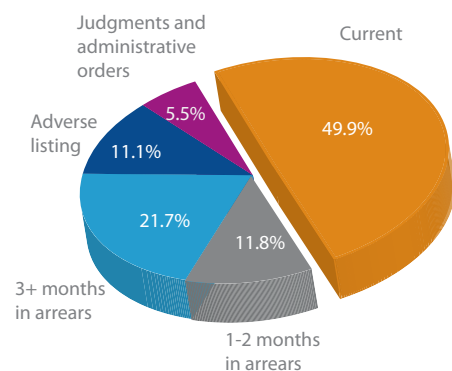


Credit Bureau Monitor

Fourth Quarter | December 2017

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Credit standing of consumers: December 2017



For further information on credit provision, please access the Consumer Credit Market Report on www.ncr.org.za

The information reflected in this edition of the Credit Bureau Monitor covers the period from the quarter ended December 2013 to December 2017, and is based on data held by registered credit bureaus in terms of the National Credit Act No 34 of 2005.

Summary

Credit bureaus create consumer credit profiles based on credit information received from credit providers, courts and utility service providers. The National Credit Regulator (NCR) regulates and monitors registered credit bureaus and the quality of their data.

As at the end of December 2017:

- Credit bureaus held records for 25.31 million credit-active consumers, an increase of 0.9% when compared to the 25.08 million in the previous quarter. Consumers classified in good standing increased by 406,220 to 15.62 million consumers. As a percentage of the total number of credit-active consumers, this reflects an increase of 1.1% quarter-on-quarter and 1.8% year-on-year.
- The number of consumers with impaired records decreased by 177,000, to 9.7 million.
- The number of accounts increased from 78.43 million in the previous quarter to 79.49 million. The number of impaired accounts decreased from 20.19 million to 19.84 million when compared to the previous quarter, a decrease of 345,000 quarter-on-quarter and 2 934,000 year-on-year.
- A total of 530.11 million enquiries were made on consumer credit records, an increase of 38.7% quarter-on-quarter and 18.7% year-on-year. Enquiries initiated by consumers accounted for 23.98 million of all enquiries, an increase of 9.4% quarter-on-quarter and 22.0% year-on-year.
- Of the total enquiries made on consumer records, enquiries from banks and other financial institutions accounted for 58.5%, enquiries from retailers accounted for 6.7% and enquiries from telecommunication providers accounted for 7.6%. Banks and other financial institutions' enquiries increased by 92.1% from the previous quarter, retailers increased by 7.3% and telecommunication providers decreased by 0.3%.
- The number of credit reports issued to consumers increased from 125,555 in the previous quarter to 152,690. Of the total credit reports issued, 68.8% (105,083) were issued without charge, and the remaining 31.2% (47,607) were issued with charge.
- There were 32,509 disputes lodged on information held on consumer credit records for the quarter ended December 2017, an increase of 2.8% quarter-on-quarter and a decrease of 8.9% year-on-year.

Introduction

The information reflected in this Credit Bureau Monitor covers the period from the quarter ended December 2013 to December 2017.

Comparisons in this report: “quarter-on-quarter” refers to a comparison between the December 2017 and September 2017 quarters, and “year-on-year” refers to a comparison between the December 2017 and December 2016 quarters.

Credit-active consumers

There were 25.31 million credit-active consumers as at the end of December 2017

Credit bureaus held records for more than 51.19 million individuals on their databases as at the end of December 2017. From these records, 25.31 million (49.4%) were credit-active and the remaining records contained only identification information and no credit activity. The number of credit-active consumers increased by 229,000 quarter-on-quarter and 1 008,000 year-on-year.

The percentage of consumers in good standing increased this quarter

Consumers classified in good standing increased by 406,000 to 15.62 million consumers. As a percentage of the total number of credit-active consumers, this reflects an increase of 1.1% quarter-on-quarter and 1.8% year-on-year. Of the total 25.31 million credit-active consumers, 61.7% were in good standing.

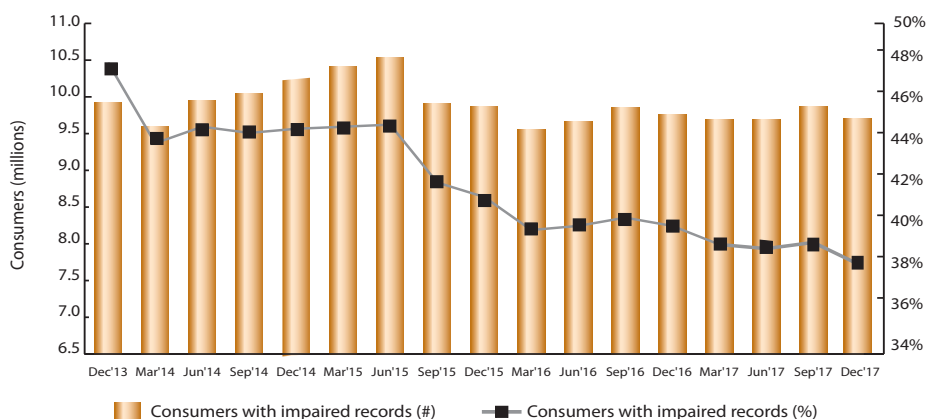
The number of consumers with impaired records (the inverse of those in good standing) decreased by 177,000 to 9.7 million. The percentage of credit-active consumers with impaired records decreased to 38.30%, comprising of 21.7% of consumers in three months or more in arrears, 11.1% of consumers with adverse listings, and 5.5% of consumers with judgments and administration orders.

A detailed breakdown of the nature of impairments is provided in Table 1 and Figure 1.

Table 1: Credit standing of consumers

	Mar 15	Jun 15	Sep 15	Dec 15	Mar 16	Jun 16	Sep 16	Dec 16	Mar 17	Jun 17	Sep 17	Dec 17
Good standing (#)	12.70m	12.84m	13.53m	13.87m	14.33m	14.41m	14.40m	14.55m	14.99m	15.10m	15.21m	15.62m
Good standing (%)	55.0%	54.9%	57.7%	58.4%	60.0%	59.8%	59.4%	59.9%	60.7%	60.9%	60.6%	61.7%
Current (%)	42.2%	42.8%	46.1%	46.1%	47.6%	48.3%	47.6%	47.6%	48.2%	49.2%	49.2%	49.9%
1-2 months in arrears (%)	12.7%	12.1%	11.6%	12.4%	12.4%	11.6%	11.8%	12.3%	12.5%	11.7%	11.4%	11.8%
Impaired records (#)	10.41m	10.53m	9.91m	9.87m	9.55m	9.67m	9.85m	9.76m	9.69m	9.69m	9.87m	9.70m
Impaired records (%)	45.0%	45.1%	42.3%	41.6%	40.0%	40.2%	40.6%	40.2%	39.3%	39.1%	39.4%	38.3%
3+ months in arrears (%)	22.4%	21.5%	21.6%	22.1%	22.3%	22.1%	22.3%	21.8%	21.7%	22.0%	22.1%	21.7%
Adverse listings (%)	12.2%	13.5%	11.8%	11.0%	10.1%	10.7%	11.3%	11.8%	11.4%	11.2%	11.4%	11.1%
Judgments and administration orders (%)	10.4%	10.1%	8.8%	8.5%	7.6%	7.3%	6.9%	6.6%	6.2%	5.9%	5.8%	5.5%
Credit-active consumers (#)	23.11m	23.37m	23.45m	23.74m	23.88m	24.08m	24.25m	24.31m	24.68m	24.78m	25.08m	25.31m

Figure 1: Consumers with impaired records



Consumer accounts

There were 79.49 million accounts on record at the bureaus as at the end of December 2017

At the end of the reporting quarter there were 79.49 million accounts recorded at registered credit bureaus. This was an increase of 1.4% quarter-on-quarter and a decrease of 3.6% year-on-year.

The percentage of accounts in good standing increased this quarter

Of the 79.49 million accounts, 59.64 million (75%) were classified as in good standing, a positive variance of 0.8% quarter-on-quarter and negative variance of 0.7% year-on-year.

As at the end of December 2017:

- 67.8% of accounts were classified as current (increased quarter-on-quarter by 0.6% and decreased 0.7% year-on-year).
- 7.3% had missed one or two instalments (increased quarter-on-quarter by 0.2% and remained unchanged year-on-year).
- 18.4% had missed three or more instalments (decreased quarter-on-quarter by 0.5% and increased year-on-year by 0.5%).
- 5.1% had adverse listings (decreased quarter-on-quarter by 0.2% and increased year-on-year by 0.2%).
- 1.5% had judgments or administration orders (decreased quarter-on-quarter by 0.09% and year-on-year by 0.1%).

See Table 2 and Figures 2 and 3 for detailed breakdown.

Table 2: Credit standing of accounts

	Mar 15	Jun 15	Sep 15	Dec 15	Mar 16	Jun 16	Sep 16	Dec 16	Mar 17	Jun 17	Sep 17	Dec 17
Good standing (#)	59.66m	60.47m	60.37m	63.56m	65.03m	64.32m	63.44m	62.41m	62.73m	60.04m	58.25m	59.64m
Good standing (%)	72.7%	73.6%	74.9%	76.1%	76.5%	76.1%	75.7%	75.7%	76.1%	75.0%	74.3%	75.0%
Current (%)	64.7%	66.1%	67.6%	68.4%	69.0%	69.1%	68.5%	68.4%	68.8%	68.1%	67.2%	67.8%
1-2 months in arrears (%)	8.0%	7.5%	7.3%	7.7%	7.5%	7.0%	7.2%	7.3%	7.3%	7.0%	7.1%	7.3%
Impaired records (#)	22.38m	21.71m	20.24m	19.99m	19.92m	20.24m	20.37m	20.01m	19.70m	19.97m	20.19m	19.84m
Impaired records (%)	27.3%	26.4%	25.1%	23.9%	23.5%	23.9%	24.3%	24.3%	23.9%	25.0%	25.7%	25.0%
3+ months in arrears (%)	19.8%	18.9%	18.4%	17.8%	17.7%	17.8%	18.1%	17.9%	17.8%	18.3%	18.9%	18.4%
Adverse listings (%)	5.1%	5.2%	4.8%	4.4%	4.1%	4.5%	4.6%	4.9%	4.6%	5.1%	5.2%	5.1%
Judgments and administration orders (%)	2.3%	2.2%	1.9%	1.8%	1.7%	1.6%	1.6%	1.6%	1.5%	1.6%	1.6%	1.5%
Consumer accounts (#)	82.04m	82.17m	80.60m	83.55m	84.96m	84.56m	83.81m	82.42m	82.43m	80.02m	78.43m	79.49m

Figure 2: Accounts with impaired records

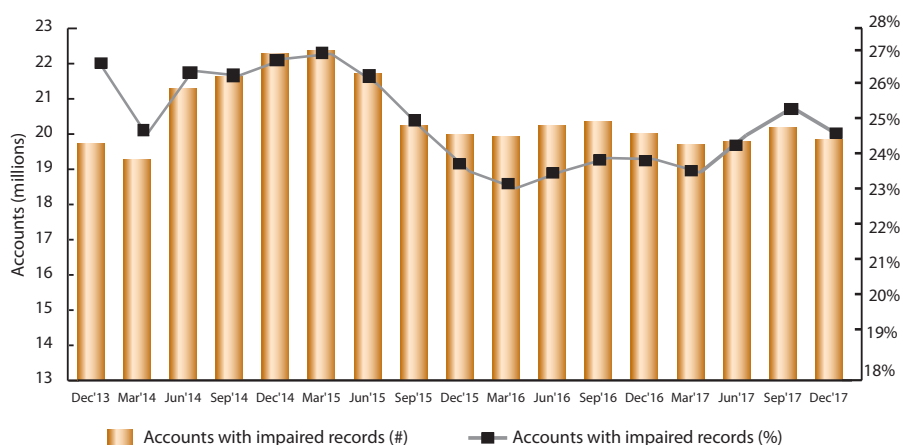
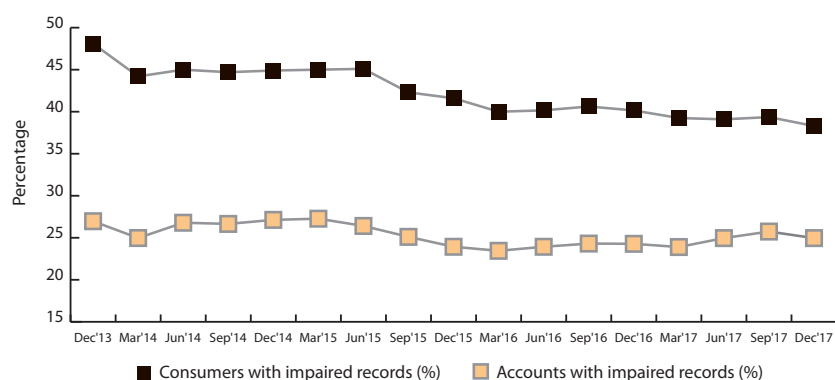


Figure 3: Consumers and accounts with impaired records



Credit market activity

Enquiries made on consumer records increased for the quarter

There were 530.11 million enquiries made in the quarter ended December 2017. This was an increase of 38.67% quarter-on-quarter and 18.7% year-on-year. Enquiries done in bulk by banks and other financial institutions formed the largest portion of all enquiries.

- 23.98 million enquiries were made due to consumers seeking credit (increased by 9.4% quarter-on-quarter and decreased by 22% year-on-year).
- 1.58 million enquiries were related to telecommunication services (increased by 11.3% quarter-on-quarter and by 35.7% year-on-year).
- 47.35 million enquiries were made for tracing/debt collection purposes (increased by 50.5% quarter-on-quarter and 127.3% year-on-year).
- 457.20 million enquiries were made for other purposes – excluding those purposes mentioned above, e.g. account management and contact information update (increased by 39.6% quarter-on-quarter and 12.9% year-on-year).

Refer to Table 3 and Figures 4 and 5 for detailed breakdown.

Table 3: Enquiries

Enquiry purpose:	Number of enquiries (millions)									Percentage change							
	Dec 15	Mar 16	Jun 16	Sep 16	Dec 16	Mar 17	Jun 17	Sep 17	Dec 17	Dec 15 to Mar 16	Mar 16 to Jun 16	Jun 16 to Sep 16	Sep 16 to Dec 16	Dec 16 to Mar 17	Mar 17 to Jun 17	Jun 17 to Sep 17	Sep 17 to Dec 17
Consumers seeking credit	15.64	16.99	16.48	17.91	19.66	18.49	18.42	21.93	23.98	8.6%	-3.0%	8.6%	9.8%	-6.0%	-0.4%	19.0%	9.4%
Telecommunication services	0.64	0.70	0.67	0.85	1.16	1.05	1.28	1.42	1.58	8.6%	-3.9%	25.7%	37.6%	-9.7%	21.5%	11.2%	11.3%
Tracing/debt collection purposes	14.47	19.32	36.54	35.35	20.83	21.00	24.11	31.46	47.35	33.5%	89.2%	-3.2%	-41.1%	0.8%	14.8%	30.5%	50.5%
Other	387.93	354.77	380.68	399.71	404.79	395.90	436.16	327.49	457.20	-8.5%	7.3%	5.0%	1.3%	-2.2%	10.2%	-24.9%	39.6%
Total	418.69	391.78	434.37	453.82	446.44	436.44	479.97	382.29	530.11	-6.4%	10.9%	4.5%	-1.6%	-2.2%	10.0%	-20.4%	38.67%

Figure 4: Enquiries due to consumers seeking credit

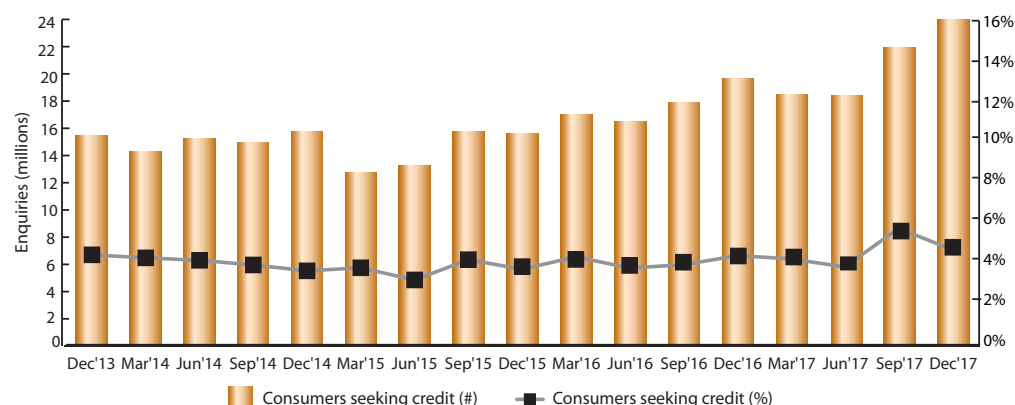
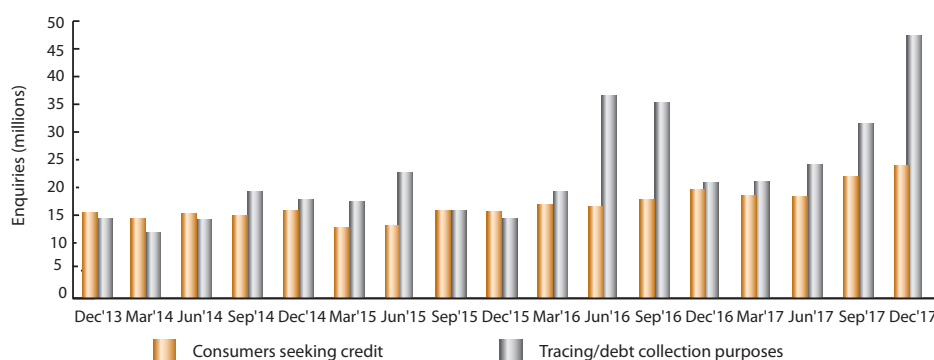


Figure 5: Enquiries due to consumers seeking credit and enquiries for tracing/debt collection purposes



Enquiry sectoral analysis

There were 309.95 million enquiries made by banks and other financial institutions in the quarter ended December 2017, an increase of 92.1% quarter-on-quarter and 20.8% year-on-year. Retailers made 35.48 million enquiries on consumer records, which was an increase of 7.3% quarter-on-quarter and 31.8% year-on-year. Enquiries made by telecommunication providers decreased by 0.3% quarter-on-quarter and 7% year-on-year, to 40.54 million in the December 2017 quarter. Enquiries made by debt collection agencies decreased by 42.5% quarter-on-quarter and by 0.8% year-on-year, to 3.81 million in December 2017 quarter. Enquiries made by all other entities decreased by 0.2% quarter-on-quarter and increased by 21.5% year-on-year, to 140.33 million.

Refer to Tables 4 to 7 and Figure 6 for a detailed breakdown.

Table 4: All enquiries – distribution according to sectors

Enquiries by:	Number of enquiries (millions)									Percentage change							
	Dec 15	Mar 16	Jun 16	Sep 16	Dec 16	Mar 17	June 17	Sep 17	Dec 17	Dec 15 to Mar 16	Mar 16 to Jun 16	Jun 16 to Sep 16	Sep 16 to Dec 16	Dec 16 to Mar 17	Mar 17 to June 17	Jun 17 to Sep 17	Sep 17 to Dec 17
Banks and other financial institutions	279.00	288.18	293.41	257.26	256.56	280.10	269.75	161.36	309.95	3.3%	1.8%	-12.3%	-0.3%	9.2%	-3.7%	-40.2%	92.1%
Retailers	26.90	26.52	26.24	29.83	26.93	30.01	25.43	33.06	35.48	-1.4%	-1.0%	13.7%	-9.7%	11.5%	-15.3%	30.0%	7.3%
Telecommunication providers	11.14	14.59	36.65	63.61	43.60	26.23	35.62	40.65	40.54	30.9%	151.2%	73.6%	-31.5%	-39.8%	35.8%	14.1%	-0.3%
Debt collection agencies	3.10	2.67	3.71	3.42	3.85	5.26	3.00	6.64	3.81	-13.9%	38.9%	-7.9%	12.6%	36.8%	-43.0%	121.6%	-42.5%
All other entities	98.55	59.82	74.36	99.70	115.50	94.84	146.17	140.59	140.33	-39.3%	24.3%	34.1%	15.8%	-17.9%	54.1%	-3.8%	-0.2%
Total	418.69	391.78	434.37	453.82	446.44	436.44	479.97	382.29	530.11	-6.4%	10.9%	4.5%	-1.6%	-2.2%	10.0%	-20.4%	38.7%

Figure 6: All enquiries – distribution according to sectors

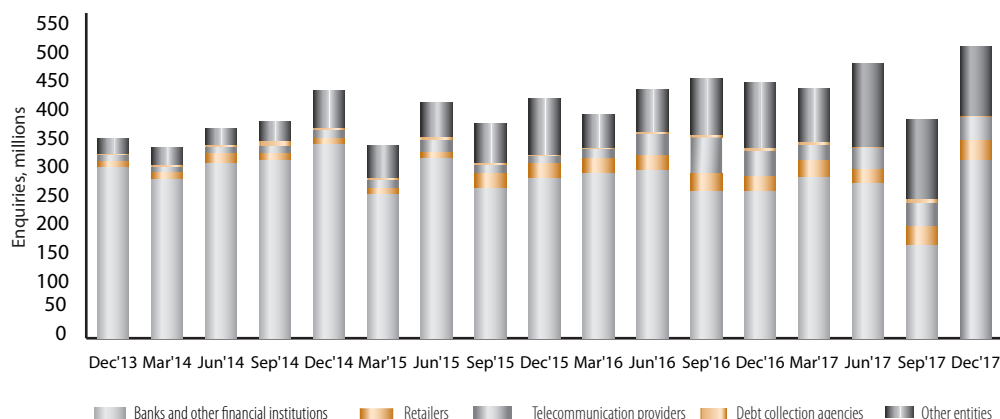


Table 5: Enquiries by banks and other financial institutions

Enquiry purpose:	Number of enquiries (millions)									Percentage change							
	Dec 15	Mar 16	Jun 16	Sep 16	Dec 16	Mar 17	Jun 17	Sep 17	Dec 17	Dec 15 to Mar 16	Mar 16 to Jun 16	Jun 16 to Sep 16	Sep 16 to Dec 16	Dec 16 to Mar 17	Mar 17 to Jun 17	Jun 17 to Sep 17	Sep 17 to Dec 17
Consumers seeking credit	13.20	14.97	14.14	14.89	16.58	16.03	15.89	19.27	20.91	13.4%	-5.5%	5.3%	11.4%	-3.3%	-0.9%	21.3%	8.5%
Tracing/debt collection purposes	1.77	3.02	5.35	2.44	1.81	1.92	2.37	2.77	2.77	71.1%	77.2%	-54.4%	-25.7%	6.2%	22.9%	16.9%	0.2%
Other purposes	264.03	270.19	273.92	239.94	238.17	262.14	251.49	139.32	286.26	2.3%	1.4%	-12.4%	-0.7%	10.1%	-4.1%	-44.6%	105.5%
Banks and other financial institutions	279.00	288.18	293.41	257.26	256.56	280.10	269.75	161.36	309.95	3.3%	1.8%	-12.3%	-0.3%	9.2%	-3.7%	-40.2%	92.1%

Table 6: Enquiries by retailers

Enquiry purpose:	Number of enquiries (millions)									Percentage change							
	Dec 15	Mar 16	Jun 16	Sep 16	Dec 16	Mar 17	Jun 17	Sep 17	Dec 17	Dec 15 to Mar 16	Mar 16 to Jun 16	Jun 16 to Sep 16	Sep 16 to Dec 16	Dec 16 to Mar 17	Mar 17 to Jun 17	Jun 17 to Sep 17	Sep 17 to Dec 17
Consumers seeking credit	2.43	2.02	2.34	3.02	3.07	2.46	2.53	2.65	3.07	-17.1%	16.1%	29.0%	1.7%	-20.1%	3.1%	4.7%	15.7%
Tracing/debt collection purposes	1.27	1.86	1.80	0.81	0.5	1.02	0.42	0.73	1.85	46.1%	-3.1%	-55.2%	-38%	103.6%	-58.9%	74.8%	152.8%
Other purposes	23.19	22.64	22.10	26.00	23.35	26.54	22.48	29.68	30.56	-2.4%	-2.4%	17.6%	-10.2%	13.6%	-15.3%	32.0%	3.0%
Retailers	26.90	26.52	26.24	29.83	26.93	30.01	25.43	33.06	35.48	-1.4%	-1.0%	13.7%	-9.7%	11.5%	-15.3%	30.0%	7.3%

Table 7: Enquiries by telecommunication providers

Enquiry purpose:	Number of enquiries (millions)									Percentage change							
	Dec 15	Mar 16	Jun 16	Sep 16	Dec 16	Mar 17	Jun 17	Sep 17	Dec 17	Dec 15 to Mar 16	Mar 16 to Jun 16	Jun 16 to Sep 16	Sep 16 to Dec 16	Dec 16 to Mar 17	Mar 17 to Jun 17	Jun 17 to Sep 17	Sep 16 to Dec 16
Telecommunication services	0.64	0.70	0.67	0.85	1.16	1.05	1.28	1.42	1.58	8.6%	-3.9%	25.7%	37.6%	-9.7%	21.5%	11.2%	11.3%
Tracing/debt collection purposes	6.71	8.52	16.39	26.72	13.22	10.11	16.72	19.13	22.64	26.9%	92.5%	63.0%	-50.5%	-23.5%	65.3%	14.4%	18.3%
Other purposes	3.79	5.37	19.58	36.04	29.22	15.06	17.63	20.10	16.33	41.8%	264.8%	84.1%	-18.9%	-48.5%	-17.1%	14.0%	-18.8%
Telecommunication providers	11.14	14.59	36.65	63.61	43.60	26.23	35.62	40.65	40.54	30.9%	151.2%	73.6%	-31.5%	-39.8%	-35.8%	14.1%	-0.3%

Credit bureau activity

Demand for credit reports increased for the quarter

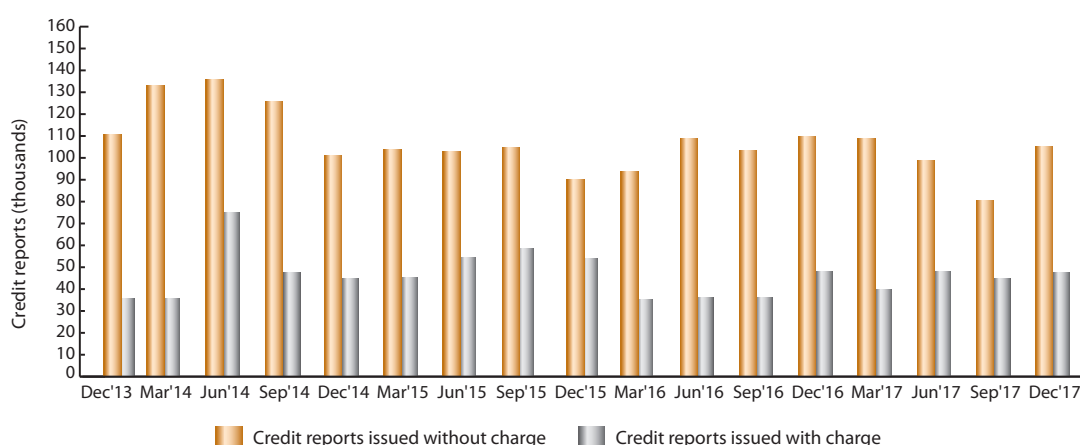
Of the total 152,690 credit reports issued to consumers at their request during the quarter ended December 2017, 68.8% (105,083) were issued without charge, and the remaining 31.2% (47,607) were issued with charge. The total number of credit reports issued increased by 21.6% quarter-on-quarter and decreased by 3.2% year-on-year.

See Table 8 and Figure 7 for details.

Table 8: Credit reports issued

Credit reports:	Number of credit reports										Percentage change								
	Sep 15	Dec 15	Mar 16	Jun 16	Sep 16	Dec 16	Mar 17	Jun 17	Sep 17	Dec 17	Sep 15 to Dec 15	Dec 15 to Mar 16	Mar 16 to Jun 16	Jun 16 to Sep 16	Sep 16 to Dec 16	Dec 16 to Mar 17	Mar 17 to Jun 17	Jun 17 to Sep 17	Sep 16 to Dec 16
Issued without charge	104,688	90,150	93,977	108,818	103,258	109,797	108,695	98,964	80,735	105,083	-13.9%	4.2%	15.8%	-5.1%	6.3%	-1.0%	-9.0%	-18.4%	30.2%
Issued with charge	58,435	54,060	35,481	36,195	36,144	47,934	39,803	48,025	44,820	47,607	-7.5%	-34.4%	2.0%	-0.1%	32.4%	-17.0%	20.7%	-6.7%	6.2%
Total issued	163,118	144,210	129,458	145,013	139,402	157,731	148,498	146,989	125,555	152,690	-11.6%	-10.2%	12.0%	-3.9%	13.1%	-5.9%	-1.0%	-14.6%	21.6%

Figure 7: Credit reports issued



Consumer disputes

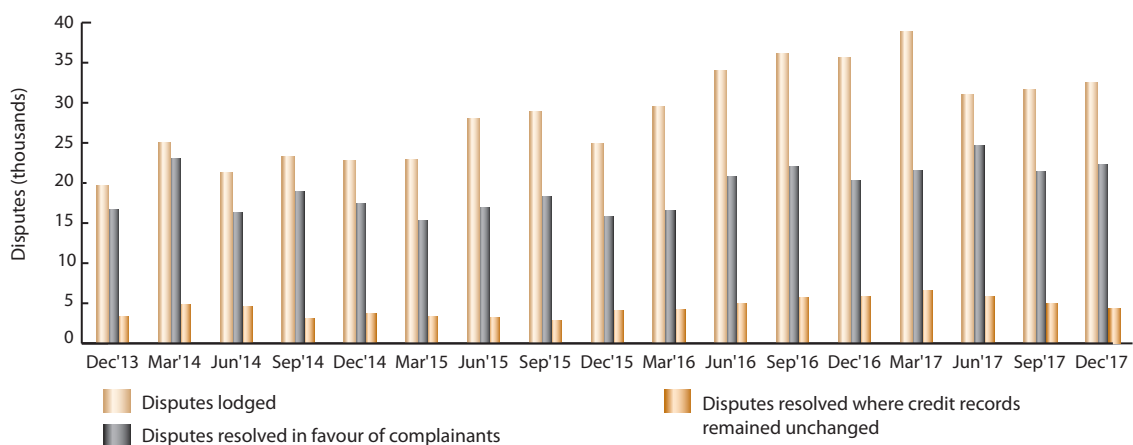
There were 32,509 disputes lodged in respect of the accuracy of the information recorded on consumer credit records in the quarter ended December 2017. This was an increase of 2.8% quarter-on-quarter and a decrease of 8.9% year-on-year. More disputes were resolved in favour of complainants (22,349) as compared to disputes where credit records remained unchanged (4,352).

See Table 9 and Figure 8 for details.

Table 9: Disputes

Disputes:	Number of disputes									Percentage change							
	Dec 15	Mar 16	Jun 16	Sep 16	Dec 16	Mar 17	Jun 17	Sep 17	Dec 17	Dec 15 to Mar 16	Mar 16 to Jun 16	Jun 16 to Sep 16	Sep 16 to Dec 16	Dec 16 to Mar 17	Mar 17 to Jun 17	Jun 17 to Sep 17	Sep 17 to Dec 17
Lodged	24,920	29,558	33,989	36,118	35,673	38,882	31,092	31,631	32,509	18.6%	15.0%	6.3%	-1.2%	9.0%	-20.0%	1.7%	2.8%
Resolved in favour of complainants	15,870	16,587	20,825	22,060	20,333	21,594	24,621	21,483	22,349	4.5%	25.6%	5.9%	-7.8%	6.2%	14.0%	-12.7%	4.0%
Resolved where credit record remained unchanged	4,068	4,246	5,004	5,687	5,807	6,573	5,877	5,012	4,352	4.4%	17.9%	13.6%	1.4%	13.2%	-10.6%	-14.7%	-13.2%

Figure 8: Disputes



Definitions

Terms used in this report	Definitions
Credit-active consumers	Consumers obligated to pay credit providers and/or service providers, etc. These obligations result in transactional entries on the consumer's credit record at the credit bureaus.
Impaired record	A record on which a consumer and/or any of the accounts, are either classified as three or more payments or months in arrears, or which has an "adverse listing", or that reflects a judgment or administration order.
Good standing	An account or consumer showing as current or on which the client has not missed more than one or two instalments, which has no adverse listings and has no judgments.
Adverse listing	Accounts with adverse classifications such as 'handed over' and/or 'written-off'.
Current	A consumer or account is up-to-date with payments and has not missed any instalment over the period of the credit agreement.

Notes

1. Where values have been rounded off, the percentage calculations and summed totals are calculated off the unrounded values.
2. Refer to the NCR website for complete tables of forty quarters from December 2007 to December 2017.