

Credit extension slows down

Today, the National Credit Regulator (NCR) released the Consumer Credit Market Report (CCMR) and the Credit Bureau Monitor (CBM), which are based on data submitted to the NCR by registered credit providers and credit bureaus respectively. The latest edition of the reports covers credit market information up to March 2017. The number of applications for credit decreased by 9.49% quarter-on-quarter from 10.52 million in December 2016 to 9.53 million in March 2017. The total value of new credit granted decreased by 5.63% quarter-on-quarter from R123.40 billion to R116.46 billion.

The following were some of the most significant trends observed in terms of credit granted for the quarter ended March 2017:

- The value of new mortgages granted decreased by R3.08 billion (8.24%) quarter-on-quarter but increased by R1.15 billion (3.47%) year-on-year.
- Secured credit which is dominated by vehicle finance, decreased by R3.37 billion (7.99%) quarter-on-quarter but increased by R4.65 billion (13.63%) year-on-year.
- Credit facilities increased by R390.87 million (2.62%) quarter-on-quarter and by R2.02 billion (15.14%) year-on year.
- Unsecured credit decreased by R2.99 billion (12.96%) quarter-on-quarter, but increased by R1.19 billion (6.29%) year-on-year.

The total outstanding consumer credit balances (or gross debtors book) as at March 2017 was R1.71 trillion, representing an increase of 1.00% quarter-on-quarter and 3.04% year-on-year.

The trends for outstanding balances for the quarter ended March 2017 were as follows:

- Mortgages debtors book increased by R8.76 billion (1.00%) for the quarter ended March 2017 and by R20.69 billion (2.40%) year-on-year.
- Secured credit debtors book increased by R4.46 billion (1.16%) for the quarter ended March 2017 and by R18.88 billion (5.10%) year-on-year.

- Credit facilities debtors book increased by R2.10 billion (0.95%) for the quarter ended March 2017 and by R4.38 billion (2.00%) year-on-year.
- Unsecured credit debtors book increased by R1.10 billion (0.67%) for the quarter ended March 2017 and by R580.77 million (0.35%) year-on-year.

Credit bureaus held records for 24.68 million credit-active consumers, an increase of 1.52% when compared to the 24.31 million in the previous quarter. Consumers classified in good standing increased by 442,000 to 14.99 million consumers. This amounts to 60.74% the total number of credit-active consumers, an increase of 0.89% quarter-on-quarter and 0.73% year-on-year. The number of credit active accounts increased from 82.42 million to 82.43 million in the quarter ended March 2017. The number of impaired accounts has decreased from 20.01 million (24.28%) to 19.70 million (23.90%) when compared to December 2016, a decrease of 307,000 quarter-on-quarter and 220,000 year-on-year.

The number of enquiries made on consumer credit records was 436.44 million, this was a decline of 2.24% quarter-on-quarter but an increase of 11.40% year-on-year. Consumer initiated enquiries accounted for 18.49 million of all enquiries, a decrease of 5.95% quarter-on-quarter but an increase of 8.84% year-on-year. The number of credit reports issued to consumers decreased from 157,731 in the previous quarter to 148,498. A total of 108,695 (73.20%) credit reports were issued without charge, and the remaining 39,803 (26.80%) were issued with charge. There were 38,882 disputes lodged on information held on consumer credit records for the quarter ended March 2017, an increase of 9.00% quarter-on-quarter and 31.54% year-on-year.

Nomsa Motshegare, the Chief Executive Officer (CEO) of the NCR has noted the seasonal slowdown in credit extension. She is advising consumers to live within their means, take credit only when there is an absolute need and only from registered credit providers. Consumers who are not coping with repayments should talk with their credit providers or consult registered debt counsellors for assistance.

Comparisons in this release- ‘quarter-on-quarter’ refers to a comparison between the December 2016 and March 2017 quarters, and ‘year-on-year’ refers to a comparison between the March 2016 and March 2017 quarters.

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