



The National Credit Regulator
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MEDIA RELEASE

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Consumers are encouraged to borrow wisely and start saving

The National Credit Regulator (NCR) encourages consumers to make savings one of their New Year's resolutions in order to avoid borrowing all the time and to avoid over-indebtedness. The festive season has come and gone, leaving some consumers who did not plan properly with nothing. Some of these consumers will be approaching credit providers in order to borrow money to get by for the month, says Ms. Anne-Carien Du Plooy, Acting Manager: Education and Communication at the NCR.

If you are going to get a loan this January to assist you to keep afloat until the next pay day, do so responsibly, says Du Plooy. Tips for responsible borrowing:

- Prepare a budget to see how much you can afford in terms of repayments and to track all your monthly costs;
- Remember the repo rate was increased in November 2021 increasing interest rates, take that into consideration when you apply for credit;
- Only use credit providers registered with the National Credit Regulator;
- Get a quotation and pre-agreement statement – these outline the cost of credit and terms and conditions of the credit agreement you will be signing;
- Understand the total cost of credit outlined in the quotation which includes interest, monthly service fees, one-off initiation fees, credit life insurance etc;
- Do not take on additional credit just because they say you qualify for more;
- Do not take out credit for other people as the risk of non-payment will fall on you;

- Start saving now!
- Avoid credit providers that say “Blacklisted consumers welcome, No credit checks etc”;
- Avoid credit providers that require you to pay an upfront payment before they give you the loan;
- Avoid credit providers that require you to leave your cards, ID and PINs with them;
- Avoid credit providers that offer you a ridiculously low interest rate, if it too good to be true, it usually is.

Remember, if you take out a loan and do not repay it as agreed in the credit agreement, this will adversely affect your credit report. The devastating effects of such adverse listings on credit profiles are that they restrict your chances of qualifying for credit in the future and/or accessing certain jobs where a candidate is considered for employment in a position that requires honesty in dealing with cash or finances.

When applying for a loan, it is important for consumers to truthfully disclose all their expenses. This will enable credit providers to conduct an affordability assessment on the consumer’s ability to repay the loan. “If you fail to truthfully disclose all expenses, you will lose the protection offered by the National Credit Act. In some situations, unscrupulous agents will encourage consumers not to truthfully disclose expenses in order to enhance their chance of qualifying for credit application,” cautions Ms. Du Plooy.

Consumers who require additional information on borrowing wisely or a list of registered credit providers can log on to www.ncr.org.za or contact our call centre on 0860 627 627.

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About The National Credit Regulator

The National Credit Regulator (NCR) was established in terms of the National Credit Act 34 of 2005 (the Act) and is responsible for the regulation of the South African credit industry. The NCR is mandated with the registration of Credit Providers, Credit Bureaus, Debt Counsellors, Payment Distribution Agents, and Alternative Dispute Resolution Agents; and monitoring their conduct in compliance with the National Credit Act as amended. The National Credit Regulator offers

education and protection to consumers of credit in promotion of a South African credit market that is fair, transparent, accessible and dynamic.

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