



IMPACT ASSESSMENT REPORT

Prepared for: NCR

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1. Background and Objectives

The NCR, as the new credit regulator has a mandate to promote a fair, transparent, competitive, sustainable, responsible, efficient, effective and accessible credit market and industry, and to protect consumers. Consumer education is the cornerstone of consumer protection. The NCR, like its predecessor the MFRC, has adopted a multi-pronged strategy towards their communications drive that includes:

- An education component, and
- An awareness creation component

The education campaign is implemented through capacity building workshops with various stakeholders i.e. stakeholders, trade unions, government departments and employers. Awareness creation is accomplished through media especially print. Research was commissioned to measure awareness levels and evaluates the effectiveness of the educational and media campaigns on the National Credit Act and the National Credit Regulator amongst various stakeholders and role-players.

In order to accomplish the above main objectives, the following sub-objectives were investigated:

- A better understanding of the NCR's consumer needs
- The awareness levels on the NCA and NCR amongst various stakeholders and role-players
- Assessment of the impact of the NCR's messages across all industry stakeholders
- Recommendations on areas that need improvement
- Proposed outline of the components to be considered in developing a national strategy

2. Literature Review on Impact Assessment Methodologies

Literature review of international and local studies was conducted to determine the methodologies utilized to conduct impact assessments. Data was collected mainly through the internet and interviews with local research practitioners. The results of this review indicate the following:

- Each impact assessment is different, no two assessments can be the same
- That baseline information is needed to benchmark the performance of an organization or a project.
- A successful impact must have indicators which are measurable. *'A good indicator has to be based on a very strong relationship between the indicator and the ultimate impact we want to measure. Indicators should not have biases or confusions'*
- Where baseline information is not available, it is advised that qualitative methodologies be utilized to collect information. Qualitative methodologies are recommended in these instances as *'they plumb the depth and range of consumer's attitudes, thoughts and behaviors'*.

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- That sampling should be developed carefully to avoid bias in impact assessments. It is recommended that the sample of an impact assessment also include:
 - Remote and rural communities
 - Poorest and most disadvantaged people
 - Pay attention to the use of language
 - Methodological issues:
 - The methodology chosen has to provide information that is credible enough for what it is being used for
 - Chris Roche says 'Impact practitioners do not need information that is 99.9% accurate. They can accept a margin of error, provided the information is credible and can assist with management decisions and product design'.
 - The information from most sources indicates that the methodology of an impact assessment is determined by 'what the impact results will be utilized for'. In cases where a high degree of confidence is needed, a more complex approach to the assessment is recommended. But where the Impact assessment is needed to strengthen aspects of implementation, then a simple approach is recommended. A simple approach normally involves a 'small scale survey'.
 - Key variables to be measured normally depend on the objectives of the study. Quantifiable variables are recommended for quantifiable indicators like income.
 - The timing of assessments is also quite important. Periodic reviews are recommended, this to allow 'the sequence of cause and effect' and to allow 'impact tracking'. Therefore the impact variables have to be replicated over time and quantifiable.
 - The frequency of when to conduct 'impact tracking' seems to depend on the project objectives and its context.
 - The sample in impact tracking is also important. The trend seems to be repeat sampling methods conducted over-time. Data collection in these studies can take various forms.
 - Panel research: This is when a set of respondents are contacted several times over a long period of time. The panels are normally pre-recruited, and requested to respond to the same variables over time. This to check attitudinal or usage changes over-time. To make research cost-effective, the internet and email are mainly used as a main source of communication.
 - Repeat survey: the survey is repeated including the sample
 - Rotating surveys: A combination of repeat survey and panel research
 - Again the choice of a data collection method dependent on the project objectives and goals.

In conclusion: An effective impact assessment process should include:

- Determining the organizational needs and the context of the study,
- Determining specific objectives of the assessment
- Designing a methodology and sample suitable to the project's objectives

'No two impact assessments are the same. Each reflect the unique context and particular needs of a particular project'

3. Methodology

A multi pronged approach to achieve the main objectives of the study was adopted, and this included a combination of qualitative and quantitative methods. The main methodology for the study however was qualitative in nature. This was in the form of focus groups discussions for consumers, and telephonic and personal interviews for stakeholders. Qualitative methodologies enable researchers to 'dig deeper' into respondents psyches, and gather more robust information in terms of perceptions, thoughts and feelings about a particular topic. In this instance, the qualitative tools enabled the researchers to gather in-depth information on top of mind awareness of the NCR and the NCA, and also on the role, the implication and how consumers interacted with the new legislation. In order to make the information more reliable, quantitative questions were included in the research tools, this to enable quantification of information like awareness and media usage. The data collected can be utilized as baseline information for future 'impact tracking' studies.

The consumer discussion guide was divided into different sections. The first sections had variables and questions that elicited information on the awareness of the NCR and the NCA, and the second part of the discussion was on the consumers' media consumption. The interpretation is more qualitative in nature, and verbatims are utilized to substantiate most of the information. Quantitative analysis is mostly utilized in cases of awareness levels and media usage, this to ensure benchmarking and easy identification of future improvements. The results are further validated by secondary research that has already been conducted on the NCR, the NCA and its impact. Information utilized for secondary analysis was in the form of internet searches as well as reports of studies conducted by other institutions.

The sample for the study comprised of consumers, credit providers, stakeholders and academics.

- **Consumers/Borrowers** were divided into three categories, that is, low, middle and high income groups. The **low income groups** were recruited mainly from the townships, peri-urban areas and in the case of Gauteng, rural areas were also represented. This category of the sample comprised mainly of laborers (domestic workers, security guards, drivers, messengers, cashiers, etc). The low-income groups were conducted in the townships to ensure to eliminate bias and comfort of respondents.
- The **middle income** earners were mainly young adults, professional, and a mixture of township and suburban residents. Mostly were educated with matric, diploma or a university degree.
- The **high income** groups were a mixture of mature and older respondents, who were professional mostly with university degrees.
- **Stakeholders** comprised of:
 - Department of Trade and Industry, Department of Justice, Parliamentarians
 - SALGA and BUSA
 - Banking Association and the Banking Ombudsman
- Consumer Desks, NGOs, Trade Unions and Lawyers

The original sample included **Credit Bureaus**. However, at the submission of this report, none of these participants had responded to the request of an appointment, a telephonic interview or a written submission.

The methodology was implemented as follows:

- Phase 1 - The main aim of this phase was to identify outcomes and variables that can be measured and conduct literature reviews
- Phase 2 of the project consisted of in- depth interviews with stakeholders and other role players.
- Phase 3 - Focus groups were conducted with consumers to determine their needs with specific reference to information
- Phase 4 – Analysis, reporting and Strategy development

Meetings with the Project Manager and selected NCR staff

The main aim of this phase was to identify outcomes and variables to be measured during the impact assessment. It is only when there are measurable and quantifiable goals and intended outcomes that impact can be assessed. A briefing meeting was held with the project team to establish the following:

- The NCR's strategy and its components
- The NCR's objectives
- The goals; objectives and intended outcomes of the educational as well as the awareness programs.

Literature reviews were also conducted during this phase. The secondary analysis focused mainly on benchmarks for conducting Impact Assessments as well as, position papers, reports and publications on the NCA and the NCR. Although data from these studies were taken into consideration during analysis, the interpretation of this report is mainly based on the primary data collected. The information assisted in contextualizing the results, and developing the methodology of the study.

Stakeholder Interviews

Phase 2 of the project consisted of in- depth interviews with stakeholders and other role players. The purpose of these interviews was to gather inputs/views from the stakeholders in terms of the impact of NCR's education workshops so as to establish whether the education workshops are effective; to identify areas of weakness; strengths and gather recommendations.

In-depth interviews were conducted to gather information from stakeholders. The tool (questionnaire) however consisted of both quantitative questions as well as qualitative probes so as to enable quantification of the results, but to also allow interviewers to dig deep into stakeholders' psyche, revealing their thoughts and experiences about the education workshops.

A total sample of 30 stakeholders was interviewed and the breakdown per category of stakeholders is detailed in the table below.

Category		Total
Lenders/Banks	- FNB - Standard Bank - Absa - Kreditinform	4
Retailers	- EDCON - Woolworths - BUSA	3
NGOs	- Black Sash - Free State Advice Office - West Rand Justice Center	3
Provincial Consumer Desks	- KZN Consumer Desk - Gauteng Consumer Desk - Western Cape Consumer Desk	3
Parliamentarians	- 2 Parliamentarians	2
Trade Unions	- Cosatu - NUMSA - NACTU	3
Debt Counselors	- Individual Debt Counselors	3
Stakeholders	- Department of Trade and Industry - Department of Justice - SALGA - Banking Association - Banking Ombudsman	5
Legal Experts	- Individual Legal Experts	4
Total		30

Focus groups with Consumers

Qualitative research in the form of focus group discussions was conducted to determine the needs of the consumers. Focus groups enable researchers to interact closely with consumers, to get a deeper understanding of their thoughts and feelings.

The objectives of this qualitative phase were:

- To determine the information needs of consumers in terms of NCA
- To determine what information consumers have already received regarding the NCR and NCA
- To determine information gaps
- To determine awareness of NCR's media campaigns

The sample

6 group discussions were conducted in 3 provinces i.e. Durban, Western Cape and Gating. Recruiting of consumers was conducted randomly in the communities and:

- Recruiters were provided with specific criteria in terms of which consumers to be recruited for the focus groups
- Recruiters sourced consumers from their own communities, which is cost effective and easy to verify
- Rudo utilized a variety of recruiters/fieldworks to ensure that the sample is not skewed or biased
- Focus groups were conducted in the community, utilizing the local languages to enable the gathering of robust information.

Respondents were recruited from a pool of economically active South Africans as follows:

- Must be an active banking client or
- Have a retail account
- Must have taken a loan since 1st June 2007
- Groups be stratified according to the income level of consumer i.e.
 - Low-income groups – monthly gross of R4 999 and less
 - Middle income – monthly gross between R5 000 and R14 999
 - High income – monthly of R15 000 and more

Analysis, reporting Strategy Components

The impact analysis will reveal existing gaps in the use of the aforementioned communication and education tools. It will also highlight emerging communication needs from the stakeholders. This will be used as the bedrock for the framework of a communication and education strategy.

Timing

The project commenced in December 2007. Fieldwork was conducted from 25 January to 28 February 2008. The draft report was submitted on 07 March 2008.

4. Overview of the Results

Achievements

Challenges

Credit Providers →

- Briefing sessions successful:
 - Communication on the Act and its implications adequate
 - Lead time before the Act regarded as adequate

- Challenges – implementation of the Act in terms of:
 - Lack of guidelines on interpreting the Act
 - Lack of guidelines for compiling the statistical and compliance reports
 - Turnaround time in terms of feedback, regarded as long

Consumers →

- General awareness of NCR (51%) and NCA (54%) fairly good

- Low awareness levels recorded for low-income
- Limited understanding of the legislation and its consumer protection provisions
- Low awareness levels of redress mechanisms

NGOs/CDs →

- Communication on the Act – successful

- Limited details on debt counseling
- Few support material provided

Primary Stakeholders →

- NCR successful in creating awareness on NCR and NCA
- NCR effective in ensuring that 'big business' comply

- Fragmented complaints process
- Accreditation of debt counselors regarded as deficient
- Generic information provided for stakeholders like SALGA
- Court system not equipped to handle debt rearrangement cases

Recommendations

- Exploit the usage of TV for media coverage for maximum reach.
 - To increase consumer awareness levels, give attention to low income consumers
 - Develop checklist for statistical and compliance reports
 - Develop guidelines on the interpretation of the Act
 - Tailored communication for SALGA
 - Streamline the accreditation of debt counselors
 - Reorganize the complaints process to ensure effectiveness
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5. Executive Summary

This executive summary details the results of the NCR's Impact Assessment of 2008. The aim of the study was to measure the awareness levels and evaluate the effectiveness of the educational and media campaigns on the National Credit Act and the National Credit Regulator amongst various stakeholders and role-players. The study's was conducted amongst consumers, banks and retailers, NGOs, Consumer Desks as well as other stakeholders like the Department of Justice. The data was collected using qualitative methodologies in the form of focus group discussions for consumers and a combination of telephonic and face-to-face interviews and written submissions for credit providers and stakeholders.

The sample consisted of a total of nine focus groups discussions with consumers and 30 interviews with stakeholders. The consumer **groups** were conducted in Gauteng, KZN and the Western Cape. The respondents were recruited based on their income level, and the groups were split into low-income; middle income and high income groups. A total of **6 credit providers** and **24 stakeholders** participated in the study.

Literature survey in the form of literature searches and secondary analysis was also conducted to determine the trends of conducting impact assessments as well as to gather data on other studies regarding the impact of the NCA and the NCR.

5.1 Contextual Analysis

Prior the implementation of the new legislation, the NCR embarked on an awareness campaign to sensitize the public and credit providers about the NCA and its implementation. The awareness campaign was conducted through the media (TV, radio and print) and information sessions were held for credit providers and industry stakeholders. The main focus of the information sessions were to brief credit providers and the industry about the impending legislation and its implications. The focus for the general public was also about the impending legislation, but with more emphasis on the regulation of credit bureaus.

A total of 86 TV interviews were conducted from June 2006 until January 2008. The focus of TV messages were

- The different implementation phases
- The effective date of the NCA
- For the consumers, credit bureau legislation and amnesty

439 workshops were conducted countrywide, and a total of 45 985 people attended the workshops. Attendees were mainly ¹credit providers and the staff, legal experts, academics, Trade Union representatives and industry stakeholders. The summary of the awareness campaign is detailed below.

TV Interviews:	86
Radio Interviews:	380
Workshops:	439
W/shop Participants:	45 985
Website Visits:	907 165

It is against this background that the NCR required an impact assessment to check if this awareness campaign was effective. The results were varied as per the different segments of the sample, and below is the summary of the results.

5.2 Credit Providers

Credit provider respondents were requested to rate the information they received from the NCR regarding:

- *Registration requirements*
- *Disclosure requirements*
- *Marketing practices*
- *Compliance and reporting*
- *Over-indebtedness*
- *Consumer Credit Information*
- *Consumer Rights*
- *Debt Counseling*

Findings from these results indicate that:

- Information on the Act and its implications was adequate.
- Overall, the NCR achieved in communicating and consulting with credit providers regarding the Act. Most providers mentioned that they further interacted with the Act as individual organizations through internal workshops, industry forums and expert advice. The challenge however was the implementation of the Act.
- **Registration requirements:** Information on registration requirements was perceived as adequate. The challenge reported was on the actual registration in terms of:
 - Waiting too long for feedback from the NCR in terms of what has been submitted,
 - Waiting a long time for the new certificates.
 - Little feedback in terms of those components of banks which are still unregistered.
- **Disclosure:** Credit Providers mentioned that disclosure requirements were clear from the Act, but that the challenge was the implementation as detailed below:
 - That the NCR's response on areas of uncertainty was guarded and cautious.

¹ Banks, retailers, micro lenders,

The FSB was regarded as more helpful than the NCR in this instance, as they were prepared to take a stand and offer precise advice.

- Generally disclosure requirements were perceived as difficult to implement and that the NCR was not supportive in this instance.
- **Compliance and reporting:** Information regarding compliance and reporting was regarded as good, however the difficulty identified was compiling the reports. Banks attributed this challenge to the absence of written guidelines, and recommended that a standard check-list that they can refer to be developed.
- **Over-indebtedness:** Information provided by the NCR on **over-indebtedness** was perceived as good, but concerns were raised regarding consumers' responsibilities with regards to honest disclosure of their state of indebtedness.
- **Debt counseling:** The results indicate that the concept of debt counseling and its process was communicated effectively. However, concerns raised by the banks were:
 - The quality of the debt counselors,
 - Quality of training
 - Lack of basic resources from some of the debt counselors like fax machines *'some rely on faxes from the shops or internet cafe's.*
 - Banks felt that the system of debt counseling needs to be realigned and that the NCR be more supportive to the debt counselors.

Sentiments and comments by both banks and retailers signify that the NCR has so far managed to implement the Act successfully despite some 'teething problems' and the following recommendations were made:

- That the NCR develop guidelines on the interpretation of the Act, for reference and for clarity on issues that are open to different interpretations.
- That a checklist for compliance and statistical reports be developed.
- That the NCR handle credit providers' information/reports/documents with sensitivity and confidentiality as the industry is competitive.
- That further training on the NCA be provided to creditors' employees as some are still not articulate on the legislation
- That the NCR be sensitive of statements it provides to the media as some of the statements could be misconstrued by the public and investors.

5.3 Primary Stakeholders

Stakeholders highlighted positive and negative aspects regarding the implementation of the Act. **Positives** mentioned include:

- Sufficient lead time of eighteen months prior implementation and that all issues were negotiated and clarified prior implementation.
- That the NCA was effective in ensuring that big business comply on issues of disclosure. As a result consumers are more cautious when taking credit.
- That the NCR was successful in creating awareness on the new legislation utilizing the media. *'75% of cross section of consumers is aware of the act'.*

Challenges experienced were mostly attributed to the implementation of the Act:

- Fragmented complaints process
- Accreditation of debt counselors regarded as deficient
- Generic information provided for stakeholders like SALGA and that municipalities still not clear on how to be compliant with the Act.
- Court system not equipped to handle debt rearrangement cases
- That negative marketing was still practiced in some areas
- That credit providers' staff was still not articulate on the legislation and how it should be applied

Stakeholders recommended that **the NCR**:

- Develop a guidance document which will provide the NCR's opinions on the legislation especially on issues which are open to different interpretations.
- Streamline the complaints process
- Build capacity in the provinces especially in consumer desks so as to deal with complaints and consumer education efficiently
- Shift to micro lenders and retailers as they still battle with issues of non-compliance.
- Capacitate the courts to expedite the debt rearrangements

5.4 NGOs and Consumer Desks (Intermediaries)

This part of the research evaluated the impact of the education and capacity building initiatives utilized by the NCR to disseminate information to the Consumer Desks and the NGOs. For this group of stakeholders, the NCR utilizes workshops to disseminate information and for capacity building purposes. For the past 18 months the main focus of the NCR has been the implementation of the NCA and the main focus of the capacity building workshops has therefore been around the Act and its implementation. The impact assessment therefore concentrated on how successful the NCR has been in communicating and capacitating these intermediaries on the Act and its implications, and whether their education strategy was successful in this regard.

A total of 3 consumer desks and 2 NGOs participated in the study. The data was collected through a combination of interviews and written submissions. The results collected from these intermediaries indicate that:

- Generally, the NCR **was successful in informing** and capacitating its intermediaries regarding the NCA and its implications, specifically on
 - *Registration and disclosure requirements*
 - *Marketing practices*
 - *Compliance and reporting*
 - *Over-indebtedness and consumer rights*
 - *Consumer Credit Information*
- Most of the above variable received high ratings, and respondents mentioned that information on these variables of the Act was communicated properly in a timeous manner.
- The information provided on the Act **was perceived as a value-add** by intermediaries as they have included this information on their own educational

material and have utilized it during their workshops and road shows.

- Regarding the **frequency and timing of the workshops**, most responded positively but recommended that regular meetings be scheduled to ensure planning and maximum attendance.
- Generally, consumer desks and NGOs were satisfied with the NCR presenters as well as their **presentation approach**, the manner in which they interacted with the audience and their usage of different languages during presentation.
- In terms of **relationship building**, most mentioned that they derived value from the relationship as they perceived the NCR to be supportive (were able to honor most of the stakeholder events, and also ensured that the consumer desks were capacitated to manage events in case the NCR staff could not attend) and provided guidance where needed.

However, the following challenges were raised regarding the workshops:

- That little detail was provided on debt counseling and that once the process was finalized, the information was delivered late.
- Some presenters were referred to as less confident when handling difficult questions and difficult participants.
- That little material was provided by the NCR to the intermediaries

The intermediaries recommended:

- The usage of PowerPoint presentation or the usage of interesting graphics during their presentations.
- Scheduling of fixed meetings between the NCR and intermediaries to ensure easy planning

Taking the comments, feedback and responses from **Banks and Retailers, Consumer Desks, NGOs, Stakeholders**, the following **conclusions** are made:

The briefing and information sessions regarding the Act and its implications seemed successful. The focus should be on:

- Standard interpretation of the legislation
- Training and capacitating credit providers' staff on the NCA and its applications
- Ensuring readiness of courts to deal efficiently with debt rearrangement cases
- Improving the process of debt counselor accreditation
- Streamlining the complaints process
- Tailored communication for SALGA

5.5 Consumer groups

The main focus of the consumer groups was to determine:

- The impact of the communication vehicles utilized by the NCR and
- Whether the communication on the implementation of the NCA was successful.

The results of the focus groups indicate that:

Awareness of NCR	<ul style="list-style-type: none"> - Overall, 51% of the sample was aware of the NCR. <ul style="list-style-type: none"> o Middle and high income groups indicated high awareness levels of the NCR, at 47% and 42% respectively. o The low-income respondents recorded the lowest awareness levels of the NCR at 16%. o Comparatively, the NCR's awareness levels were higher than other regulators and the different ombudsmen. - 44% of the sample reported exposure to the NCR adverts with the low-income respondents recorded low exposure levels. - TV and radio talk shows received the highest mention as sources of information on the NCR, with pamphlets receiving the lowest mention. - Generally, respondents had difficulty articulating the messages from the adverts. For low-income respondents, message was that 'the NCR is a credit bureau' and 'limits them access to credit'.
Awareness of the NCA	<ul style="list-style-type: none"> - 54% of the overall sample indicated awareness of the National Credit Act, with the middle and high income respondents recording high awareness levels. <ul style="list-style-type: none"> o 20% of low-income respondents mentioned awareness of the NCA. o The low-income respondents also had difficulty differentiating between the NCR and the NCA. - General discussions indicate a limited understanding of the legislation and implications, its consumer protection attributes the NCR's role, the credit bureau amnesty, and contact details of the NCR. - Although the NCA was appreciated by respondents (regulates over-indebtedness and reckless lending), the regulation was perceived as having a negative impact because: <ul style="list-style-type: none"> o It limits credit to consumers, Limits access to credit for poor consumers, and o Makes the process of applying for credit more difficult.

Understanding of disclosure requirement	<ul style="list-style-type: none"> - The understanding of disclosure requirements was also low. <ul style="list-style-type: none"> o Interest and insurance seemed to be known and understood; o However respondents had limited knowledge of initiation fees, service fees and a quotation. - Respondents who dealt with banks indicated a better knowledge and awareness of quotations and the other fees as opposed to retail respondents.
Knowledge of redress mechanisms	<ul style="list-style-type: none"> - Most respondents were not aware of the redress mechanisms available for them and the NCR's role in this regard was not well understood.

In conclusion:

- The awareness of the NCR and the NCA is fairly good, although low amongst the low-income groups.
- The role of the NCR, understanding of the Act and its consumer rights provisions is limited, especially amongst the low-income groups.
- However, the fieldwork was conducted in January and February 2008, 7 months after the Act was implemented. The reported awareness levels are considerably high if the implementation time is taken into consideration. The understanding of the legislation also has to be appreciated given the time the legislation has been operational.
- The FinScope report states ²'The National Credit Act 'has yet to become a household term in the South African financial landscape', and with time, the awareness and understanding of the legislation will increase as consumers interact with the Act more frequently.

5.6 National Reviews with Reference to the National Credit Act

Data was also collected from other studies on the NCA and its impact. This information was collected from published reports, publications and written submissions. Below are the findings from the literature review.

Awareness levels:

- ³FinScope 2007 results which were released early 2008, indicate that 22% of adults were aware of the NCA (31 000 South Africans)
- ⁴Synovate results, release in September 2007 indicates a 73% awareness of the Act (conducted amongst 676 people in metropolitan areas).
- ⁵The University of Johannesburg study reported 12.4% awareness of the legislation amongst the sample (49 households in Johannesburg's poorest wards)
- The Synovate study further mentioned that about 44% of their respondents stated that their banks provided them with information on the NCA
- All these above studies indicate that knowledge and understanding of the legislation and consumer rights as prescribed by the Act was limited or vague.

Impact on Business: Banks, retailers' in particular motor industry and independent economist had mix reactions in terms of the impact of NCA on business. Below are the summarized positives and negatives of the Act as reported by different researchers.

Positives	Negatives
<ul style="list-style-type: none"> • Banks forced to revise their pricing structure and implement an integrated pricing approach for their customers, moving away from silo product approach. • Pricing caps provided under NCA now afford institutions with opportunity to gain access to markets that were previously regarded as high risk • Improved pricing disclosure and cooling off periods enables customers to make more informed decisions regarding their choice of institution. • Early indications are that loans and re payments within the micro lending industry are still bigger in value, but currently few new loans are granted, good quality and the risk is lower (Greg Vercelloti) 	<ul style="list-style-type: none"> • Disclosure requirements in terms of documentation lengthen the sales process. • The Act resulted in 'awkward processes' at the banks and therefore slow processing of credit application • Some parts of the Act are open to different interpretations by different institutions which still lead to circumvention of the legislation. • Various studies indicate that pre-approved loans are still offered to consumers. • The Act can only applied to formal and registered providers, whilst much borrowing falls out of this sphere therefore consumers still not protected. • That the credit bureaus amnesty of 2007 lead to an erosion of useful information needed to make appropriate risk decisions when

³ FinScope South Africa, 2007

⁴ A study conducted by Synovate on 'Awareness of NCA' in 2007

⁵ 'Sub study on credit and saving'. A study conducted by University of Johannesburg. 2008

	<p>consumers apply for credit</p> <ul style="list-style-type: none"> • Planning and system changes to comply with the requirements of the act were enormous; time consuming and business was slow when those changes were implemented. • General sentiment is that it is still early to determine the actual impact of the NCA
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Impact on Consumers: The table below summarizes comments made about the impact of the Act on consumers.

Positives of NCA	Negatives
<ul style="list-style-type: none"> • Consumers not required to put down deposit when taking vehicle finance • The repayment period extended from 54 months to 72 months • Income and debt screening process considers overall household income levels rather than simply the one of an individual • Because of the assessments to determine affordability, loans are only granted to consumers who can afford to service the debt. • NCA is correctly addressing the predatory lending practices of institutions that largely <i>'prey on uneducated consumers'</i>. • The usage of multiple languages to service the consumers assist in improved understanding of transactions. 	<ul style="list-style-type: none"> • Financially hard pressed consumers don't get credit for emergencies • Interest rates has also partly resulted in high levels of household indebtedness and the deterioration in consumer's ability to service their debt • Synovate study indicates that 25% of the respondents perceive the process of credit application as difficult.