

MORTGAGES SURGE IN THE SECOND QUARTER.

THURSDAY, SEPTEMBER 2024

Johannesburg – 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 by the registered credit providers and credit bureaus respectively. The latest edition of the reports covers credit market information up to June 2024. Mortgage agreements surged by a significant 18.89% (R7.24 billion) on a quarterly basis. The growth was, however, 4.36% shy when compared to a year ago following three consecutive declines in mortgage credit extensions. The growth was largely due to the banking sector, which constitutes almost 80% of total credit granted.

The total value of new credit granted increased by 5.43% quarter-on-quarter from R132.53 billion to R139.73 billion. The number of credit agreements entered-into increased by 4.62% quarter-on-quarter from 4.72 million to 4.94 million.

The following were some of the most significant trends observed in terms of credit granted for the quarter ended June 2024:

- The value of new mortgages granted increased by R7.24 billion (18.89%) quarter-on-quarter and decreased by R2.21 billion (4.63%) year-on-year.
- Secured credit, which is dominated by vehicle finance, increased by R388.55 million (0.88%) quarter-on-quarter, and decreased by R405.07 million (0.90%) year-on-year.
- Credit facilities increased by R942.70 million (4.18%) quarter-on-quarter and R899.16 million (3.98%) year-on year.
- Unsecured credit decreased by R72.41 million (0.32%) quarter-on-quarter, and R395.99 million (1.73%) year-on-year.
- Short-term credit increased by R102.95 million (3.44%) quarter-on-quarter and R748.67 million (31.93%) year-on-year.

The total outstanding consumer credit balances (or gross debtor's book) as at June 2024 was R2.37 trillion, representing an increase of 0.08% quarter-on-quarter and by 2.63% year-on-year. The trends for outstanding balances for the quarter ended June 2024 were as follows:

- Mortgages debtors book increased by R8.47 billion (0.69%) quarter-on-quarter and by R34.48 billion (2.86%) year-on-year.
- Secured credit debtors book decreased by R4.39 billion (0.85%) quarter-on-quarter and increased by R11.02 billion (2.19%) year-on-year.
- Credit facilities debtors book increased by R1.55 billion (0.46%) quarter-on-quarter and by R17.32 billion (5.45%) year-on-year.
- Unsecured credit debtors book decreased by R2.81 billion (1.29%) quarter-on-quarter and by R6.16 billion (2.78%) year-on-year.
- Short-term credit debtors book increased by R4.12 million (0.15%) quarter-on-quarter and by R573.89 million (26.10%) year-on-year.

Credit bureaus held records for 28.15 million credit-active consumers, which was an increase of 0.81% when compared to the 27.92 million in the previous quarter. Consumers classified in good standing increased by 59,883 to 17.89 million. This amounts to 63.57% of the total number of credit-active consumers. The number of credit-active accounts decreased from 96.10 million to 95.91 million in the quarter ended June 2024. The number of impaired accounts has increased from 20.46 million (21.29%) to 20.77 million (21.66%) in June 2024.

Ms Lynette De Beer, the Acting Chief Executive Officer (CEO) of the NCR recognises that while consumers have faced financial difficulty with the rising cost of living, with some consumers finding it difficult to make ends meet, the recent interest rate drop may provide some relief. She encourages consumers to take advantage of the interest rate drop by paying off existing debt. "Consumers are advised to use the cost savings that the interest rate drop provides to increase their monthly debt instalment amount if they can, this will allow them to pay off their debts slightly faster," says Ms De Beer. She further adds that if increased payment is not possible, then consumers should at least maintain their current instalment amount.

Ms De Beer further advises those battling to keep up with their debt obligations to first contact their credit providers and negotiate more affordable repayment terms or for some

kind of relief on their debt. Should this option be unsuccessful, consumers are advised to utilise debt relief options, like debt counselling. Debt counselling is a debt relief measure provided for in the National Credit Act and by the industry to aid overindebted consumers by enlisting the services of a registered debt counsellor. "Should a consumer choose the debt counselling option, it is important that they understand the debt counselling process and they should only use a debt counsellor registered with the NCR," cautions Ms De Beer.

For a detailed explanation of the debt counselling process and a full list of debt counsellors registered with the NCR, consumers are advised to visit the NCR website at www.ncr.org.za or call 0860 627 627.

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ABOUT THE NATIONAL CREDIT REGULATOR

The National Credit Regulator is tasked with regulating the South African credit industry, ensuring fair practices, promoting responsible lending, and protecting consumer rights under the National Credit Act.