sambacare

Personal Finance

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When you decide to apply for a personal finance,

It's important to choose the financing that best matches your needs, but what's even more important is to understand the commitment involved when you enter a contract with a financial institution and to know your rights as a customer.

It is important as well to understand all direct and indirect risks associated with personal loans, to assess the level of risk, how you can take advantage of them and how to avoid them.

Tips

It's important to determine your ability to repay finance so that you don't have any additional financial burdens and monthly expenses. Hence, it's vital for you to calculate and assess the possibilities and limits to ensure that the monthly instalment and payable minimum Limits are partly deducted from your monthly income. In addition, be aware and beware of any actual and urgent commitment that may arise, like medical treatment or sudden accidents. You should also take into consideration the potential rise in the cost-of-living or change in prices or personal and family conditions.

The more the Credit Report (SIMAH) of a customer shows that this customer pays his/her monthly payments and credits on time, the more such a customer is regarded as a reliable client and vice versa. The Credit Report shows all the credit products that the customer has a financial liability for, whether such liability is payable at a monthly instalment or a single lump amount like a credit card, on a monthly instalment (personal loan instalment/financial leasing). Such commitments shouldn't exceed the max. Limits set as per the controls and regulations.

Before you apply for a bank personal finance product, you should carefully study his/her monthly income and calculate all fixed and non-fixed monthly expenses and commitments. In addition, customers should calculate the monthly instalment of the obtained personal finance and ensure that such instalment will not affect any other financial commitments, and ensure that he will be able to save some funds for emergency or potential future burdens.

Moreover, customers should take into account any other commitments, such as debts which are not reflected in the Credit Report.

Credit Report

Need & Necessity

Monthly Cash Flows

Reading the Terms & Conditions

Before using the product and signing the agreement, you should understand all the agreement articles and enquiries about any unclear points. As a customer, you have the right to ask for clarification and additional information from the service provider. You should also accurately understand the mechanism of prepayment and accelerated securitization, warranties required by the financing institution/takaful insurance and its maturity/profit margin/late payment penalties.

Customer Commitments/Rights

When dealing with a bank, it's necessary for customers to be aware of all applicable commitments and their acquired rights which are referred to as "Banking Consumer Protection Principles".

Product Benefits

Customers should know in detail all the features of personal finance products and the benefits they will receive from it. In addition, customers should take advantage of Takaful insurance by which the bank shall pay the total amount of debt of the borrower in case of death or permanent total medical disability, God forbid. In addition, the bank offers other features such as Shari'a compliant products and services in line with regulations that are in the interest of customers.

Practices

that you should be accustomed to

These practices apply to any product or service you wish to receive from the bank.

Deduction from income (Salary)

Risk Assessment

The financing institution will assess the customer's financial efficiency, associated risks and his/her ability to pay monthly payments along with assessing any other monthly financial commitments he/she has. Moreover, you have to assess any other risks unknown to the bank and trust you may encounter and that might affect your ability to meet your financial commitments.

Be Honest

To avoid any future difficulties, be honest when you provide information and complete forms.

Knowing your commitments before signing

You should be aware of all your commitments before signing them. You should know all the details of the paid amount, total amount and duration of such commitment.

Calculate your monthly income after deduction

Calculate your monthly income after deducting any variable monthly allowances or incentives.
Monthly income = total monthly income - allowances & commissions
Net monthly income = monthly income - (fixed expenses + other expenses)

Think about your individual needs:

Personal finance meets your several needs and helps you pay lower costs for such needs through other borrowing methods of higher costs; think about limiting all your basic needs and covering them through one personal loan so that you have easy monthly instalments.
Easy monthly instalment = net monthly income X 33% (25% for retired customers) + convenient monthly instalment

Prioritise

Make saving a priority; calculate your salary after deducting the saving monthly amount.

Review your credit report regularly

Know the elements of your credit report and what affects it has negatively and positively.

Pay your monthly payments on time

Like credit card payments (min. limit), make the minimum payable amount a fixed monthly expenditure. For example: if the minimum limit of the credit card is SR 10,000, where the minimum limit is 5%, then it is expected from you to allocate SR 500 to pay the payable minimum limit of the credit card.

Use electronic channels to schedule your invoices

Use electronic channels to schedule service and payment invoices; these are regarded as fixed monthly expenses.

Be careful of frauds

Always avoid dealing with frauds and informal advertisement for covering debts to banks; these are illegal and suspicious. Deal only with trusted entities.

What you should do if your monthly income decreases

Applying for rescheduling monthly payments for personal finance

In case of any decrease in the amount of your monthly salary, thereby making the rate of the monthly deducted amount exceed 33% of net salary, you should visit the bank and provide them with your new salary statement. This will help you avoid exceeding the formal rate of monthly instalment. So that you can meet your other commitments and avoid any payment default, which may negatively affect your credit report.

Annual Percentage Rate (APR)

- Internationally recognized indicator
- Calculated based on a fixed mathematic formula
- All annual percentage rates declared by financing institutions are described based on the same basis
- Enables customers to easily compare between financing offers

- Applies to financing contracts, like personal finance, by which payment is made through monthly instalments
- Includes all costs payable by the customer like administrative charges/commissions, along to all binding costs included in any financing, for example, insurance costs
- It uses the method of declining balance

Keep in mind

- Apply for a personal finance from institutions authorised from The Saudi Arabian Monetary Authority (SAMA)
- Making timely payments should be a top priority for you to avoid any payment default and enjoy a good credit report
- Financial awareness and financial planning culture will help you and your family achieve your goals and ambitions
- Avoid dealing with frauds and informal entities who claim speedy profit; dealing with such entities will subject your risks and huge financial loss
- Ensure to limit your debts to a specific personal finance; a personal loan is a good idea to pay for other debts of high interests and to decrease the total payments for those high cost debts
- Develop your skills in managing your commitments by reading about it and asking specialists