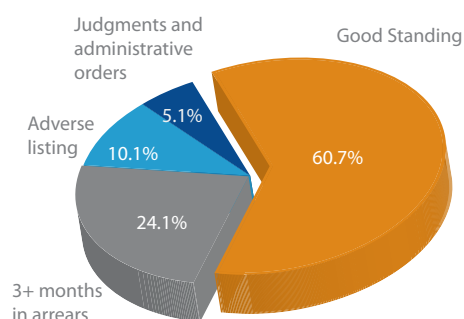


Credit Bureau Monitor

Fourth Quarter | December 2018

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Credit standing of consumers: December 2018



For further information on credit provision, please access the Consumer Credit Market Report on www.ncr.org.za

The information reflected in this edition of the Credit Bureau Monitor covers the period from the quarter ended December 2014 to December 2018, and is based on data held by registered credit bureaus in terms of the National Credit Act No 34 of 2005.

Summary

Credit bureaus create consumer credit profiles based on credit information received from credit providers, courts and utility service providers. The National Credit Regulator (NCR) regulates and monitors registered credit bureaus and the quality of their data.

As at the end of December 2018:

- Credit bureaus held records for 25.85 million credit-active consumers, an increase of 7.5% when compared to the 24.05 million in the previous quarter. Consumers classified in good standing increased by 623,823 to 15.69 million consumers. As a percentage of the total number of credit-active consumers, this reflects a decrease of 1.9% quarter-on-quarter and 1.0% year-on-year.
- The number of consumers with impaired records increased by 1,171,768, to 10.16 million.
- The number of accounts increased from 76.17 million in the previous quarter to 80.31 million. The number of impaired accounts increased from 18.66 million to 20.77 million when compared to the previous quarter, an increase of 2,108,007 quarter-on-quarter and 924,487 year-on-year.
- A total of 555.32 million enquiries were made on consumer credit records, a decrease of 11.9% quarter-on-quarter and an increase of 4.8% year-on-year. Enquiries initiated by consumers accounted for 22.44 million of all enquiries, a decrease of 12.1% quarter-on-quarter and 6.5% year-on-year.
- Of the total enquiries made on consumer records, enquiries from banks and other financial institutions accounted for 51.9%, enquiries from retailers accounted for 6.4% and enquiries from telecommunication providers accounted for 11.3%. Banks and other financial institutions' enquiries decreased by 32.1% from the previous quarter, retailers decreased by 38.8% and telecommunication providers increased by 34.7%.
- The number of credit reports issued to consumers increased from 178,641 in the previous quarter to 181,603. Of the total credit reports issued, 54.1% (98,195) were issued without charge, and the remaining 45.9% (83,408) were issued with charge.
- There were 35,561 disputes lodged on information held on consumer credit records for the quarter ended December 2018, an increase of 1.2% quarter-on-quarter and 9.4% year-on-year.

Introduction

The information reflected in this Credit Bureau Monitor covers the period from the quarter ended December 2014 to December 2018.

Comparisons in this report: “quarter-on-quarter” refers to a comparison between the December 2018 and September 2018 quarters, and “year-on-year” refers to a comparison between the December 2018 and December 2017 quarters.

Credit-active consumers

There were 25.85 million credit-active consumers as at the end of December 2018

Credit bureaus held records for more than 51.89 million individuals on their databases as at the end of December 2018. From these records, 25.85 million (49.8%) were credit-active and the remaining records contained only identification information and no credit activity. The number of credit-active consumers increased by 1,796,000 quarter-on-quarter and 535,000 year-on-year.

The percentage of consumers in good standing decreased this quarter

Consumers classified in good standing increased by 624,000 to 15.69 million consumers. As a percentage of the total number of credit-active consumers, this reflects a decrease of 1.9% quarter-on-quarter and 1.0% year-on-year. Of the total 25.85 million credit-active consumers, 60.7% were in good standing.

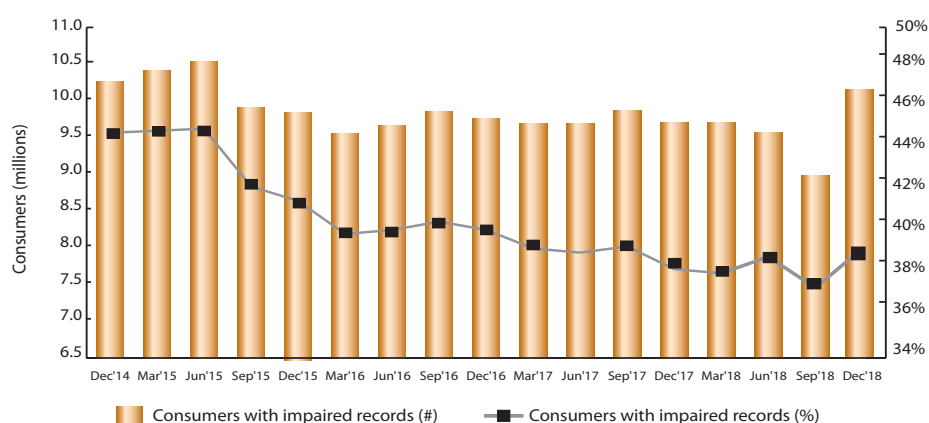
The number of consumers with impaired records (the inverse of those in good standing) increased by 1,172,000 to 10.2 million. The percentage of credit-active consumers with impaired records increased to 39.3%, comprising of 24.1% of consumers in three months or more in arrears, 10.1% of consumers with adverse listings, and 5.1% of consumers with judgments and administration orders.

A detailed breakdown of the nature of impairments is provided in Table 1 and Figure 1.

Table 1: Credit standing of consumers

	Mar 16	Jun 16	Sep 16	Dec 16	Mar 17	Jun 17	Sep 17	Dec 17	Mar 18	Jun 18	Sep 18	Dec 18
Good standing (#)	14.33m	14.41m	14.40m	14.55m	14.99m	15.10m	15.21m	15.62m	15.77m	15.02m	15.07m	15.69m
Good standing (%)	60.0%	59.8%	59.4%	59.9%	60.7%	60.9%	60.6%	61.7%	61.9%	61.1%	62.7%	60.7%
Current (%)	47.6%	48.3%	47.6%	47.6%	48.2%	49.2%	49.2%	49.9%	49.6%	49.4%	50.9%	48.1%
1-2 months in arrears (%)	12.4%	11.6%	11.8%	12.3%	12.5%	11.7%	11.4%	11.8%	12.4%	11.7%	11.8%	12.6%
Impaired records (#)	9.55m	9.67m	9.85m	9.76m	9.69m	9.69m	9.87m	9.70m	9.69m	9.57m	8.98m	10.16m
Impaired records (%)	40.0%	40.2%	40.6%	40.2%	39.3%	39.1%	39.4%	38.3%	38.1%	38.9%	37.4%	39.3%
3+ months in arrears (%)	22.3%	22.1%	22.3%	21.8%	21.7%	22.0%	22.1%	21.7%	21.9%	22.7%	22.3%	24.1%
Adverse listings (%)	10.1%	10.7%	11.3%	11.8%	11.4%	11.2%	11.4%	11.1%	10.7%	10.6%	9.5%	10.1%
Judgments and administration orders (%)	7.6%	7.3%	6.9%	6.6%	6.2%	5.9%	5.8%	5.5%	5.5%	5.5%	5.6%	5.1%
Credit-active consumers (#)	23.88m	24.08m	24.25m	24.31m	24.68m	24.78m	25.08m	25.31m	25.46m	24.59m	24.05m	25.85m

Figure 1: Consumers with impaired records



Consumer accounts

There were 80.31 million accounts on record at the bureaus as at the end of December 2018

At the end of the reporting quarter there were 80.31 million accounts recorded at registered credit bureaus. This was an increase of 5.4% quarter-on-quarter and an increase of 1.0% year-on-year.

The percentage of accounts in good standing decreased this quarter

Of the 80.31 million accounts, 59.54 million (74.1%) were classified as in good standing, a negative variance of 0.2% quarter-on-quarter and 0.9% year-on-year.

As at the end of December 2018:

- 64.3% of accounts were classified as current (decreased quarter-on-quarter by 3.7% and year-on-year by 3.4%).
- 9.8% had missed one or two instalments (increased quarter-on-quarter by 2.3% and year-on-year by 2.5%).
- 19.6% had missed three or more instalments (increased quarter-on-quarter by 1.2% and year-on-year by 1.2%).
- 5.0% had adverse listings (increased quarter-on-quarter by 0.3% and remained unchanged year-on-year).
- 1.2% had judgments or administration orders (decreased quarter-on-quarter by 0.2% and year-on-year by 0.3%).

See Table 2 and Figures 2 and 3 for detailed breakdown.

Table 2: Credit standing of accounts

	Mar 16	Jun 16	Sep 16	Dec 16	Mar 17	Jun 17	Sep 17	Dec 17	Mar 18	Jun 18	Sep 18	Dec 18
Good standing (#)	65.03m	64.32m	63.44m	62.41m	62.73m	60.04m	58.25m	59.64m	59.66m	56.95m	57.51m	59.54m
Good standing (%)	76.5%	76.1%	75.7%	75.7%	76.1%	75.0%	74.3%	75.0%	75.4%	74.9%	75.5%	74.1%
Current (%)	69.0%	69.1%	68.5%	68.4%	68.8%	68.1%	67.2%	67.8%	67.8%	67.6%	68.0%	64.3%
1-2 months in arrears (%)	7.5%	7.0%	7.2%	7.3%	7.3%	7.0%	7.1%	7.3%	7.6%	7.3%	7.5%	9.8%
Impaired records (#)	19.92m	20.24m	20.37m	20.01m	19.70m	19.97m	20.19m	19.84m	19.42m	19.07m	18.66m	20.77m
Impaired records (%)	23.5%	23.9%	24.3%	24.3%	23.9%	25.0%	25.7%	25.0%	24.6%	25.1%	24.5%	25.86%
3+ months in arrears (%)	17.7%	17.8%	18.1%	17.9%	17.8%	18.3%	18.9%	18.4%	18.4%	18.8%	18.4%	19.6%
Adverse listings (%)	4.1%	4.5%	4.6%	4.9%	4.6%	5.1%	5.2%	5.1%	4.7%	4.8%	4.7%	5.0%
Judgments and administration orders (%)	1.7%	1.6%	1.6%	1.6%	1.5%	1.6%	1.6%	1.5%	1.5%	1.5%	1.4%	1.2%
Consumer accounts (#)	84.96m	84.56m	83.81m	82.42m	82.43m	80.02m	78.43m	79.49m	79.08m	76.02m	76.17m	80.31m

Figure 2: Accounts with impaired records

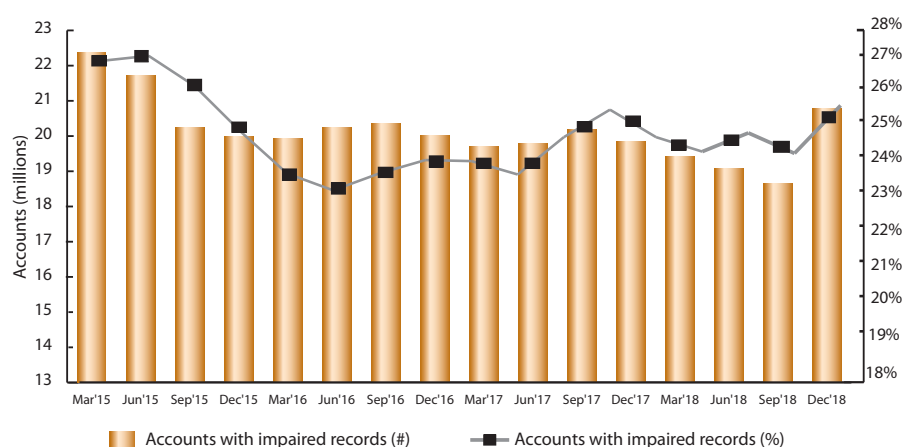
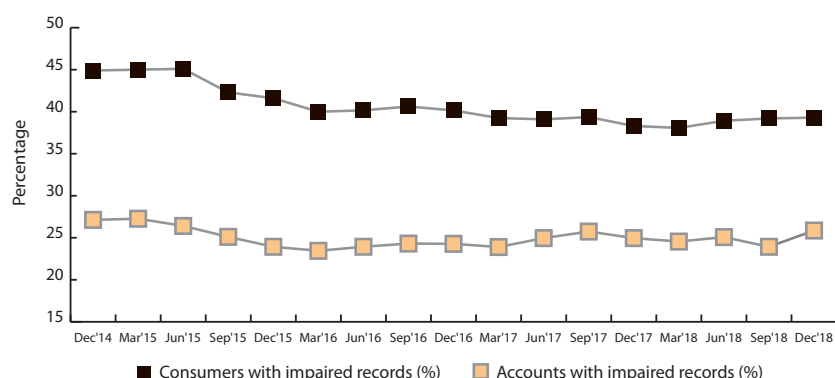


Figure 3: Consumers and accounts with impaired records



Credit market activity

Enquiries made on consumer records decreased for the quarter

There were 555.32 million enquiries made in the quarter ended December 2018. This was a decrease of 11.9% quarter-on-quarter and an increase of 4.8% year-on-year. Enquiries done in bulk by banks and other financial institutions formed the largest portion of all enquiries.

- 22.44 million enquiries were made due to consumers seeking credit (decreased by 12.1% quarter-on-quarter and 6.5% year-on-year).
- 13.84 million enquiries were related to telecommunication services (increased by 28.4% quarter-on-quarter and 776.4% year-on-year).
- 61.52 million enquiries were made for tracing/debt collection purposes (increased by 29.4% quarter-on-quarter and 29.9% year-on-year).
- 457.53 million enquiries were made for other purposes – excluding those purposes mentioned above, e.g. account management and contact information update (decreased by 16.3% quarter-on-quarter and increased by 0.1% year-on-year).

Refer to Table 3 and Figures 4 and 5 for detailed breakdown.

Table 3: Enquiries

Enquiry purpose:	Number of enquiries (millions)									Percentage change							
	Dec 16	Mar 17	Jun 17	Sep 17	Dec 17	Mar 18	Jun 18	Sep 18	Dec 18	Dec 16 to Mar 17	Mar 17 to Jun 17	Jun 17 to Sep 17	Sep 17 to Dec 17	Dec 17 to Mar 18	Mar 18 to Jun 18	Jun 18 to Sep 18	Sep 18 to Dec 18
Consumers seeking credit	19.66	18.49	18.42	21.93	23.98	24.29	24.52	25.52	22.44	-6.0%	-0.4%	19.0%	9.4%	1.3%	0.9%	4.1%	-12.1%
Telecommunication services	1.16	1.05	1.28	1.42	1.58	1.13	4.71	10.78	13.84	-9.7%	21.5%	11.2%	11.3%	-28.5%	316.7%	129.1%	28.4%
Tracing/debt collection purposes	20.83	21.00	24.11	31.46	47.35	49.32	52.89	47.57	61.52	0.8%	14.8%	30.5%	50.5%	4.1%	7.2%	-10.0%	29.4%
Other	404.79	395.90	436.16	327.49	457.20	364.95	297.78	546.67	457.53	-2.2%	10.2%	-24.9%	39.6%	-20.2%	-18.4%	83.6%	-16.3%
Total	446.44	436.44	479.97	382.29	530.11	439.69	379.89	630.54	555.32	-2.2%	10.0%	-20.4%	38.67%	-17.1%	-13.60%	66.0%	-11.9%

Figure 4: Enquiries due to consumers seeking credit

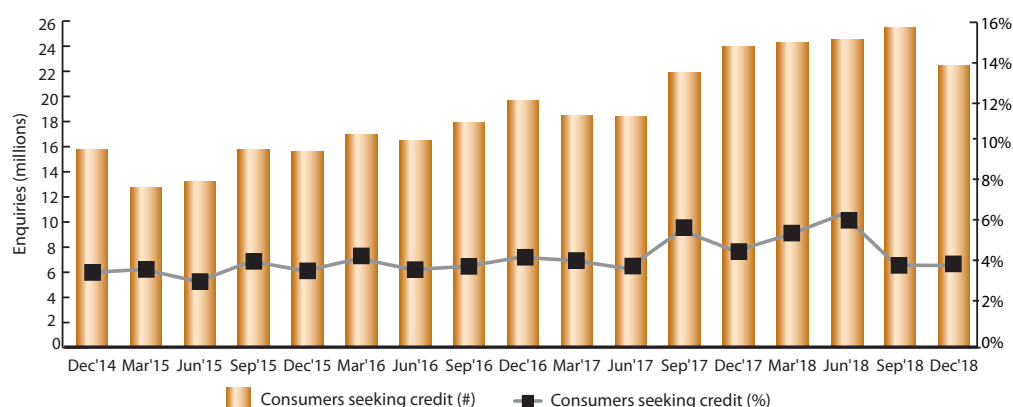
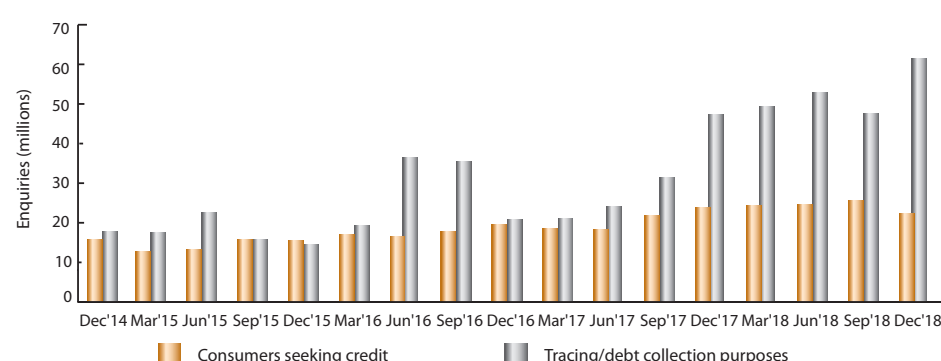


Figure 5: Enquiries due to consumers seeking credit and enquiries for tracing/debt collection purposes



Enquiry sectoral analysis

There were 288.08 million enquiries made by banks and other financial institutions in the quarter ended December 2018, a decrease of 32.1% quarter-on-quarter and 7.1% year-on-year. Retailers made 35.58 million enquiries on consumer records, which was a decrease of 38.8% quarter-on-quarter and an increase 0.3% year-on-year. Enquiries made by telecommunication providers increased by 34.7% quarter-on-quarter and 54.0% year-on-year, to 62.45 million in the December 2018 quarter. Enquiries made by debt collection agencies increased by 44.8% quarter-on-quarter and by 80.7% year-on-year, to 6.89 million in December 2018 quarter. Enquiries made by all other entities increased by 67.1% quarter-on-quarter and 15.6% year-on-year, to 162.32 million.

Refer to Tables 4 to 7 and Figure 6 for a detailed breakdown.

Table 4: All enquiries – distribution according to sectors

Enquiries by:	Number of enquiries (millions)									Percentage change							
	Dec 16	Mar 17	June 17	Sep 17	Dec 17	Mar 18	Jun 18	Sep 18	Dec 18	Dec 16 to Mar 17	Mar 17 to June 17	June 17 to Sep 17	Sep 17 to Dec 17	Dec 17 to Mar 18	Mar 18 to Jun 18	Jun 18 to Sep 18	Sep 18 to Dec 18
Banks and other financial institutions	256.56	280.10	269.75	161.36	309.95	244.36	134.31	424.18	288.08	9.2%	-3.7%	-40.2%	92.1%	-21.2%	-45.0%	215.8%	-32.1%
Retailers	26.93	30.01	25.43	33.06	35.48	32.36	15.63	58.13	35.58	11.5%	-15.3%	30.0%	7.3%	-8.8%	-51.3%	271.8%	-38.8%
Telecommunication providers	43.60	26.23	35.62	40.65	40.54	44.10	46.17	46.37	62.45	-39.8%	35.8%	14.1%	-0.3%	8.8%	4.7%	0.4%	34.7%
Debt collection agencies	3.85	5.26	3.00	6.64	3.81	2.76	2.55	4.76	6.89	36.8%	-43.0%	121.6%	-42.5%	-27.7%	-7.7%	87.1%	44.8%
All other entities	115.50	94.84	146.17	140.59	140.33	116.10	176.66	97.11	162.32	-17.9%	54.1%	-3.8%	-0.2%	1.0%	51.8%	-46.4%	67.1%
Total	446.44	436.44	479.97	382.29	530.11	439.69	375.32	630.54	555.32	-2.2%	10.0%	-20.4%	38.7%	-17.1%	-14.6%	65.98	-11.9%

Figure 6: All enquiries – distribution according to sectors

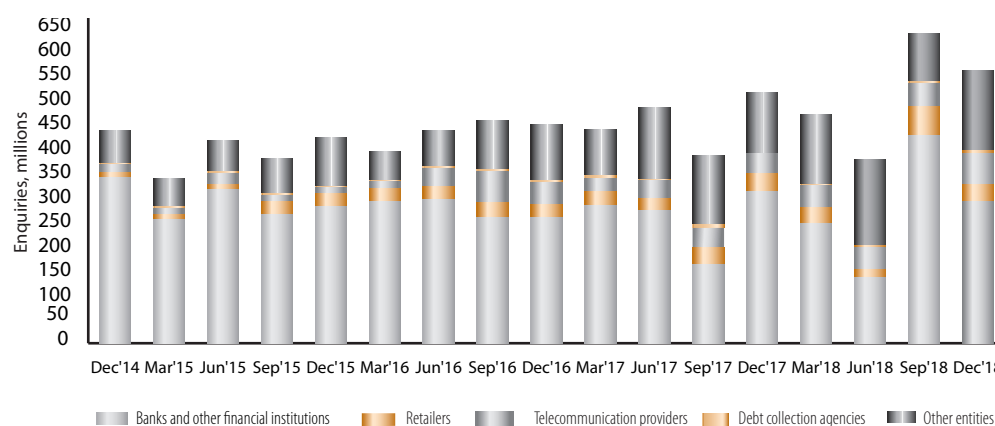


Table 5: Enquiries by banks and other financial institutions

Enquiry purpose:	Number of enquiries (millions)									Percentage change							
	Dec 16	Mar 17	Jun 17	Sep 17	Dec 17	Mar 18	Jun 18	Sep 18	Dec 18	Dec 16 to Mar 17	Mar 17 to Jun 17	Jun 17 to Sep 17	Sep 17 to Dec 17	Dec 17 to Mar 18	Mar 18 to Jun 18	Jun 18 to Sep 18	Sep 18 to Dec 18
Consumers seeking credit	16.58	16.03	15.89	19.27	20.91	21.79	21.84	22.59	19.68	-3.3%	-0.9%	21.3%	8.5%	4.2%	0.3%	3.4%	-12.9%
Tracing/debt collection purposes	1.81	1.92	2.37	2.77	2.77	2.56	3.20	2.13	3.24	6.2%	22.9%	16.9%	0.2%	-7.5%	24.5%	-33.5%	53.8%
Other purposes	238.17	262.14	251.49	139.32	286.26	220.01	109.27	399.46	265.16	10.1%	-4.1%	-44.6%	105.5%	-23.1%	-50.3%	265.6%	86.7%
Banks and other financial institutions	256.56	280.10	269.75	161.36	309.95	244.36	134.31	424.18	288.08	9.2%	-3.7%	-40.2%	92.1%	-21.2%	-45.0%	215.8%	-32.1%

Table 6: Enquiries by retailers

Enquiry purpose:	Number of enquiries (millions)									Percentage change							
	Dec 16	Mar 17	Jun 17	Sep 17	Dec 17	Mar 18	Jun 18	Sep 18	Dec 18	Dec 16 to Mar 17	Mar 17 to Jun 17	Jun 17 to Sep 17	Sep 17 to Dec 17	Dec 17 to Mar 18	Mar 18 to Jun 18	Jun 18 to Sep 18	Sep 18 to Dec 18
Consumers seeking credit	3.07	2.46	2.53	2.65	3.07	2.51	2.68	2.94	2.76	-20.1%	3.1%	4.7%	15.7%	-18.4%	6.9%	9.7%	-6.1%
Tracing/debt collection purposes	0.5	1.02	0.42	0.73	1.85	1.27	2.00	3.21	1.99	103.6%	-58.9%	74.8%	152.8%	-31.6%	58.5%	60.0%	-38.0%
Other purposes	23.35	26.54	22.48	29.68	30.56	28.32	10.95	51.98	30.83	13.6%	-15.3%	32.0%	3.0%	-7.3%	-61.3%	374.8%	-40.7%
Retailers	26.93	30.01	25.43	33.06	35.48	32.09	15.63	58.13	35.57	11.5%	-15.3%	30.0%	7.3%	-9.6%	-51.3%	271.8%	-38.8%

Table 7: Enquiries by telecommunication providers

Enquiry purpose:	Number of enquiries (millions)									Percentage change							
	Dec 16	Mar 17	Jun 17	Sep 17	Dec 17	Mar 18	Jun 18	Sep 18	Dec 18	Dec 16 to Mar 17	Mar 17 to Jun 17	Jun 17 to Sep 17	Sep 16 to Dec 16	Dec 17 to Mar 18	Mar 18 to Jun 18	Jun 18 to Sep 18	Sep 18 to Dec 18
Telecommunication services	1.16	1.05	1.28	1.42	1.58	1.13	4.71	10.78	13.84	-9.7%	21.5%	11.2%	11.3%	-28.5%	316.7%	129.1%	28.4%
Tracing/debt collection purposes	13.22	10.11	16.72	19.13	22.64	36.15	34.52	26.97	29.85	-23.5%	65.3%	14.4%	18.3%	59.7%	-4.5%	-21.9%	10.7%
Other purposes	29.22	15.06	17.63	20.10	16.33	6.83	6.95	8.62	18.77	-48.5%	-17.1%	14.0%	-18.8%	-58.2%	1.8%	24.1%	117.6%
Telecommunication providers	43.60	26.23	35.62	40.65	40.54	44.10	46.17	46.38	62.45	-39.8%	-35.8%	14.1%	-0.3%	8.8%	4.7%	0.4%	34.7%

Credit bureau activity

Demand for credit reports increased for the quarter

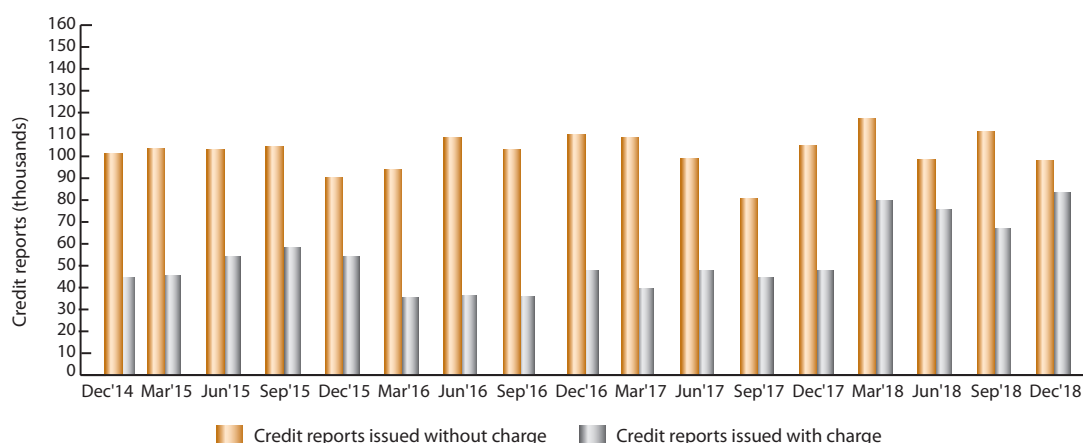
Of the total 181,603 credit reports issued to consumers at their request during the quarter ended December 2018, 54.1% (98,195) were issued without charge, and the remaining 45.93% (83,408) were issued with charge. The total number of credit reports issued increased by 1.7% quarter-on-quarter and 18.9% year-on-year.

See Table 8 and Figure 7 for details.

Table 8: Credit reports issued

Credit reports:	Number of credit reports										Percentage change								
	Sep 16	Dec 16	Mar 17	Jun 17	Sep 17	Dec 17	Mar 18	Jun 18	Sep 18	Dec 18	Sep 16 to Dec 16	Dec 16 to Mar 17	Mar 17 to Jun 17	Jun 17 to Sep 17	Sep 17 to Dec 17	Dec 17 to Mar 18	Mar 18 to Jun 18	Jun 18 to Sep 18	Sep 18 to Dec 18
Issued without charge	103,258	109,797	108,695	98,964	80,735	105,083	117,272	98,523	111,485	98,195	6.3%	-1.0%	-9.0%	-18.4%	30.2%	11.6%	-16.0%	13.2%	-11.9%
Issued with charge	36,144	47,934	39,803	48,025	44,820	47,607	79,648	75,855	67,156	83,408	32.4%	-17.0%	20.7%	-6.7%	6.2%	67.3%	-4.8%	11.5%	24.2%
Total issued	139,402	157,731	148,498	146,989	125,555	152,690	196,920	174,378	178,641	181,603	13.1%	-5.9%	-1.0%	-14.6%	21.6%	29.0%	11.4%	2.4%	1.7%

Figure 7: Credit reports issued



Consumer disputes

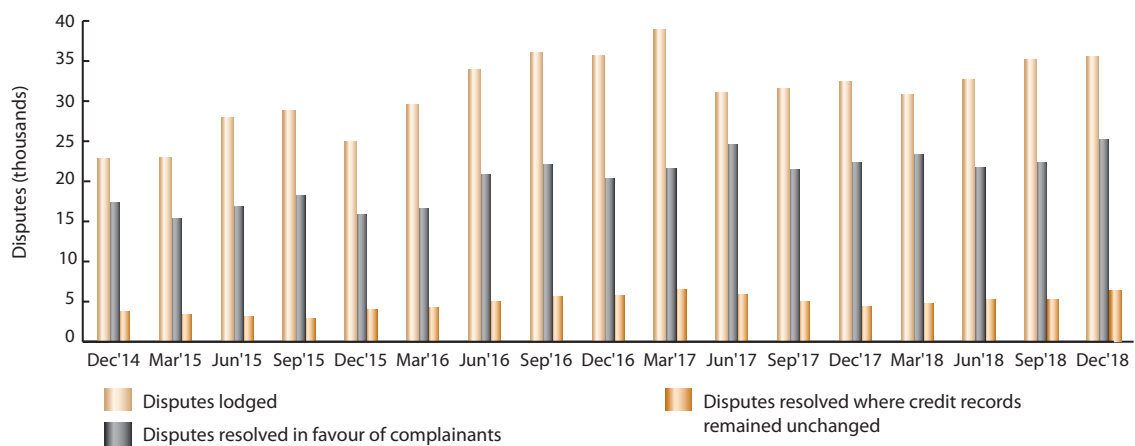
There were 35,561 disputes lodged in respect of the accuracy of the information recorded on consumer credit records in the quarter ended december 2018. This was an increase of 1.2% quarter-on-quarter and a decrease of 9.4% year-on-year. More disputes were resolved in favour of complainants (25,188) as compared to disputes where credit records remained unchanged (6,434).

See Table 9 and Figure 8 for details.

Table 9: Disputes

Number of disputes										Percentage change							
Disputes:	Dec 16	Mar 17	Jun 17	Sep 17	Dec 17	Mar 18	Jun 18	Sep 18	Dec 18	Dec 16 to Mar 17	Mar 17 to Jun 17	Jun 17 to Sep 17	Sep 17 to Dec 17	Dec 17 to Mar 18	Mar 17 to Jun 17	Jun 18 to Sep 18	Sep 18 to Dec 18
Lodged	35,673	38,882	31,092	31,631	32,509	30,853	32,727	35,155	35,651	9.0%	-20.0%	1.7%	2.8%	-5.1%	6.1%	7.4%	1.2%
Resolved in favour of complainants	20,333	21,594	24,621	21,483	22,349	23,342	21,724	22,320	25,188	6.2%	14.0%	-12.7%	4.0%	4.4%	-6.9%	2.7%	12.8%
Resolved where credit record remained unchanged	5,807	6,573	5,877	5,012	4,352	4,714	5,222	5,283	6,434	13.2%	-10.6%	-14.7%	-13.2	8.3%	10.8%	1.2%	21.8%

Figure 8: Disputes



Definitions

Terms used in this report	Definitions
Credit-active consumers	Consumers obligated to pay credit providers and/or service providers, etc. These obligations result in transactional entries on the consumer's credit record at the credit bureaus.
Impaired record	A record on which a consumer and/or any of the accounts, are either classified as three or more payments or months in arrears, or which has an "adverse listing", or that reflects a judgment or administration order.
Good standing	An account or consumer showing as current or on which the client has not missed more than one or two instalments, which has no adverse listings and has no judgments.
Adverse listing	Accounts with adverse classifications such as 'handed over' and/or 'written-off'.
Current	A consumer or account is up-to-date with payments and has not missed any instalment over the period of the credit agreement.

Notes

- Where values have been rounded off, the percentage calculations and summed totals are calculated off the unrounded values.
- Refer to the NCR website for complete tables of forty quarters from December 2008 to december 2018.