

Fear of missing out can lead to financial instability

Impulsive actions and habits ultimately can seriously affect consumers' wallets and, according to Henry van Deventer, head of business development at acsis, unfortunately the majority of South Africans are guilty of caving into this impulse without giving a second thought to the financial consequences of these actions.

Van Deventer points to a recent Pharma Dynamics survey, which revealed that a new epidemic is sweeping South Africa - fear of missing out (FOMO). "The rise in fear of missing out on something more interesting or exciting than what an individual is currently doing, highlights how many consumers are actively guilty of impulsiveness."

Not budgeting purchases

62% of the survey's respondents said that they live in constant fear of missing out and 53% of respondents admitted to saying 'yes' when they would rather say 'no' due to their fear of missing out on something. Not only does FOMO weaken the immune system as the survey reported, but it also weakens consumers' financial well-being. "Unintended spending can greatly affect your finances as last minute arrangements or purchases aren't originally planned or budgeted for," Van Deventer says.

"It is easy to outspend your means and blow a budget in today's society, with credit cards and unsecure loans readily available. Access to additional funds tempts consumers to purchase items and take part in costly activities, such as travel and socialising, while only having to worry about repayments at a later date.

Unintended charges on your credit card, with no plan in place to pay off the purchase, will only compound the financial difficulties consumers find themselves in.

Interest is escalating

"The interest charged for credit card overdrafts is extremely high and if an overdraft isn't paid off within the first money after the purchase, the interest will quickly start escalating. Soon consumers end up paying more than twice the original purchase price for the items purchased," Van Deventer says. "This compounding negative interest can quickly lead to a slippery slope into debt. Instead of running a credit card bill into an overdraft, place the money that would have been spent on credit into a savings vehicle and reap the benefits of positive compound interest."

In order to avoid the pitfall of credit cards, Van Deventer suggests prior planning. "Most consumers are likely at some stage to suffer from FOMO, which can result in additional expenses, but the consequences of giving into this can be avoided by paying all monthly expenses and outstanding bills at the beginning of the month. This will then give a clear indication of how much money is remaining to spend on luxuries and those last minute arrangements that you can't miss out on."

For more, visit: <https://www.bizcommunity.com>