

MOUNTAIN BIKE MONTHLY



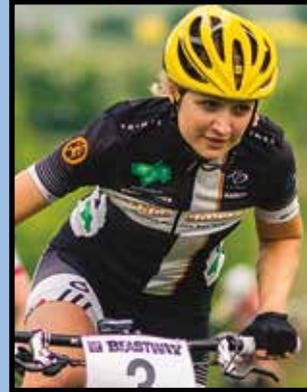
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bike finance

BUYING A BIKE ON CREDIT

We all want that full carbon, super light do it all bike with the latest and greatest in bicycling technology. But it comes at a price... With the exponential growth of mountain biking, more and more people are finding that they need to take out a loan to get themselves on the bike they want (or need), so here's Full Sus look at the bike finance options available to you.



Retail price: More than I can afford

But I can afford it over 36months!

Term	Payment	Interest
12	Higher installment lower overall cost	10%
24	Middle of the price range but can I afford it?	12%
36	Low installment but higher overall cost	17%
Includes downpayment of 20%		Total cost of my dream bike

wish list

- ◆ 29inch Full Suspension bike
- ◆ Carbon Frame
- ◆ Latest and greatest group set
- ◆ Superlight remote lockout fork
- ◆ Super stiff carbon wheels

To be fair, even with a sizable loan, a great many of us, myself included, wouldn't be able to afford a high end full carbon bike. So the loan option is a great prospect to get you on a well kitted, but reasonably priced aluminium full suspension bike. So having seen a profusion of bike loan fliers strapped to the bars of bikes on the shop floor of local bike shops, and advertised online, Full Sus decided to look into the bike loan business and give you the low down.

Companies behind the loans

There are currently two companies whose rates you'll see adorning bikes on your LBS shop floor, FinYou and Bike Life Finance. They're by no means your're only option, but they're the most convenient. You could also get a loan from your bank. In fact FinYou is very open about the fact that they act as facilitators between you, the financial institution and the retailer, rather than providing the loan themselves. The idea is that rather

than risk you getting led astray by the lure of a sizable cash deposit being made into your bank account, FinYou and Bike Life Finance pay the loan directly over to the retailer, in this case that'd be your local bike shop, removing the possibility of you spending the money on cases of craft beer instead.

Bike Life Finance meanwhile is not acting as a facilitator but putting their own money on the line to get you on a shiny new bike.

What kind of loans

Bicycle finance is, at this point in time, in the form of a personal loan. This means that it's an unsecured loan and is granted to you, based on your integrity and ability to pay it back. This means that if you're already heavily exposed to credit, have a poor history of paying back your loans or, if you're like me and have no credit history at all (the worst type of credit history if you want a loan) you'll struggle to obtain credit. But don't be disheartened, mountain bikers (I was told cyclists in general to be fair) make very good customers.

Financers like you because you're eager to make the purchase. Because of this you're more likely to get the necessary documentation to the credit providers in good time and receive the yay or nay quickly too. Typically within three hours for FinYou's provisional authorisation (the average time is 65 minutes) and if you go with Bike Life, you could be riding your new steed in under two days. You stand a good chance of getting the yay too, with FinYou approving 50% of their bicycle loan applications, compared to their average across the business rate of only 20%. While Bike Life Finance approval is currently averaging around 75%.

This rate could be on the up too, apparently Wesbank are looking at a model to provide secured loans for high end bikes. That'll make it easier to obtain finance as the bank will have an asset to resell should you default on your loan, thereby reducing their risk.

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Terms of finance

With the national credit act providing strict guidelines, there's no hocus pocus or attempts to confuse you. If there are, then you're not using a reputable lender and you should back track, out of the dark alley you went down to find them, fast. All loans should be simply laid out with information on the deposit (20% for Bike Life) and the period of repayment (typically 12, 24 or 36 months), the monthly payment and the total cost clearly displayed. The quicker you endeavour to pay back the loan the lower your interest rate will be. Bike Life Finance charges 10% for a 12 month loan repayment period, 12% for 24 months and 15% or 17% for 36 months, depending on the cost of the bike. As an example, if you purchase a Bike Life financed carbon Giant Anthem ADV X 29er 1 from Cyclesphere in Durban with a retail price of R45 000, you'll be expected to pay R3 165 per month over a year, R1 695 per month over two years and R1 248 per month over three years. The incentive to pay over a shorter period is that the price increases from the initial 45K to R46 980 over 12 months, R49 671 over 24 months and to R53 926 over 36 months.

FinYou meanwhile list the price over 36 months on the tags you'll spot on the bikes, but that doesn't mean you can't tailor the repayment period to suit your budget. As they liaise between you and the bank they've got the ability to facilitate virtually any sized loan, up to R230 000, so more than enough for any bicycle.

You should also bear in mind though that there could be an initiation fee to add to the cost of the loan and perhaps a monthly admin fee too. FinYou for example does not charge either, but Bike Life does. But these also have to be clearly displayed in accordance to the credit act. In fact if you're not already familiar with the rights provided to you by the National Credit Act of 2005, you should pay the National Credit Regulator's website a visit (www.ncr.org.za).

Ease of procedure

Applying for a loan through FinYou

and Bike Life is similar to the process that you'd follow if going to a bank. They still need all your details, including three months' worth of financial statements, proof of address and your banking details. Both providers will provisionally approve your loan in double quick time, but if you don't get the necessary additional information to them soon enough you'll lose out on your bike. So the onus lies with you to complete the forms entirely, get the bank's rubber stamp to confirm your financial information is correct and provide a certified copy of your pay slip.

I'd suggest that if you're keen to speed up the purchase of your bike that you get the admin in order before applying for the provisional approval, that'll shave precious time off your application process. Chances also are that while getting all the paper work in order you'll have the time to double check your finances and see if you really can afford the bike you're lusting after...

Insuring your bike or the loan

You don't have to insure your bike or the loan, but remember that you or your estate, should the worst happen, are still liable to make the repayments if the bike is stolen or broken. You don't want to be making repayments on a bike you no longer have the joy of riding, so refer back to the article Full Sus did on bike insurance in the May issue (you can find it on www.issuu.com/fullsussa).

It's never just a bike...

While you're getting a loan for a bike you might as well throw in some extras too. Okay that's irresponsible, but the option is there. You can bundle the bike, accessories and riding kit in the same loan to make the repayments really easy. You can even bundle purchases from different stores into one loan.

So what are you waiting for?

Getting finance to purchase a bike has never been as simple. You can drop in to your local bike shop and grab the forms or check out all the details online at www.finyou.com or www.bikelife.co.za. You can read up on all the terms and conditions, as you should, before you make your now informed decision. 

SUS The responsible lending

While Full Sus would like to see you out on the trails, riding and loving the best bike you can possibly afford, we would hate to hear of your family going hungry for it. Yes dropping some kilograms might help you improve your power to weight ratio, but it won't help if you're starving off the weight because you overspent on a bike and now can't afford to eat.

So please exercise some common sense before taking out a loan. Don't be irresponsible with your finances. Don't buy into the "we have to buy our way out of the recession school of thought", it's true on a macro level, but you don't want to be the micro guy making the big over commitment.

Yes your perfect bike might be the Superfly FS or the S-Works Enduro, but remember the best bike is the one you already own... Unless you've got the money for it.... Then go crazy (and send us photos!)

FS News

NEWS



CHERE VALE/NEWSPORT MEDIA



Xterra Kids

The Xterra series got underway again at the end of January, and if you're not familiar with the format here's a reminder. It's an off-road triathlon series with events on the banks of the Buffelspoort Dam in the North West Province, amongst the fynbos of Grabouw and the plantations of Knysna (both in the Western Cape). There are full and lite options for the big kids and a kiddie option too.

Known as the Xterra Kids the races offer the following options:

- ◆ 50m Swim, 1,5km Cycle and 500m Run, for the six to eight years olds

- ◆ 100m Swim, 5km Cycle, 2km Run, for the nine to eleven year olds.
- ◆ 200m Swim, 10km Cycle, 3km Run, for the twelve to fourteen year olds.

With Spur coming aboard as a sponsor for all the fun Xterra Kids events in 2014, the young ones can look forward to some extra special treats in the race goody bags. The Xterra Kids races will take place on the 21st of February at the Grabouw Country Club. The Xterra Lite takes place on the 22nd and the full Xterra race takes place on the 23rd of February, at the same venue.

Follow @xterrasa on twitter or go to www.stillwatersports.com for more info.



Trek Riders' Club SOUTH AFRICA

If you're looking for added value to your riding experience look no further than the Trek Rider's Club. It's free to join, you don't have to own a Trek bike and offers free mechanical support at all major multi-stage mountain bike events in South Africa (parts are charged – but you can't get everything for free). As a member of the club you get invites to group rides with Trek sponsored riders, like James Reid and the Team Fedgroup, and to Trek new bike launches.

If you're set to take part in the Garden Route 300, from the 21st to the 23rd of February, you'd be well served to sign up. You're sure to be too exhausted from riding the fantastic Garden Route trails all day, to bother with servicing your own bike.

Go to www.thebicyclecompany.co.za and click on the Trek Rider's Club to find out more and to sign up.

