

## **Consumer credit continues to slow down in the closing quarter of 2008**

*For Immediate Release*

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The National Credit Regulator (NCR) has released its second 'Consumer Credit Report' which is based on data submitted to it by registered credit providers. This second edition is compiled from data from the primary national credit providers, representing an estimated 90% of the total consumer credit market, and covers the four quarters to the end of 2008.

The report reflects consumer credit, as well as agreements with juristic persons with turnover or net assets of less than R1 million. It excludes all other juristic persons. It includes credit provided by banks as well as by any other registered credit provider, but excludes credit providers which are not required to register (e.g. where the entity has fewer than 100 agreements or less than R500,000 in outstanding credit).

Total credit agreements entered into during the final quarter of 2008 declined 8.64% to R66.07 billion from the previous quarter's R72.32 billion. Credit agreements include both credit transactions and credit facilities approvals as per the definitions in the National Credit Act (NCA). Credit transactions consist of four categories, namely, mortgages, unsecured credit, short-term credit and "other credit agreements".

The total value of new credit transactions entered into declined from R64.71 billion in the quarter ended September 2008 to R58.84 billion for the quarter ended December 2008, a decrease of 9.08%. There were 2.40 million credit transactions entered into for the December 2008 quarter, compared to 2.23 million for the September 2008 quarter. Credit facilities approved declined by R380 million (4.94%) from R7.61 billion advanced during the September 2008 quarter to R7.23 billion during the December 2008 quarter.

The largest category of credit transactions, being mortgages, accounted for R27.18 billion (46.20%) of the R58.84 billion of credit granted during the December 2008 quarter, a decline of R6.59 billion (19.48%) from R33.77 billion in the September 2008 quarter.

The second largest credit category was "other credit agreements", which includes vehicle finance, furniture, and loans secured against a pension/provident fund or insurance policies. Disbursements for this category increased by R370 million (1.65%) from R22.28 billion during the September 2008 quarter to R22.65 billion during the December 2008 quarter.

As at December 2008, the total outstanding balance for consumer credit was R1.15 trillion. The breakdown was as follows: Mortgages accounted for R733.63 billion (63.97%); "other credit agreements" was R226.78 billion (19.78%); credit facilities were R137.74 billion (12.01%); unsecured credit was R47.92 billion (4.18%); and short-term credit was R689.81 million (0.06%).

The banks' share of the total outstanding balance for consumer credit as at December 2008 was R1.03 trillion (89.72%) with the retailers at R37.20 billion (3.24%), non-bank vehicle financiers at R37.74 billion (3.29%) and "other credit providers" at R42.92 billion (3.74%). Other credit providers consists primarily of vehicle and furniture finance.

Of the R58.84 billion of credit transactions entered into in the December 2008 quarter, borrowers in Gauteng received R27.18 billion (46%) followed by Western Cape with R9.06 billion (15.41%).

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