



Financial  
**PROTECTION**



More about



Financial stress

## Introduction

How well do you sleep at night?

With the rising cost of living, many people are feeling the crunch of financial stress, which affects all aspects of their lives, from their mental and physical health to their relationships.





## 1. Financial stress

### 1.1 Signs of financial stress

With specific reference to financial issues, anxiety over money can negatively affect your health in various ways. Financial stress can happen if you can't pay even one bill, like your electricity bill, which means you won't have power. It can also happen if you have many bills you can't pay.

These are just some of the ways it can affect your health:

- **Unhealthy coping behaviours:** People experiencing financial stress may be more likely to numb their anxiety by drinking, smoking, overeating, gambling or practising other unhealthy coping behaviours. This, in turn, leads to more stress.
- **Less self-care:** With less money in the budget, people who are already under financial stress tend to cut corners in areas like healthcare to pay for basic necessities like food. By not being able to take care of yourself, small issues today may turn into larger, more expensive problems later. This also leads to more stress.
- **Lack of sleep or sleeping too much:** When people feel stressed about money, they often have trouble sleeping. This can affect their immune system, potentially making them sick more easily, as well as how well they think and focus.
- **Avoiding reality:** Sometimes people think that if they ignore their financial situation by not opening their accounts, the problem will go away. However, the best thing you can do is deal with your financial situation. Know who you owe and how much you owe them.
- **Unhealthy emotions:** Debt can cause difficult emotions that can take a toll on your health. People can experience anxiety, frustration, and a sense of hopelessness as the debt increases, which also means that the repayment amounts will be higher due to interest costs. This adds more pressure, making the stress from poor coping and not taking care of yourself even worse. It can feel overwhelming. Added to this, there could be aggression, anger, and resentment from your partner if you were the one who made bad financial choices.

*Some people choose to ignore their financial situation and pretend that it is not there. It is, and it will eventually catch up with you, your partner or children.*

## 2. Coping with financial stress

Here is what you can do to handle your financial situation and feel more in control of your life. Following these tips will reduce your stress and help you build a more secure financial future:

- **Understand the debt cycle:** Learning to understand and accept that you are in financial trouble or debt – and how you got into it – is the first step to getting yourself out of this trap. This can help you to not only understand the cycle better but to free yourself from it. Once you know how to break out, you can work toward removing yourself from the high pressure of being in debt, and start building toward your future in a more positive way, using simple habits that are easy to maintain. Remember, you need to be patient with yourself. It was easy to get into debt, but in life, the consequences of debt are long-term. If you want to live a debt-free life, you need to have a long-term plan and be consistent in your repayment commitments.
- **Know when you need money and how to get it:** If you are feeling stressed about finances, you likely already feel you need more money in your budget. To achieve this, you could look at ways to boost your income, for example, taking a second job, selling things you do not need or sharing lift clubs. It's a good idea to go back to basics. For example, DSTV is not a need. You can drop your viewing plan and have more to spend on your needs, like food, for example.



- **Learn to live on less:** Getting comfortable with budgeting and living on less can assist you in reducing monthly expenses and freeing more funds to pay off accounts. Look at your budget and see where you can cut down. Identify your needs and wants, and then focus on your needs and eliminate your wants until you're in a better financial position. When you have a plan, you often feel more in control of your finances, and this can help you feel less stressed.
- **Do not forget general stress management:** As you work on improving your financial situation, you can manage stress by practising stress-reducing techniques and making other changes to create a lower-stress lifestyle. Manage your work-life balance and realise it is OK to say "no" to demanding children and other family members. Find things you can do that do not cost money, like going for a hike or playing games at home. As your debt becomes less, you can slowly start introducing an outing for the family once a month as a treat.



**NOTE:** Refer to the Financially Smart Theme, sub-topic Navigating and Managing Debt, for more information.

### Desperate decisions

Desperate times often call for desperate measures and often bad decisions are made simply because you cannot see a way out of the situation. This could include gambling, borrowing from loan sharks or even stealing. When you're tempted to make a desperate decision, try to remember that every decision has consequences.

Also, many people get into financial trouble because unless you look deeper, it's difficult to see the trouble. In contrast, if you broke your leg, people would see it.

When trying to pay off debt, it's easy to become despondent and lose hope. Do what you can to keep yourself motivated. If your family is aware of the situation, you may also be able to gain their support and understanding, and achieve this goal together.

Financial issues can cause embarrassment. Having to tell people you cannot visit, or go to a function because you do not have the money, can make you feel unworthy. True friends and family will understand. You could also give other reasons, for example, saying you have already made other plans.

On the other hand, financial problems can also result from peer pressure when family members ask for money.

Here are a few tips to help you make better money decisions, stick to your plan to pay off debt, and feel less stressed in the future.

### Take your time

When you are making a large financial decision, do not rush into anything. It is easy to get caught up in the process of buying and agree to a deal that may come back to haunt you. Discuss financial decisions with your partner.

Also, remember that salespeople are professionals who will say anything to ensure you make a purchase. Tactics such as "today only" may make you feel pressured into making a decision. However, if you take your time, you will be able to tell if this is a need or a want, and if it fits into your long-term, debt-reducing plan.



#### Do plenty of research

Take time to think carefully about any financial decision before committing to something big. Also, the bigger the financial commitment, the more time you should take and the more research you should do. This gives you a sort of financial “time out” to counter the emotional excitement that sometimes comes with making a big financial decision. Speak to friends and family for reviews on similar deals and their experiences. Also, do some online research for reviews on the product or service you wish to purchase.

### 3. Strategies to survive tough times

- Sell things you do not need.
- When your cell phone contract comes up for renewal, do not renew it. Instead, take a prepaid month-to-month plan to control expenditure.
- Move into a more affordable place.
- Take public transport or share transportation costs.
- If you don't already know, call all your account holders and ask them what the minimum instalment is on your accounts. Set up a debit order off your bank account to honour these payments.
- Cut back on entertainment and outings.
- Reduce the allowance of children and ask them to make their own lunch.
- Reduce your helper from five days a week to three days a week.
- Make scones or other baked goods and sell them at school or work.
- Buy generic household toiletries that can be used by the entire family, like lotion.
- There is no need to buy new school clothes each year. Get a tailor or seamstress to assist with children's clothing to make it bigger at the waist and repair socks, shirts, jackets, and jerseys.
- Pass clothes on from older siblings to the younger siblings instead of buying new clothes.
- Buy a more affordable car.
- Switch off lights that are not being used to save on electricity costs.
- Restrict showers to three minutes to save on water costs.
- Plan weekly meals and purchase groceries per week.
- Reduce fizzy drinks and replace them with concentrated drinks.
- Cancel all loyalty programmes that have a monthly fee – every cent counts.
- Consider a house swap for holidays instead of paying for accommodation. Arrange a house swap with someone in another city or area.
- Host a skill exchange by trading skills with friends or neighbours, such as cooking lessons for babysitting.
- Utilise rainwater by collecting it for tasks like watering plants or washing outdoor areas to save on water costs.
- Rent out unused space by offering a spare room or garage as storage or accommodation.
- Organise a community buy group by collaborating with neighbours to buy groceries or household items in bulk at discounted prices, or sell and buy second-hand items.



NOTE: Refer to the Financially Smart Theme, sub-topic Be in Control of Your Finances, for more information.

### 4. Tips to help you manage your finances

- You need to make sure you have short, medium and long-term financial goals, which will help you eliminate debt and increase the disposable income you have available to save.
- Cut up credit cards and store cards. Ensure you have closed the accounts and received proof of closure from these accounts.



#### 4.1 Check yourself

Check your motivation for making a financial decision. For example:

- Have you gotten caught up in the emotion of getting a new car? Can you really afford the petrol that goes into the fancier car or the increased insurance premium and maintenance costs? Buying a new car only makes you feel good for a short period of time.
- Are you desperate and feel like you are backed into a financial corner?
- Are you grocery shopping while you are hungry?
- Are you acting under peer pressure?
- Is it a need or a want?
- Does it fall in line with your short, medium and long-term financial goals?
- Will your decision affect the family budget in a negative way?

Do not make any financial decisions while you are in the wrong state of mind – for example, emotional, angry or even happy. These are impulsive decisions. Always do the financial math when making a purchase.

Your emotional state is very important in the decision-making process. Take a moment to calm down and look at the situation clearly, so you can avoid making decisions based on your feelings. Making an important financial decision primarily out of emotion will come back to bite you every time.

#### 4.2 Ask for advice from someone knowledgeable

When you are making an important financial decision, you should always seek someone wiser than you for financial advice. Preferably it should be someone who has had to make a similar decision in their own life and was successful with it. Also, use professional services that are available, like a banker, debt counsellor, company wellness services or an Authorised Financial Advisor.

You should always be careful about seeking advice from someone who stands to gain from your decision. Even if they are honest, it is very difficult for anyone not to show some bias when they stand to benefit from the outcome.



Most importantly, never take money advice from someone who is struggling with money themselves. Remember, don't let desperation lead you to make irresponsible decisions.

#### 4.3 Learn from past financial decisions

You have probably made a few bad financial decisions in the past for one reason or another. We have all done so at some time. Look back at those decisions and pick them apart. Also, look at the financial decisions your friends and family have made, so you can learn from their mistakes as well.

- What did you do wrong?
- What did you do right?
- Could you have done anything better?

It is very important to learn from your financial mistakes so you do not repeat them.

The timing of financial decisions is also important. If you are close to retirement, it may not be a good idea to make a life-changing financial decision. You may not have time to recover financially if the decision is a bad one.



**NOTE:** Sometimes we simply make mistakes due to lack of knowledge. Teach your children about your pitfalls, so they do not make the same mistakes.

#### 4.4 Get educated

Learn everything you can about money and how it works. Teach your children while they are young. One of the biggest problems is that people do not know what they do not know. If you are just guessing with your money and hoping things work out, you are setting yourself up for problems.

Being financially knowledgeable comes in handy on a daily basis. From large purchases to investments to everyday spending, the more knowledge you can apply to your situation, the better. More knowledge results in better decisions. If you also apply the “pause” principle, you can save yourself a lot of money and prevent many financial mistakes.

Remember that small things cost too. When you count all these small costs, they add up to a much larger amount. For example, if you give your child a R300 allowance a month, that is R3,600 a year. If you reduce the allowance to R150 a month, you will have R1,800 extra that year to save or cover other costs.

Here are a few books that will help to give you a basic understanding of money:

- Personal Finance For Dummies by Eric Tyson
- Financial Peace by Dave Ramsey
- Rich Dad, Poor Dad by Robert Kiyosaki
- Online resources, for example, financial literacy websites, YouTube channels and free online courses

There is a lot of information available online. Using online calculators, you can also work out the actual cost of an item including the interest. You can even work out the affordability of certain products.



**NOTE:** Refer to the Financially Smart Theme, sub-topic Financial Confidence, to learn about your money personality,

#### 4.5 Ask the right questions

When it comes to any financial decisions, be sure to ask the right questions. If you are making a large financial commitment, you should ask yourself:

- What will happen if this works out well?
- What is the worst that can happen?
- Am I prepared for the worst-case scenario, if it does happen?
- Can my partner or I still maintain the household costs if one of us is without work?
- What is the term of the financial commitment?

The answers to these questions may not always be clear. But the more questions you ask, the more clarity you will get about your decision.

Too many of us like to think about the upside of a big financial decision but do not give enough consideration to the risks. It is just as likely that things will go wrong instead of everything working out perfectly. So it is up to you to know the risks and be prepared to deal with them if necessary.



#### 4.6 Sweat the small stuff

It is usually the small stuff that gets most of us into trouble. Making a bad decision on a mortgage or a car purchase can cost you thousands. However, it is those everyday habits that will cost you in the long run.

It is understandable that when you enter the working world, you will be approached to open various accounts. Call centre agents will call to inform you that you have qualified for a certain credit product. It's easy to get excited, and in your lack of knowledge, accept all these offers, not knowing that you can also decline them.

For example, think about having a credit card. Many people don't know how they ended up in financial trouble and ended up maxing out their credit cards. Yet they use them to buy things online or pay for flights. In fact, nowadays there are more cash options available so you do not always need a credit card.

The problem is usually that they did not sweat the small stuff and they never made a detailed budget. The danger with credit cards is that it is money you do not actually have. And it is always easy to spend someone else's money — until you need to pay it back, over a long period of time, with interest.

As an example, you may see that your minimum instalment is only R1,500 a month. However, you are paying R989 in fees on the account, which means that you are only paying R511 on the capital amount. If you do not increase your monthly contributions, you can end up paying this off for a very long time.

Sweating the small stuff means paying attention to your daily spending habits, doing a budget, eliminating credit, and using cash to fund your life. It means thinking twice before paying. When you sweat the small stuff, you will never spend more than you make, and you will always know where your money is going.



**TIP:** Print your statements and go through them line by line to make sure you understand each entry. Ask about any entries you are unsure of. Check how much you are paying in bank charges and find out the most cost-effective way to use your bank card. There may be debits you are unaware of or unauthorised debits on your account.



**TIP:** Many people do not transfer all their debits and stop orders to the new bank when they change banks. As a result, they may only find out much later that they are negatively listed and owe money, which has over the years increased with interest.



**TIPS:**

- Know who you owe and how much you owe them.
- Switch all your debit and stop orders to your new bank if you move banks.
- Query unknown costs on your statement.

## 5. Financial stress in relationships

Financial stress not only affects you as an individual. It affects the relationships around you too – with your friends, partners/spouses and children, as well as your extended family.

Your spouse is someone you share everything with, which means that sometimes you will both have to bear some stress for one another. However, financial stress can really put a strain on a marriage.

Some of the effects of financial stress are anxiety, depression, alcoholism, severe health issues, eating disorders and even the inability to sleep (plus many others). Each of these things can greatly affect relationships and the family home.



To better your financial future, you both have to deal with the thought of having absolutely “nothing” or having to change your lives as you know them. This can lead to fights or even a feeling of loneliness (if you feel your partner is not communicating enough).

There is good news though. It is always possible to overcome your financial stress.

## 6. Overcome financial stress

### 6.1 Overcoming your financial stress may not be easy, but there are things you can do to relieve and even overcome it.

- **Figure out what stresses you:** If there is a credit card payment, looming debt or whatever it may be keeping you stressed out, identify the problem. Once you have done that, you will be able to start overcoming the stress.
- **Try and think positively:** Focus on how great life is going to be once the stress is gone. Keep your head up!
- **Set realistic goals:** It is easy to say “I want to pay off all my debt”. But without realistic, smaller goals you will never get anything done. Sit down and set some realistic goals for your financial future. Often writing these things down can reduce your stress tremendously.
- **Make your Rands count:** Focus on trimming your budget. Everywhere you can cut something, do it. Be sure you are getting the best deals possible and trimming your budget to the best of your ability.
- **Lean on someone:** You do not have to overcome your financial stress alone. Find a family member or friend you can confide in, and do not be afraid to share your goals with them and lean on them when you need to. Overcoming financial stress is difficult but not impossible.
- **Build your abundance mindset:** The scarcity mindset focuses on lack and fear, leading to stress and limiting beliefs like “I’ll never have enough.” The abundance mindset focuses on opportunities and solutions, fostering confidence and proactive behaviour. It encourages long-term planning and gratitude, even in challenging times.

### 6.2 Understanding your money personality

Understanding your money personality helps tailor financial strategies to your habits, making it easier to manage and reduce stress. Here are a few tips:

- **Self-reflection:** Assess how you feel about money. Do you spend impulsively, hoard, or avoid financial discussions?
- **Identify patterns:** Review your spending and saving habits to see if you’re a spender, saver, risk-taker, or security-seeker.
- **Take a quiz:** Online tools, like money personality assessments, can help pinpoint your tendencies.
- **Track emotions:** Note your emotional triggers around money, like guilt after spending or anxiety about bills.

## 7. Where to go for help

You can contact any of these organisations for help:

- South African Depression and Anxiety Group (SADAG)
- Debt Counsellors Association of South Africa
- National Credit Regulator (NCR)
- National Financial Ombud Scheme (NFO)



Contact details provided in the FSCA MMLS contact list.



# Financial PROTECTION



## More about



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