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# Introduction

Buying a car is one of the biggest and usually one of the most exciting decisions that you'll ever make. Likewise, selling a car is an important event that can at times present unforeseen obstacles.

This guide is designed to equip you with the tools that you need to easily navigate your journey, no matter what your individual needs are. You will first need to decide on what it is that you want to do.

## I want to buy my dream car

### What do I need to consider before buying a new car?

Vehicle shopping should be fun. However, jumping into it with both feet is not always the best idea. Rather take your time to ensure that you make sound and practical decisions.

### How do I find the right car?

There are various ways to find your dream car. Absa has over 2 000 approved dealers across the country who can help you source a car. Visit our website, contact our call center or visit a branch and we'll help you find a car through one of our dealerships. Alternatively, we can also refer you to one of our dealers.

### Choosing between a new or used car

The biggest difference between choosing a new or pre-owned car is the price. There could be a substantial difference between a car with just a few thousand kilometres on the clock and a brand-new one.

## **Buying a new car**

This is naturally a more expensive option, however, you'll have peace of mind knowing that it comes with a full warranty and service plan and that you'll be the first person to drive it. It's important to check if there is a service plan and to understand the difference between a service and a maintenance plan.

## **Buying a pre-owned car**

Although a pre-owned car will come with a lower price tag, you should exercise caution when buying one. Buying from a reputable dealer (such as one of Absa's approved dealers) who can assist with the necessary vehicle inspections and checks is always first prize.

## **How do I finance a car?**

You can finance a car in a number of ways. It all depends on your specific situation and needs. Factors to consider are:

### **Whether or not you have a deposit**

A deposit will usually originate from savings or the sale of a previous car. Depending on the amount, the benefit of a deposit is a reduced total loan amount and lower instalments.

### **Whether or not you want to take a balloon payment**

Balloon payments allow a reduction in monthly payments by leaving a portion of the loan amount as a lump sum at the end of the contract period. This can be useful if you're concerned that your monthly repayment might be too high. However, you need to consider the following:

- Interest is charged on the balance outstanding on your principal debt, which includes the balloon amount. The interest payable is included in your instalment amount payable over the term of your agreement so that your final balloon payment is a capital amount only, with no added interest.
- When opting for a large balloon, consider whether the value of your car at the end of your agreement term will be enough to settle the balloon payment as you'll still be liable for all amounts owing to your credit provider when you reach the end of the term of your agreement.
- Any lump sum payment that you make in addition to your instalment amount will be applied to your outstanding balance, first against due or unpaid interest, then against due or unpaid fees and charges and finally against outstanding capital, which includes the balloon amount. If you choose to apply a lump sum payment directly to reduce your balloon amount, you need to inform your credit provider of this.
- The balloon amount is part of the capital, will not change, and is included in the settlement figure.



## **Vehicle finance contract options**

### **Instalment sale agreement**

An instalment sale agreement allows ownership of the car or asset to automatically transfer to you once the loan has been repaid.

#### **Features**

- You have a choice between a fixed or variable interest rate
- You have the flexibility of choosing a repayment period of 12 to 72 months (includes residual value/balloon payment)
- Your account can be managed online.

#### **Benefits**

- You can enjoy the benefits of ownership during the term of the loan.
- The asset becomes yours once the loan is paid in full.

### **Rental agreement**

A rental agreement allows you full and continual use of an asset while paying for it over an agreed period, without ever owning it.

At the end of the agreement, you're under no obligation to take on the asset and can simply hand it back to us and walk away – free to choose whatever takes your fancy next.

#### **Features**

- You pay an affordable, fixed monthly rental payment.
- You can choose a repayment period of up to 60 months.
- VAT is not capitalised in advance, but rather paid on every instalment.



- A risk assessment may require you to pay a deposit upfront.

### **Benefits**

- You have full, uninterrupted use of the vehicle or asset without the hassle of ownership.
- It provides an option for when you need to use an expensive vehicle or asset, but don't want to buy it.

### **Islamic Vehicle and Asset Finance**

Regardless of whether you need a vehicle for business or personal use, Absa Islamic Vehicle and Asset Finance will ensure you get a deal that is compliant with Shari'ah law.

The concept of Ijaara, which is similar to leasing, allows you to lease the asset with ownership transferring to you at the end of the term.

### **Features**

- This solution is compliant with Shari'ah.
- You have the option to negotiate balloon payments.
- You can choose between a fixed and a variable rate.
- Ownership of the asset takes place on settlement of the lease, as per the undertaking to purchase.

### **Benefits**

- You can take up a finance solution of your choice.
- Payment periods will be structured to suit your requirements and your credit risk profile.

### **How do I insure my car?**

It goes without saying that car insurance is very important. Not only do we offer car insurance, but we also offer value-added products that will make your life easier.



## **Absa idirect\***

We offer insurance solutions that cover damage to, or theft of a car. It also includes:

- Competitive premiums guaranteed for 12 months
- Fixed excess from as low as R3 000
- Escalating cash back payments after 3, 4 and 5 claim-free years

## **Activate Insurance\***

A comprehensive digital car insurance solution which includes:

- The ability to buy a policy online in under 5 minutes
- Free telematics device with stolen vehicle recovery
- Get up to 40% of your motor premiums back for driving well

Our value-added solutions can provide cover for mechanical breakdown, tyres and rims and scratches and dents. We also provide extended cover and credit life protection.

## **I want to sell my car**

Selling your car can be a tricky road to navigate. It could mean striking a balance between getting a better price when selling privately, or slightly less from an accredited dealer, who could negotiate a good trade-in deal on a new car.

## **Absa-approved dealers**

If you'd like to sell your car, we can put you in touch with any of our over 2 000 Absa-approved dealers who can assist you with the sale of your car. You can obtain their details by visiting our website or calling our contact centre.

\*The insurance product is not Shari'ah- compliant

## **Our FASTBuy solution**

Our FASTBuy App puts you directly in touch with dealers when you want to sell and settle your car. When you call us to arrange for a settlement, a process is kick-started whereby you can post your vehicle details on the app. Following this, dealers across the country can contact you directly and make an offer for your car. Essentially, you can choose the best offer.

## **I want to do a private transaction**

### **Our Private Buy Solution**

This product is available to existing or new Absa customers who want to buy and/or sell a car privately.

Selling or buying your vehicle privately can be a time-consuming process. However, you'll probably get more for your car when selling or pay less when buying it privately. Let us help you facilitate the deal and give you access to fully accredited motor dealers that offer:

- A secure buying and selling environment
- An approved quality check
- Ownership verification
- Buying vetting and credit checks
- Trade-in deals
- Vehicle finance through Absa.

### **Registration assistance**

As part of the Private Buy process, your Absa-accredited dealer will help you with the registration and transfer process at an affordable cost. You will also get guidance on additional value-added products, such as mechanical breakdown warranties, extended cover, etc.

# I want easy access to my vehicle finance

## Absa App and Absa Online

Once you've taken up a vehicle finance loan with us, you can use Absa Online to view your account and do transactions. Simply visit [absa.co.za](http://absa.co.za) to register and take advantage of a host of benefits.

### With the Absa App and Absa Online, you can:

- view all your vehicle finance information including the financed amount and term, instalment amount and estimated settlement value;
- make direct payments into your vehicle finance account from your Absa Transactional Account;
- Adjust your loan;
- request a tax certificate;
- request a copy of your NaTIS document; and
- request cross-border letters and amortisation statements.

### For more information or to apply for vehicle finance, you can choose one of the following options:

- Visit [www.absa.co.za/vehiclefinance](http://www.absa.co.za/vehiclefinance)
- Call 0860 669 669
- Visit one of our 800 Absa branches
- Enquire at one of over 2 000 Absa-approved dealerships.



