

5 easy money management habits

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Having good money management habits can mean the difference between realising your dreams or not. More often than not, people with good money management have less to worry about. Nonetheless, money management is always the easiest option.



Source: [Fxabay](#)

For instance, saving money is considered a rewarding financial habit. However, it does not occur easily to everyone. Despite these, there are some money management tips that you can implement to stay on top of personal finance.

Here are five that you should adapt to:

1. Choosing the best savings account

Saving money is encouraged as a money management strategy. Often, savers are advised to save with a goal in mind. This makes the savings process easier and keeps you motivated. However, before you save, you have to select a good saving account.

When choosing the [best savings account](#), you need to consider the interest rate earned on savings, the monthly bank fees charged on the account and your savings goals. In addition to these, you should read the fine print for any hidden fees, minimum bank balances/deposits, and terms and conditions.

All these factors will determine how fast your savings will grow in your preferred savings account. In addition, it is essential to note that the longer the savings, the higher the interest rate earned on your savings is likely to be. Lastly, be aware of inflation when deciding your savings goals.

2. Making use of personal loans

Personal loans are a good way to ease your financial burden when managed properly. For example, you can place a down payment or take care of an emergency with a personal loan. First, however, you have to understand how to use a personal loan properly to maximise its benefits in your finances.

You can manage your loan by:

- Creating a budget;
- Paying your loan on time;
- Submitting more than the minimum monthly repayment;
- Consolidating all your loans by taking a bigger loan to pay all the other loans, and;
- Reviewing your credit score regularly.

Your credit score is an important component of your finances. It will affect and be affected by the loans you take. How you manage your [personal loans](#) will also show in your credit score. Therefore, it is prudent for you to pay your loan on time or ahead of time. Lastly, consolidate all your debts.

3. Know when to use debt consolidation

Debt consolidation is a money management strategy ideal for people with multiple loans. Essentially, it is when you take one huge loan and use it to repay all other loans. Therefore, instead of paying different lenders with different interest rates, you will be paying loans to only one provider.

When consolidating your loans, you should find a bigger loan with a lower interest rate than the average rate charged on all your loans. You should also know that consolidating your loans might require you to pay your new loan quicker than you would repay the previous loans.

There are two ways of consolidating your loans. One, you have to meet the minimum requirements set by the lender. The lender will assess your affordability to ensure you can repay the debt consolidation loan. When the loan is approved, the loan amount will be credited to your bank account for you to settle your loans.

Two, a financial institution will ask you to provide settlement letters from your lenders. After which, the financial institution will settle your loans. In both cases, you will be provided with a loan repayment plan for your consolidated loan. The main aim of [consolidation loans](#) is not to clear your loan. Instead, it is to make it easier for you to manage your debt.

4. Benefits of credit cards

Credit cards are good financial tools for improving your credit rating. A good credit rating is an important factor when finding loans. Creditors use your credit rating as an indicator of your creditworthiness. If your credit rating is low, you are likely to miss out on loans or get loans at a higher interest rate. However, if your credit score is high, you will be able to access loans from lenders at a lower interest rate.

Good credit card management and use could increase your credit score. Fortunately, good credit management could be as simple as paying for your credit card debt on time to create a good payment history and having a good credit utilisation - less than 30% of your available credit.

5. Looking out for deals online shopping

Online deals allow you to save some cash on each purchase you make. There are many [online shopping](#) deals available to you.

As a deal seeker, you can download shopping apps that offer cash backs, digital coupons, and deal alerts, among others. You can also take advantage of shopping deals offered by various websites, including one day only and deal zone.

Money management doesn't have to be a hard subject. Even so, it requires discipline. Use any of these money management methods to stay ahead of your personal finances.

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