

NCR task team tackles mounting debt review challenges

For Immediate Release

December 2009

The National Credit Regulator (NCR) announced in Midrand on 07 December 2009 that it has set up a task team to provide solutions to the bottlenecks in the debt review process. According to the regulator's statistics, the number of consumers who have applied for debt counselling has risen to 130 000. On average 9000 new consumers apply for debt counselling per month. This is likely to increase in the coming months. It is urgent that an interim solution be found whilst we await changes to the legislation.

"While it was to be expected that there would be teething problems in implementing the two and a half year old National Credit Act (NCA), the only one of its kind worldwide, we decided we needed to act decisively to bring the situation under control," said Gabriel Davel, the CEO of the NCR.

The Task Team on Debt Counselling will initially focus on "quick wins" and is anticipated to have a life span of about six months. It is comprised of individuals selected for their experience and knowledge in the field. The Task Team is chaired by Advocate Neville Melville, whose experience as former Banking Ombudsman and dispute resolution expert is seen by the NCR as critical in mediating between the different parties.

Gabriel Davel, CEO of the NCR, believes that Advocate Melville has both the reputation and experience that would be critical in mediating between the various parties, and in ensuring that the interventions proposed are defensible.

The Task team comprises of Peter Setou; Paul Slot; Johan de Ridder and Rob Easton-Berry.

The team is assisted by Marlene Heymans (NCR) and Marissa Erasmus of the University of Pretoria Law Clinic.

Advocate Melville welcomed the spirit of commitment displayed by members of the Task Team and their determination to resolve the problem. He is hopeful that the team will be able to bring about a significant improvement in the backlogs that are impacting negatively on both consumers and creating increasing risk to credit providers, and the banking industry in particular. He concluded that every effort will be made to engage with all the relevant stakeholders in the course of finding solutions.

Note to Editors

The objectives which the Task Team will address are to:

- Identify the primary causes for the current backlogs and delays in finalising debt restructuring, as envisaged by the relevant sections of the National Credit Act;
- Propose common standards and procedures which would facilitate the processing and finalisation of applications for debt counselling;

- Establish mechanisms through which credit providers, debt counsellors and payment distribution agents can engage on operational and procedural problems in relation to the implementation of debt restructuring proposals;
- Establish mechanisms through which disputes in relation to specific cases can be resolved;
- Provide regular information through circulars or similar mechanisms to credit providers and debt counsellors on any standard procedures or documentation; and
- Assist and advise the NCR with the objective of implementing an effective debt counselling process, as intended by the National Credit Act.

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Fezile Africa

On behalf of:
National Credit Regulator
Lebogang Selibi
Tel: (011) 554-2722