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Debt Counselling Circular

The purpose of this circular is to notify Debt Counsellors about the joint national consumer awareness campaign to be launched in conjunction with the Banking Association of South Africa (BASA) and Debt Counselling Association of South Africa (DCASA).

About the campaign

The Banking Association of South Africa and the National Credit Regulator (NCR), together with the Debt Counselling Association of South Africa (DCASA), initiated a consumer education campaign that is to be launched on 8 September 2010.

The campaign is aimed at addressing certain adverse consumer behaviour trends and to promote better understanding of debt counselling, including the expected conduct by consumers.

Key messages will be conveyed through advertising and publicity activities, with very specific calls for action.

Two target audiences were identified for the campaign:

- Consumers who are under debt distress but not yet under debt review (separately addressing those that have not yet defaulted as well as those already in default); and
- Consumers who are already under debt review (separately addressing those that are still making some payments and those that are in complete default).

The campaign will:

- Invite debt distressed consumers to, as a starting point, contact banks when it comes to dealing with over-indebtedness before applying for debt counselling and preferably before actually defaulting;

- Invite part paying consumers under debt counselling to visit their debt counsellor to ensure that they:
 - have a debt repayment plan in place that will enable them to settle their debts within a reasonable period of time as required by the National Credit Act so that they can restore their credit worthiness.
- Signal to non-paying consumers under debt counselling that they run the risk of having their debt review process terminated, and they may lose their assets and all protection afforded in terms of the Act.

The key messages:

The four distinct messages that will appear as part of the marketing campaign are as follows:

Advert 1: Targeting customers that are not already in Debt Counselling (in one advert): -

Message 1 (Consumers who have not defaulted as yet)

**Sinking into debt? Act now
Only just managing your debt repayments?**

Now's the time to bank on your bank. The sooner you turn to them for helpful advice, the better off you'll be. They will explore solutions to assist you, so that you can afford to keep all your payments up to date. Talking to your bank is an important step to keeping your credit record clean.

Message 2 (consumers whose accounts are in arrears)

Already behind on your payments?

If you are already missing payments, act immediately to restore your credit record and avoid legal action. Your bank will consider your situation and will recommend solutions to bring your repayments up to date in accordance with the National Credit Act.

You can bank on your bank to advise you on how to avoid the consequences of slipping into debt over your head.

The Call to action for Advert 1 is to contact your bank, either via the National Debt Mediation Association (NDMA) call centre or by receiving an SMS with your banks' contact details. The NDMA call centre staff will filter incoming calls and provide preliminary advice to callers in terms of the appropriate line of action in their particular situation.

Advert 2: Targeting customers that are already in Debt Counselling in one advert:-

Message 1 (consumers who are making part payments)

Debt Counselling - Make this lifeline work for you.

**In debt counselling and making payments through a payment distribution agent?
Make sure you are protected!**

When last did you visit your debt counsellor? It's time for a check-up. Make sure that you have a debt repayment plan in place that will enable you to settle your debts within a reasonable period of time as required by the National Credit Act so that you can restore your credit worthiness.

Remember, you should continue to make your monthly debt review payments through your payment distribution agent or you run the risk of facing termination of the debt counselling process and of legal action being taken against you.

Message 2 (for consumers who are not paying at all)

In Debt Counselling and you're not paying?

Not paying your scheduled payments will cost you for life and will result in termination of your debt counselling arrangement.

You will lose the protection afforded by the National Credit Regulator and the National Credit Act. You will face legal action. You will lose your house, your car and every asset you value.

The call to action in Advert 2 is for the consumers to contact their existing Debt Counsellor. Debt Counsellors are to be briefed by DCASA / NCR to expect responses from consumers and to ensure that they appropriately advise consumers with regard to the benefits, risks and obligations under debt counselling.

Campaign scope and timelines:

This joint campaign with BASA and DCASA will be communicating these four key messages through a national advertising and a public relations campaign.

The launch will take place on the 8 September 2010 and will run through until 19 December 2010.

A call-share debt helpline will be operational at the offices of the National Debt Mediation Association (NDMA), as well as an SMS facility that consumers can contact in response to the key messages in Adverts. Through this consumers will get contact details for their respective banks.

What are you required to do as a Debt Counsellor?

In order to support this campaign you are encouraged to:

- Gear up your designated call centre staff and branch staff in anticipation of the upcoming launch of the campaign;
- Ensure awareness of the messages, as well as the appropriate responses and consumer support and
- Prepare to handle the anticipated increase in call volumes.

The NCR believes that this campaign together with the implementation of the NCR Debt Review Task Team recommendations accepted by the banking industry and DCASA, will go a long way towards addressing the current challenges.

For further enquiries, contact the NCR at 0860 627 627 or DCASA at 0861 432 272