

## Slowdown in Consumer credit continues

*For Immediate Release*

*November 2009*

The National Credit Regulator (NCR) released its third 'Consumer Credit Report' which is based on data submitted to it by registered credit providers. This third edition covers credit market information on the five quarters up to June 2009.

The total value of new credit granted declined from R51, 87 billion in the quarter ended March 2009 to R50.93 billion for the quarter ended June 2009, a decrease of 1.83% compared to the previous quarter and a decline of 40.52% compared to the previous year. This indicates that after a period of ongoing decline in the volume of credit granted, credit volumes may have stabilized. The extent of the decline is much less than in previous quarters.

The following were some of the most significant trends compared to previous quarters:

- Mortgages granted showed the biggest decline, from R42.69 billion in June 2008 to R17.66 billion in June 2009, a year-on-year reduction of 58.63%.
- Secured credit which mostly consists of vehicle finance declined from R25.78 billion in June 2008 to R18.78 billion in June 2009, a reduction of 27.16%.
- Individuals who earn gross monthly income of more than R15, 000 per month received on average 80% of the number of mortgages granted over the period June 2008 to June 2009.

As at June 2009, the total outstanding (or gross debtors' book) for consumer credit was R1.14 trillion. The breakdown was as follows: Mortgages accounted for R732.13 billion (64.03%); "Secured credit agreements" was R220.40 billion (19.28%); credit facilities were R140.18 billion (12.26%); unsecured credit was R50.13 billion (4.38%); and short-term credit was R594.50 million (0.05%).

The banks' share of the total outstanding consumer credit as at June 2009 was R1, 02 trillion (89.58%) with the retailers at R38,29 billion (3.35%), non-bank vehicle financiers at R37,01 billion (3.24%) and "Other credit providers" at R43,81 billion (3.83%). Other credit providers consist primarily of pension backed lenders, insurers, non-bank mortgage lenders and securitized debt.

*Issued by:*  
Bullion PR & Communication  
Lola Lazarus

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