keep our monthly expenses below our monthly earnings. If I earn \$2000 and borrow up to \$8000, it will take me 4 months of zero spending to pay back the loan (which is unlikely). Factor in interest rates! how long will you take to pay it off, really?

Citibank Ready Credit



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APPLY

I personally have a Citibank Ready Credit account, but I *never use it*. (Why? Read my personal mantra again.)

While I understand not many may see the importance of saving up like I do, I cannot grasp the fact that there are people who have to resort to such drastic measures just to clear their debts. In fact, one of the most common traps for us to fall into is credit debt — especially with the wide array of credit cards available these days for us to choose from.

Now, don't get me wrong. I'm a huge advocate of credits cards for their discounts and rebates (read my post [here](#) on how using credit cards helped me to save quite a bit), but note in my recent [guide for fresh working adults](#), I don't recommend getting a credit card just yet. The reason is simple — with access to credit, there's a very likely possibility that we may overspend without realizing it. Even I didn't trust myself to use my credit cards in the first few months after getting them, and until today, I monitor every single credit card bill closely to make sure I pay off everything by month's end.

But we can't exactly blame them, can we? Just look at [this advertisement](#) — a girl laments about not having money to buy her boyfriend a laptop, and Michelle Chia points her to — find instant cash the new way! — with Maxi Cash pawnshop.



There also seems to be more and more moneylenders appearing these days – the last time I walked through my neighbourhood, I counted at least 3 licensed money lenders (and 4 pawnshops). What happened?! Business must be soaring, if not, why would they be willing to pay the expensive store rental to open up more physical premises?

I think MDA really needs to moderate some of these advertisements, as they’re sending the wrong message. There’s a difference between getting cash for your needs vs. your desires, and even if those are real needs, if you don’t have the cash, then perhaps it’s time to cut down on some of these “needs”.

We can blame the lousy advertisements, or we can blame ourselves.

Category

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2. Savings