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NEWS RELEASE

KEEPING YOUNG SINGAPOREANS OUT OF THE CREDIT TRAP

New Facebook game teaches young people the dangers of debt

The 3 rules of money for young people to live by

October 26, 2012 [Singapore] – From the moment they get their first pay cheque, young Singaporeans are at risk of falling into the credit trap – and ending up with a poor credit score that will affect their opportunities for years to come.

According to DP Credit Bureau (DPCB), a young Singaporean is twice more likely to end with bad debts compared to other age groups.

DPCB data shows that percentage of 6.0 per cent of all credit users aged between 21 and 30 are defaulting on their credit debts, compared to 2.7 per cent for other Singaporeans.

The area they are having the biggest problem with is credit cards. In May 2012, 6.3 per cent of all credit card debts incurred by young Singaporeans were in default, compared to 3.3 per cent for other Singaporeans.

To improve the level of financial literacy of young people, Consumer Credit 360 is launching a campaign to reach out to vulnerable younger Singaporeans to equip them with the information they need to make better credit decisions.

Consumer Credit 360 is an education program run by DP Credit Bureau that has received support from organisations such as the Consumer Association of Singapore (CASE), National Library Board (NLB) and the People's Association.

Mr Lincoln Teo, General Manager of DP Credit Bureau, says young people need education to help them make better financial decisions.

“DP Credit Bureau is on a quest to keep young people out of the credit trap. We have taken our credit education program directly into the schools, libraries, universities and polytechnics.”

“Already more than 1,000 young Singaporeans have taken part in our talks and workshops conducted by Consumer Credit 360 in the last 8 months.”

“With our two workshops, ‘Career & Credit Kick-Off’ and ‘Understanding Credit’, DPCB will continue its outreach through youth channels to improve financial literacy levels and lower the rate of defaults,” Mr Teo said.

The workshops are designed specifically for young people, giving them the information they need to manage their education and housing debt, save for retirement, accumulate wealth, use credit responsibly as well as strategies to improve their credit scores.

FACEBOOK GAME TEACHES CREDIT RULES

To help young Singaporeans understand the way credit works, DPCB today launched a creative new Facebook game called ‘Credit My Life’ that makes good money management both fun and comprehensible.

The unique aspect of the game is the introduction of credit and DP-Delphi Credit Scores. Game players who borrow to improve their lifestyle but who fail to pay will find they incurred credit card debt that lowers their DP-Delphi Score.

DPCB worked with students from Singapore Polytechnic’s School of Digital Media and Infocomm Technology to develop the Facebook game, which is targeted at young adults.

Sharing an interest in personal finance, the students designed the game based on the learning modules of Consumer Credit 360 to help their peers with credit difficulties.

Mr Lim De Yang, lecturer at Singapore Polytechnic, says that they are very happy to have been given the opportunity to collaborate on the Facebook game.

“This project not only honed the interactive application development skills of students but also helped them to be cognizant of the current borrowing trends.”

“The students have spent a lot of time in designing and developing a playing environment which will be attractive to the target age group and at the same time cultivate good credit habits. This is truly a game developed for the young, by the young,” he said.

Credit My Life can be played in its beta version at <http://apps.facebook.com/creditmylife/>. The sophistication of the game will be changed over time to make it more applicable and challenging to young people.

MONEY RULES TO LIVE BY

Mr Teo said the following three rules are a good starting point for young people trying to start life on a sound financial footing.

Rule No. 1 - Pay yourself first then kill those debt

While most are burdened with debt after graduation, it is important to save enough money to pay three to six months of living expenses in case of emergency situations at the start of your career. Then, plan to eliminate high-interest debt, usually credit cards, followed by housing and education loans.

Rule No. 2 - Set financial goals

It is easier to be frugal if you are saving for something you want. Is it a vacation? A new computer? Or a dream car? Be specific in the details such as exactly how much you want to

save over a designated period of time. These goals will help you stay focussed and prevent reckless spending.

Rule No. 3 - Stick to your budget

Every individual should chart their monthly expenses on rent, utilities, transport, food and miscellaneous items. Meet your needs, hold off on your wants, then save any extra into your bank account. The key is to be consistent with your savings and it will go a long way to fulfil your dreams.

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