Financial ShockAbsorber

Your plan to cushion your finances during interest rate volatility.

A payment plan that allows you to defer effects of upward interest rates movements on linked-rate agreements to the last instalment.

Who qualifies for this plan?

All customers:

- Individuals
- Companies
- Close Corporations
- Partnerships
- Self-Employed individuals

Eligibility Criteria

- Only linked / variable interest rate agreements.
- Only regular monthly payment agreements.

The following agreements are NOT eligible for the ShockAbsorber

- This product is NOT available on fixed interest rate contracts.
- Rental Agreements.
- Agreements with Take a Break plan.
- Agreements with balloon payments and residual value.
- Irregular, quarterly, half yearly and annual payments deals.

Features

- The interest rate is linked to the Prime interest rate and interest is calculated daily as per all normal finance agreements.
- Fixed Payment: the original instalment amount remains unchanged in the event of an interest rate increase or decrease (with the exception of the last instalment).
- The net effect as a result an upward rate movement is deferred to the last payment, effectively creating a higher instalment amount payable at the end of the contract or when the account is settled.
- When the economic cycle changes and the interest rates drops, the higher instalment amount created at the end is reduced and adjusted accordingly.

Benefits

- You avoid unexpected impact on your cash flow.
- You avoid immediate impact of increases in interest rate.
- You can comfortable manage your budget with greater certainty.
- You enjoy having the benefits of a fixed monthly instalment on a linked interest rate contract.
- You benefit from reduced interest in times of falling rates.
- You have time to make provision for financial adjustments to be made at the end of the agreement.

Product Risks:

- The ShockAbsorber Plan does not change the terms of the agreement in any way.
- When interest rates rise, your monthly payments will be lower than they should be, therefore the amount owed to the Bank will increase because the interest is deferred to last instalment.
- Conversely, when the interest rate drops your payment remains unchanged. The actual payments will be higher than would be in the case with a de-escalated instalment. The extra payments receive reduces the amount owed to Bank.
- Continuous interest rate increases over a sustained period, as a result of an upward rate movement is deferred to the last payment, effectively creating a higher instalment amount payable at the end of the contract or when the account is settled.
- The plan only delays the effect of continuous interest rate increases over a sustained period to the end of the contract.

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