



Fact sheet: Principles and recommendations for responsible borrowing

Principles

The members of the Association of Swiss Credit Banks and Financing Institutions (VSKF) and the Swiss Leasing Association (SLV), who are active in the private credit and consumer leasing business, want to make an active contribution to avoiding debt.

When dealing with money - especially consumer loans and consumer leasing - we recommend the following so that you can use the offers of our members with a clear conscience:

- Get an overview of your total income and expenditure.
- Draw up a personal monthly budget with all regular and sporadic expenses such as housing, taxes, insurance, household, health, transport, leisure time, etc.
- Check which budget changes are to be expected during the contract period and plan for them.
- Make provisions in good time for unexpected expenses such as dentist, repairs, fines, rent increases, accidents.
- Set up
 - The best way to do this is to open an extra account with your bank.
 - When planning your budget, also consider the use of your cashless means of payment.
 - Automate your payment transactions, e.g. direct debiting (LSV) for health insurance premiums and telephone bills, standing orders for rent, etc.
- Do not make purchases without planning and without critical examination.
- Do not make any purchases if you are not able to save the purchase price yourself within the term of your financing contract.
- Choose the right form of financing. For example, contact your financing institute and get personal advice.

With these measures you can ensure that you have sufficient financial leeway in addition to the monthly instalment to maintain your accustomed standard of living.

Recommendations

In case of over-indebtedness and financial difficulties:

- If you have personal financial difficulties, contact the cantonal debt counselling office. The path to debt counselling is not a sign of weakness but of strength
- For existing loans: Inform your credit bank or credit advisor in good time if you are no longer able to pay your instalments.

Recommendations to avoid financial difficulties

- Only apply for a loan if you are sure of the benefits of the planned purchase.
- Consider whether there are alternatives to the planned credit financing.
- Before applying for a loan: Draw up a personal monthly budget of your income and expenses such as rent, vehicle costs, insurance, telephone and the planned monthly loan instalment. Also calculate a margin for unplanned expenses such as dental costs, car repairs or divorce.
Reconsider your decision to take out a loan.
- Use standing orders with your bank for regularly recurring payments.
- Pay cash. It has been scientifically proven that when you grip money with your hands, you consciously use it more sparingly.
- Only go shopping with a shopping list and stick to it.
- Compare offers and buy seasonally.
- Use price comparisons. That way you can find out whether you are paying too much for insurance, mobile phone or internet.
- Avoid overdrawing your account as you will be charged interest
- Open every invoice immediately. After checking, it is best to transfer the money immediately.
- Set aside reserves for extraordinary expenses such as: Car repair, new washing machine or school trip of the children.