

Media Release

October 2018

Credit extension seasonally surges

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 June 2018. The total value of new credit granted increased by 8.25% quarter-on-quarter from R121.62 billion to R131.65 billion. The number of applications for credit increased by 5.79% quarter-on-quarter from 10.49 million in March 2018 to 11.10 million in June 2018.

The following were some of the most significant trends observed in terms of credit granted for the quarter ended June 2018:

- The value of new mortgages granted increased by R4.78 billion (13.50%) quarter-on-quarter and by R3.34 billion (9.07%) year-on-year.
- Secured credit which is dominated by vehicle finance, increased by R61.21 million (0.15%) quarter-on-quarter and by R2.38 billion (6.07%) year-on-year.
- Credit facilities increased by R1.90 billion (11.35%) quarter-on-quarter and by R3.30 billion (21.56%) year-on-year.
- Unsecured credit increased by R2.77 billion (11.95%) quarter-on-quarter and by R5.94 billion (29.58%) year-on-year.

The total outstanding consumer credit balances (or gross debtors book) as at June 2018 was R1.80 trillion, representing an increase of 1.14% quarter-on-quarter and 4.76% year-on-year. The trends for outstanding balances for the quarter ended June 2018 were as follows:

- Mortgages debtors book increased by R8.44 billion (0.92%) for the quarter ended June 2018 and by R33.11 billion (3.72%) year-on-year.
- Secured credit debtors book increased by R3.49 billion (0.85%) for the quarter ended June 2018 and by R23.09 billion (5.87%) year-on-year.
- Credit facilities debtors book increased by R1.54 billion (0.67%) for the quarter ended June 2018 and by R6.28 billion (2.79%) year-on-year.
- Unsecured credit debtors book increased by R6.01 billion (3.48%) for the quarter ended June 2018 and by R13.16 billion (7.96%) year-on-year.

Credit bureaus held records for 24.59 million credit-active consumers, which showed a decrease of 3.44% when compared to the 25.46 million in the previous quarter. Consumers classified in good standing decreased by 751,431 to 15.02 million consumers. This amounts to 61.08% of the total number of credit-active consumers, a decrease of 0.85% quarter-on-quarter and an increase of 0.17% year-on-year. The number of credit active accounts decreased from 79.08 million to 76.02 million in the quarter ended June 2018. The number of impaired accounts has decreased in absolute terms from 19.42 million (24.55%) to 19.07 million (25.08%) when compared to March 2018, a decrease of 348,729 quarter-on-quarter and 905,454 year-on-year.

The number of enquiries made on consumer credit records was 375.32 million, this was a decrease of 14.64% quarter-on-quarter and of 21.80% year-on-year. Consumer initiated enquiries accounted for 24.52 million of all enquiries, an increase of 0.94% quarter-on-quarter and 33.11% year-on-year. The number of credit reports issued to consumers decreased from 196,920 in the previous quarter to 174,378. A total 98,523 (56.50%) credit reports were issued without charge, and the remaining 75,855 (43.50%) were issued with charge. There were 32,727 disputes lodged on information held on consumer

credit records for the quarter ended June 2018, an increase of 6.07% quarter-on-quarter and of 5.26% year-on-year.

Consumers battling with their debt repayments should not despair, they are encouraged not to avoid their credit providers but to approach them to assist with payment re-arrangements. In worst cases the assistance of registered debt counsellors must be sought. The debt counselling process was introduced to assist consumers who are over-indebted. Such consumers can no longer meet their debt obligation and living expenses with their income. A registered debt counsellor will assist the consumer with budget advice and assist with the debt restructuring on behalf of the consumer, says Nomsa Motshegare, CEO at the NCR. Consumers must have an income to be accepted to the debt counselling process. Their income will be used in the restructuring process with credit providers, concludes Motshegare.

Comparisons in this release- ‘quarter-on-quarter’ refers to a comparison between the March 2018 and June 2018 quarters, and ‘year-on-year’ refers to a comparison between the June 2017 and June 2018 quarters.

Issued by: The National Credit Regulator

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About The National Credit Regulator

The National Credit Regulator (NCR) was established as the regulator under 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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