

Micro-investment 101

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Saving may be the last thing on many people's minds as the cost of living soars - rising fuel costs and electricity tariff hikes are just some of the household expenses burning holes in many consumers' pockets.



But there is a way to save, without having to make drastic lifestyle changes or set up onerous savings accounts, that could help you reach your long-term savings goals.

Micro-investment, which involves putting away small amounts of money, consistently and over time, makes it possible to save with relatively little effort,” says Tony Mallam, founder of fintech platform upnup. “Consumers are not interested in traditional banking models anymore. They want an online savings solution that gives them control over how much they save, and how these savings are invested.” Platforms like [EasyEquities](#), [upnup](#) and [Franc](#) make it possible to save with ease.

1. Who should micro-invest?

Everyone, but especially those who don't have that much to invest initially yet want to start saving. Aside from transactional fees there is usually no additional cost and you don't need to have capital to start saving. You can also expand your investment portfolio later on, adds Mallam.

2. Is it easy to do?

App-based investing has become increasingly popular as it allows you to automate your savings and investments, using nothing more than your phone. “There is no need to make changes to your lifestyle or how you save – by using a micro-investment app that automatically does this for you, the legwork has already been done,” says Mallam.

The upnup app, for example, requires you to securely link your bank account and set the amount you would like to save. The app rounds up each time you spend to the nearest rand and that saving is automatically invested.

3. How does micro-investment change the way we think about saving?

Firstly, it is easy and convenient. You don't have to set up a debit order or remember to transfer funds into a dedicated savings account. Also, it establishes a consistent pattern of saving as the funds are reallocated automatically.

"It's also a good way to learn about compound interest, savings and long-term returns. Instead of throwing spare change into your car's cup holder in case you need to pay for parking, you can round up or add on to your transactions so that the extra cash goes into a linked investment account," explains Mallam.

This option is ideal for younger or novice investors who may think they don't have enough capital to start investing for the future.

4. Can you explore new investment options?

A number of banks allow you to round up or save a few Rand whenever you make a purchase, but there are also a number of micro-investment apps offering a variety of investment options, including cryptocurrency, stocks, EFTs and index funds.

5. Can you start now?

There is no minimum investment amount so anyone can start saving by rounding up or adding onto their transactions." It's a transaction that is happening anyway – why not make it work in your favour? This 'set and forget' approach to saving is ideal for aspirant investors in a fast-paced world," concludes Mallam.

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