

Consumer credit health improves

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 December 2017. The total value of new credit granted increased by 9.76% quarter-on-quarter from R123.64 billion to R135.71 billion. The number of applications for credit increased by 6.18% quarter-on-quarter from 9.87 million in September 2017 to 10.48 million in December 2017.

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

- The value of new mortgages granted increased by R3.79 billion (10.10%) quarter-on-quarter but increased by R3.99 billion (10.68%) year-on-year.
- Secured credit which is dominated by vehicle finance, increased by R4.12 billion (9.74%) quarter-on-quarter and by R4.18 billion (9.91%) year-on-year.
- Credit facilities increased by R1.38 billion (8.84%) quarter-on-quarter and by R2.58 billion (17.25%) year-on-year.
- Unsecured credit decreased by R2.77 billion (12.44%) quarter-on-quarter, but increased by R2.01 billion (8.73%) year-on-year.

The total outstanding consumer credit balances (or gross debtors book) as at December 2017 was R1.76 trillion, representing an increase of 1.53% quarter-on-quarter and 3.77% year-on-year. The trends for outstanding balances for the quarter ended December 2017 were as follows:

- Mortgage debtors book increased by R8.72 billion (0.97%) for the quarter ended December 2017 and by R28.82 billion (3.29%) year-on-year.
- Secured credit debtors book increased by R7.89 billion (1.98%) for the quarter ended December 2017 and by R21.60 billion (5.61%) year-on-year.

- Credit facilities debtors book increased by R2.96 billion (1.32%) for the quarter ended December 2017 and by R5.67 billion (2.56%) year-on-year.
- Unsecured credit debtors book increased by R3.98 billion (2.40%) for the quarter ended December 2017 and by R5.16 billion (3.13%) year-on-year.

Credit bureaus held records for 25.31 million credit-active consumers, which showed an increase of 0.91% when compared to the 25.08 million in the previous quarter. Consumers classified in good standing increased by 406,220 to 15.62 million consumers. This amounts to 60.74% of the total number of credit-active consumers, an increase of 1.06% quarter-on-quarter and 1.84% year-on-year. The number of credit active accounts increased from 78.43 million to 79.49 million in the quarter ended December 2017. The number of impaired accounts has decreased from 20.19 million (25.74%) to 19.84 million (24.96%) when compared to September 2017, a decrease of 345,000 quarter-on-quarter and 167,000 year-on-year.

The number of enquiries made on consumer credit records was 530.11 million, this was an increase of 38.67% quarter-on-quarter but an increase of 18.74% year-on-year. Consumer initiated enquiries accounted for 23.98 million of all enquiries, an increase of 9.38% quarter-on-quarter and 22.01% year-on-year. The number of credit reports issued to consumers increased from 125,555 in the previous quarter to 152,690. A total 105,083 (68.82%) credit reports were issued without charge, and the remaining 47,607 (31.18%) were issued with charge. There were 32,509 disputes lodged on information held on consumer credit records for the quarter ended December 2017, an increase of 2.49% quarter-on-quarter but a decrease of 8.87% year-on-year.

Nomsa Motshegare, the Chief Executive Officer (CEO) of the NCR has noted the seasonal uptick in credit extension. Motshegare is advising consumers to live within their means and only take credit when there is an absolute need. She further stressed the fact that consumers should only take credit from registered credit providers. Consumers must disclose all their financial obligations to credit providers when they apply for credit so that credit providers are able to conduct a proper affordability assessment.

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

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