

Continued recovery in Consumer Credit

For Immediate Release

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Gabriel Davel, CEO of the National Credit Regulator (NCR), said that NCR statistics indicate a continued recovery in consumer credit for the quarter ended March 2010.

The National Credit Regulator released its 'Consumer Credit Market Report', which is based on data submitted to it by registered credit providers. This edition covers credit market information from March 2009 up to March 2010.

The total value of new credit granted decreased from R63.30 billion for the quarter ended December 2009 to R61.55 billion for the quarter ended March 2010, a decrease of 2.76% compared to the previous quarter, but 19.04% higher than a year ago.

As at March 2010, the total outstanding consumer credit balances (or gross debtors' book) was R1.14 trillion representing a quarter on quarter growth of 1.00%. The breakdown was as follows: Mortgages accounted for R745.97 billion (65.17%); "Secured credit agreements" was R211.58 billion (18.48%); Credit facilities were R129.17 billion (11.28%); Unsecured credit was R57.29 billion (5.01%); and Short term credit was R720.26 million (0.06%).

The number of applications received for credit decreased by 418,000 from 6.46 million in December 2009 to 6.04 million in March 2010 representing a decrease of 6.48% (an increase of 5.88% when compared to the same period last year). The percentage of applications for credit that was declined decreased from 44% to 40%.

The following were some of the most significant trends:

- The value of new mortgages granted decreased by 1.29% from R21.08 billion in December 2009 to R20.81 billion in March 2010;
- Secured credit which is dominated by vehicle finance, showed a decrease from R23.67 billion in December 2009 to R22.34 billion in March 2010 (a quarter on quarter decrease of 5.62%);
- Unsecured credit decreased from R10.54 billion in December 2009 to R10.00 billion in March 2010 (a quarter on quarter decrease of 5.06%);
- Short term credit showed the largest quarter on quarter increase of 15.31% from R1.10 billion in December 2009 to R1.27 billion in March 2010;
- Individuals who earn gross monthly income of more than R15,000 per month received on average 80% of the mortgages granted over the period March 2009 to March 2010.

The banks' share of the total outstanding consumer credit as at March 2010 was R1,02 trillion (89.50%) with the retailers at R38,37 billion (3.35%), non-bank vehicle financiers at R36,69 billion (3.21%) and "Other credit providers" at R45,11 billion (3.94%). Other credit providers consist primarily of pension-backed lenders, insurers, non-bank mortgage lenders and securitized debt.