

61% of Consumers are in Good Standing with their Creditors

For Immediate Release

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The National Credit Regulator's (NCR's) Credit Bureaux Monitor reported 17.14 million credit active consumers for the quarter ending March 2008, of which 10.55 million consumers were in good standing, representing 61.56% of all consumers. The number of consumers who are in good standing decreased from the December 2007 quarter, when 10.67 million consumers were in good standing, being 62.35% of all consumers.

This indicates that the level of debt stress has increased with a 0.8% between the December 2007 and March 2008 quarters in the percentage of consumers with impaired credit records. In comparison to the June 2007 quarter, there was a 2% increase in consumers with impaired records. Consumers are considered to be "in good standing" if none of their accounts are more than two months in arrears. Consumers have impaired records when at least one of their accounts is more than two months in arrears, or if they have judgments or other negative information on their credit records.

The Credit Bureau Monitor contains consolidated credit bureau statistics. The National Credit Regulator (NCR) compiles the Credit Bureau Monitor from data which registered credit bureaus have to submit in terms of the National Credit Act (NCA).

Every consumer has the right to a free credit bureau report once a year. 37 644 free credit reports were issued to consumers during the quarter ending March 2008, resulting in 12 653 disputes being raised.

In the quarter to March 2008, 108.88 million enquiries were made against consumer credit records, compared to 101.54 million enquiries for the December 2007 quarter. Although the aggregate number of enquiries increased, the enquiries as a result of consumers applying for credit decreased from 12.81 million to 11.14 million. The NCR points out that some decline from the peak December quarter is to be expected.

The purposes for which enquiries may be made are regulated in terms of the National Credit Act. Enquiries may be made as result of a consumer's application for credit, or by credit providers for risk management or marketing purposes, as well as for certain other purposes. 48.47% of enquiries for credit bureau reports during the March 2007 quarter were made by banks, 22.51% by retailers and 29.02% by all other categories combined.

The trends confirm the increase in credit risk, although it indicates that the impact on consumers' repayment capacity was still moderate.

For more information or to lodge a complaint, contact the National Credit Regulator on 0860 627 627.

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