

Credit Bureau Monitor

Second Quarter | June 2010

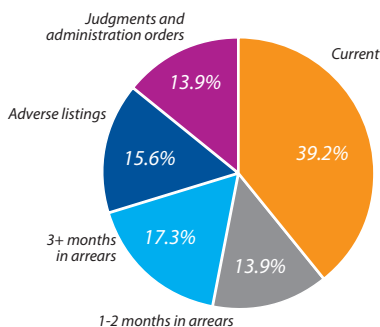
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The information reflected in this edition of the Credit Bureau Monitor is for thirteen* quarters, from quarter ended June 2007 to quarter ended June 2010, and is based on data held by registered credit bureaus in terms of the National Credit Act.

Summary

Credit bureaus create consumer credit profiles based on credit information received from credit providers. The National Credit Regulator regulates and monitors registered credit bureaus and the quality of their data.

Credit standing of consumers:
June 2010



As at the end of June 2010, credit bureaus had records for 18.32 million credit-active consumers:

- Of the 18.32 million credit-active consumers, 53.1% (9.73m) were classified as in good standing.
- The number of consumers with impaired records continued to increase reaching 8.59 million this quarter. This indicated a deterioration in the credit records of 212 000 consumers quarter-on-quarter and 739 000 year-on-year. Adverse listings contributed more in this category as compared to the categories of 3 or more months in arrears and judgments.
- In terms of accounts, the number of impaired accounts increased by 292 000, to 17.06 million. This means that 26.1% of accounts (an increase of 0.2% from 25.9% in March 2010) are impaired.
- A total of 135.34 million enquiries were made on consumer credit records, an increase of 8.4% quarter-on-quarter and 10.9% year-on-year.
- Of the total enquiries made on consumer records, enquiries from banks and other financial institutions accounted for 38.7%, enquiries from retailers accounted for 16.5% and enquiries from telecommunications providers accounted for 23.3%.
- The number of credit reports issued to consumers decreased to 70,706. Of the total credit reports issued, 84.0% (59,220) were issued without charge, and the remaining 16.0% (11,486) were issued with charge.
- There were 13,300 disputes lodged on information held on consumer credit records for the quarter ended June 2010, which was an increase of 6.1% quarter-on-quarter and 86.7% year-on-year.



For further information on credit provision, please access the Consumer Credit Market Report on www.ncr.org.za

Introduction

The information reflected in this Credit Bureau Monitor is for thirteen quarters, from quarter ended June 2007 to quarter ended June 2010.

Comparisons in this report: 'quarter-on-quarter' refers to a comparison between the June 2010 and March 2010 quarters, and 'year-on-year' refers to a comparison between the June 2010 and June 2009 quarters.

Credit-active consumers

There were 18.32 million credit-active consumers as at the end of June 2010

Credit bureaus held records for more than 38.80 million individuals on their databases, of which 18.32 million (47.2%) were credit-active, as at the end of June 2010. The remaining records contained only identification information and no credit activity.

The percentage of consumers in good standing continued to decline

The percentage and number of consumers in good standing continued to decrease this reporting quarter. Of the total 18.32 million credit-active consumers, 53.1% were in good standing, a decline of 0.9% quarter-on-quarter and 2.8% year-on-year.

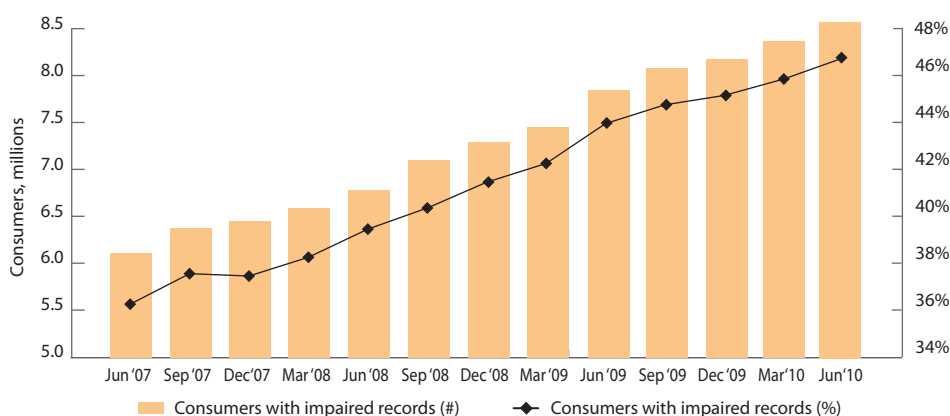
The percentage of consumers with impaired records (the inverse of those in good standing) increased to 46.9% – comprising 17.3% of consumers in 3 months or more in arrears, 15.6% of consumers with adverse listings, and 13.9% of consumers with judgments and administration orders.

A detailed breakdown of the nature of impairments is provided in Table1 and Figure 1.

Table 1: Credit standing of consumers

	Sep'07	Dec'07	Mar'08	Jun'08	Sep'08	Dec'08	Mar'09	Jun'09	Sep'09	Dec'09	Mar'10	Jun'10
Good standing (#)	10.52m	10.67m	10.55m	10.38m	10.43m	10.26m	10.15m	9.94m	9.92m	9.89m	9.84m	9.73m
Good standing (%)	62.3%	62.4%	61.6%	60.4%	59.5%	58.4%	57.6%	55.9%	55.1%	54.7%	54.0%	53.1%
Current (%)	46.6%	47.2%	45.1%	44.9%	44.9%	43.6%	42.3%	41.7%	41.2%	40.5%	39.5%	39.2%
1-2 months in arrears (%)	15.7%	15.2%	16.5%	15.5%	14.6%	14.8%	15.3%	14.2%	13.9%	14.2%	14.5%	13.9%
Impaired records (#)	6.38m	6.45m	6.59m	6.79m	7.10m	7.30m	7.46m	7.85m	8.09m	8.18m	8.37m	8.59m
Impaired records (%)	37.7%	37.6%	38.4%	39.6%	40.5%	41.6%	42.4%	44.1%	44.9%	45.3%	46.0%	46.9%
3+ months in arrears (%)	12.6%	13.5%	14.3%	15.3%	15.7%	15.1%	15.3%	16.8%	17.0%	17.3%	17.2%	17.3%
Adverse listings (%)	13.1%	12.7%	12.8%	13.1%	12.2%	13.8%	14.2%	14.2%	14.7%	14.6%	15.0%	15.6%
Judgments and administration orders (%)	12.0%	11.4%	11.3%	11.2%	12.6%	12.7%	12.9%	13.1%	13.3%	13.3%	13.7%	13.9%
Credit-active consumers (#)	16.90m	17.12m	17.14m	17.17m	17.53m	17.56m	17.61m	17.79m	18.01m	18.07m	18.21m	18.32m

Figure 1: Consumers with impaired records



Consumer accounts

There were 65.28 million accounts on record at the bureaus as at the end of June 2010

At the end of the reporting quarter there were 65.28 million accounts recorded at registered credit bureaus. This was an increase of 0.8% quarter-on-quarter and 4.8% year-on-year.

The percentage of accounts in good standing deteriorated slightly

Of the 65.28 million accounts, 73.9% were classified as in good standing, a negative variance of 0.2% quarter-on-quarter and 1.4% year-on-year.

As at the end of June 2010:

- 65.4% of accounts were classified as current (increased quarter-on-quarter by 0.3% and decreased year-on-year by 0.8 %);
- 8.5% had missed one or two instalments (decreased quarter-on-quarter by 0.5% and year-on-year by 0.6%);
- 16.2 % had missed three or more instalments (increased quarter-on-quarter by 0.5% and year-on-year by 1.6%);
- 5.9% had adverse listings (decreased quarter-on-quarter by 0.2% and year-on-year remained unchanged); and
- 4.1% had judgments or administration orders (remained unchanged quarter-on-quarter and decreased year-on-year by 0.2%).

See Table 2 and Figures 2 and 3 for detailed breakdown.

Table 2: Credit standing of accounts

	Sep'07	Dec'07	Mar'08	Jun'08	Sep'08	Dec'08	Mar'09	Jun'09	Sep'09	Dec'09	Mar'10	Jun'10
Good standing (#)	39.95m	43.04m	45.32m	46.81m	47.39m	47.22m	46.16m	46.87m	47.33m	47.56m	47.99m	48.22m
Good standing (%)	77.5%	77.5%	78.0%	77.8%	77.9%	77.5%	76.3%	75.3%	74.5%	74.4%	74.1%	73.9%
Current (%)	67.2%	67.4%	67.3%	68.1%	68.7%	68.3%	66.2%	66.2%	65.6%	65.6%	65.1%	65.4%
1-2 months in arrears (%)	10.3%	10.1%	10.7%	9.7%	9.2%	9.2%	10.1%	9.1%	8.9%	8.8%	9.0%	8.5%
Impaired records (#)	11.60m	12.51m	12.80m	13.32m	13.43m	13.73m	14.36m	15.41m	16.21m	16.38m	16.76m	17.06m
Impaired records (%)	22.5%	22.5%	22.0%	22.2%	22.1%	22.5%	23.7%	24.7%	25.5%	25.6%	25.9%	26.1%
3+ months in arrears (%)	9.4%	10.2%	10.4%	11.4%	12.5%	12.4%	13.3%	14.6%	15.1%	15.9%	15.7%	16.2%
Adverse listings (%)	7.3%	6.8%	6.6%	5.9%	4.9%	5.7%	6.0%	5.9%	6.1%	5.7%	6.1%	5.9%
Judgments and administration orders (%)	5.8%	5.5%	5.0%	4.9%	4.7%	4.4%	4.4%	4.3%	4.2%	4.0%	4.1%	4.1%
Consumer accounts (#)	51.55m	55.55m	58.12m	60.14m	60.82m	60.95m	60.52m	62.29m	63.54m	63.94m	64.75m	65.28m

Figure 2: Accounts with impaired records

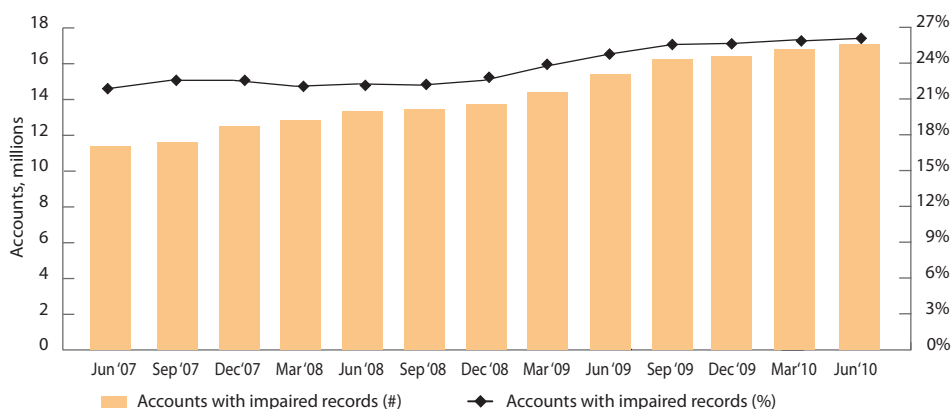
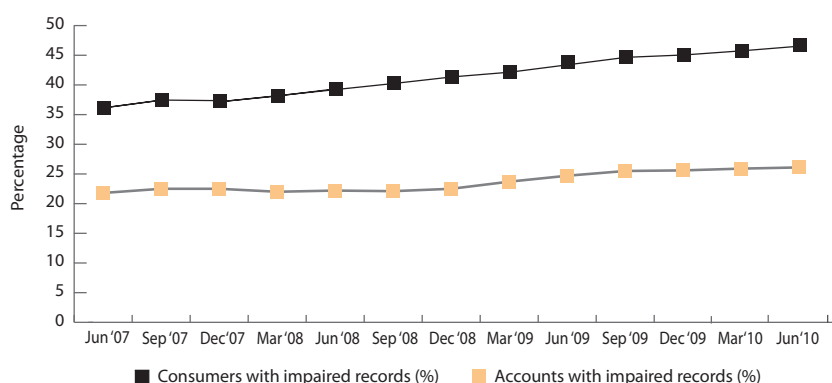


Figure 3: Consumers and accounts with impaired records



Credit market activity

Enquiries made on consumer records increased for the quarter

In the quarter ended June 2010, 135.34 million enquiries were made. This was an increase of 8.4% quarter-on-quarter and 10.9% year-on-year. Enquiries done in bulk by banks and other financial institutions formed the largest portion of all enquiries.

- 10.28 million enquiries were made due to consumers seeking credit (increased by 4.4% quarter-on-quarter and 19.5% year-on-year);
- 0.70 million enquiries were related to telecommunication services (decreased by 6.2% quarter-on-quarter and increased by 0.4% year-on-year);
- 21.47 million enquiries were made for tracing/debt collection purposes (increased by 15.6% quarter-on-quarter and decreased by 7.5% year-on-year); and
- 102.89 million enquiries were made for other purposes – excluding those purposes mentioned above (increased by 7.5% quarter-on-quarter and 15.0% year-on-year).

Refer to Table 3 and Figures 4 and 5 for detailed breakdown.

Table 3: Enquiries

	Number of enquiries									Percentage change							
	Jun'08	Sep'08	Dec'08	Mar'09	Jun'09	Sep'09	Dec'09	Mar'10	Jun'10	Jun'08 to Sep'08	Sep'08 to Dec'08	Dec'08 to Mar'09	Mar'09 to Jun'09	Jun'09 to Sep'09	Sep'09 to Dec'09	Dec'09 to Mar'10	Mar'10 to Jun'10
Enquiries due to consumers seeking credit	8.90m	8.56m	8.99m	8.24m	8.60m	9.05m	10.35m	9.85m	10.28m	-3.8%	5.0%	-8.4%	4.4%	5.3%	14.3%	-4.9%	4.4%
Enquiries related to telecommunication services	0.60m	0.61m	0.73m	0.58m	0.69m	0.81m	0.82m	0.74m	0.70m	2.0%	18.6%	-19.7%	19.2%	16.5%	0.7%	-8.8%	-6.2%
Enquiries for tracing/debt collection purposes	11.27m	11.70m	11.15m	9.39m	23.19m	24.70m	16.06m	18.57m	21.47m	3.8%	-4.7%	-15.8%	147.1%	6.4%	-35.0%	15.6%	15.6%
All other enquiries	81.77m	92.79m	80.66m	80.68m	89.51m	111.73m	119.65m	95.68m	102.89m	13.5%	-13.1%	0.0%	10.9%	24.9%	7.1%	-20.0%	7.5%
Total (Millions)	102.54	113.67	101.53	98.89	121.99	146.30	146.88	124.84	135.34	10.9%	-10.7%	-2.6%	23.4%	19.9%	0.4%	-15.0%	8.4%

Figure 4: Enquiries due to consumers seeking credit

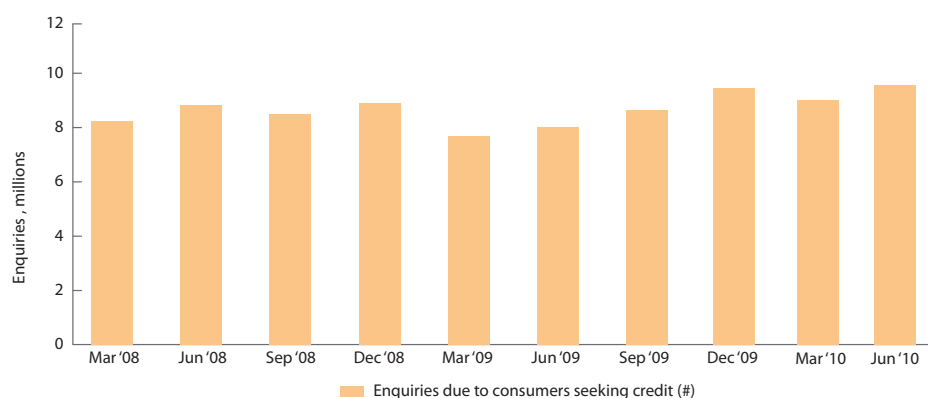
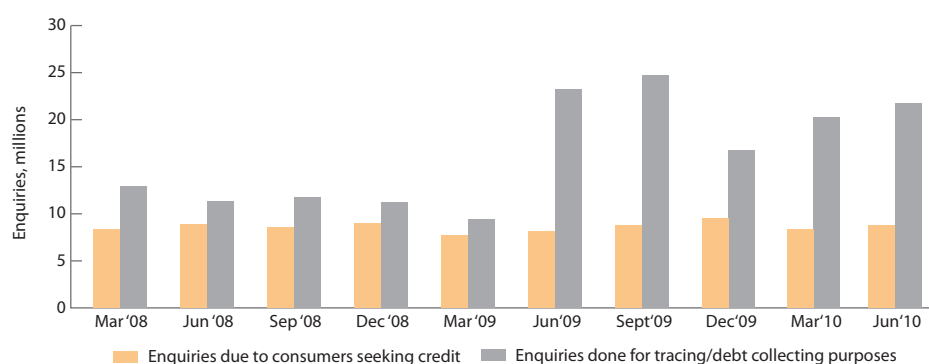


Figure 5: Enquiries due to consumers seeking credit and enquiries for tracing/debt collection purposes



Enquiry sectoral analysis

In the quarter ended June 2010, 52.37 million enquiries were made by banks and other financial institutions, a decline of 1.3% quarter-on-quarter and an increase of 8.3% year-on-year. Retailers made 22.37 million enquiries on consumer records, which was an increase of 19.8% quarter-on-quarter and 30.0% year-on-year. Enquiries done by telecommunication providers increased by 22.2% quarter-on-quarter and 9.5% year-on-year, to 31.48 million in June 2010 quarter. Enquiries done by debt collection agencies increased by 34.9% quarter-on-quarter and 6.4% year-on-year, to 16.97 million in June 2010 quarter. Enquiries by all other entities showed a quarter-on-quarter decline of 17.9% and a year-on-year increase of 3.6%, to 12.16 million.

Refer to Tables 4 to 7 and Figure 6 for a detailed breakdown.

Table 4: All enquiries – distribution according to sectors

Enquiries by:	Number of enquiries									Percentage change							
	Jun'08	Sep'08	Dec'08	Mar'09	Jun'09	Sep'09	Dec'09	Mar'10	Jun'10	Jun'08 to Sep'08	Sep'08 to Dec'08	Dec'08 to Mar'09	Mar'09 to Jun'09	Jun'09 to Sep'09	Sep'09 to Dec'09	Dec'09 to Mar'10	Mar'10 to Jun'10
Banks and other financial institutions	44.60m	42.86m	40.82m	41.86m	48.34m	49.40m	45.24m	53.04m	52.37m	-3.9%	-4.8%	2.6%	15.5%	2.2%	-8.4%	17.3%	-1.3%
Retailers	28.38m	40.98m	29.83m	22.39m	17.21m	21.46m	52.73m	18.67m	22.37m	44.4%	-27.2%	-24.9%	-23.1%	24.7%	145.7%	-64.6%	19.8%
Telecommunication providers	10.71m	10.56m	12.30m	14.13m	28.75m	40.73m	23.79m	25.75m	31.48m	-1.3%	16.5%	14.9%	103.5%	41.7%	-41.6%	8.3%	22.2%
Debt collection agencies	5.68m	5.67m	5.59m	4.77m	15.93m	17.87m	11.33m	12.57m	16.97m	-0.2%	-1.3%	-14.8%	234.1%	12.1%	-36.6%	11.0%	34.9%
All other entities	13.18m	13.60m	12.99m	15.74m	11.76m	16.84m	13.79m	14.81m	12.16m	3.2%	-4.5%	21.2%	-25.3%	43.5%	-18.1%	7.3%	-17.9%
Total (Millions)	102.54	113.67	101.53	98.89	121.99	146.30	146.88	124.84	135.34	10.9%	-10.7%	-2.6%	23.4%	19.9%	0.4%	-15.0%	8.4%

Figure 6: All enquiries – distribution according to sectors

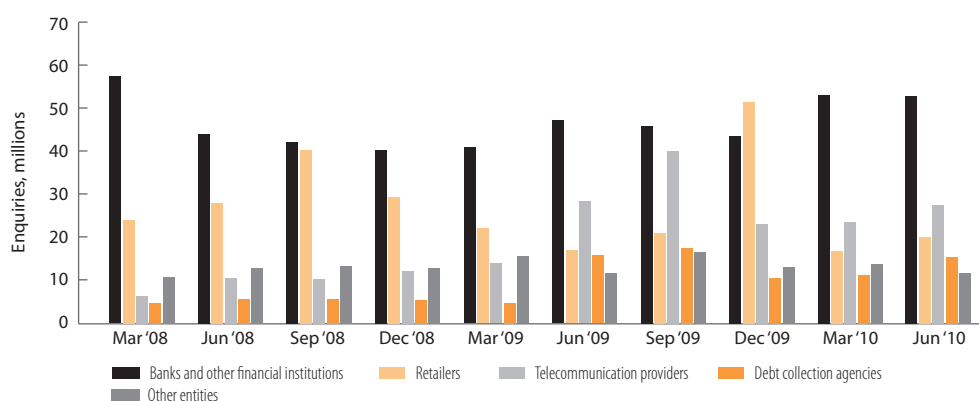


Table 5: Enquiries by banks and other financial institutions

	Number of enquiries										Percentage change						
	Jun'08	Sep'08	Dec'08	Mar'09	Jun'09	Sep'09	Dec'09	Mar'10	Jun'10	Jun'08 to Sep'08	Sep'08 to Dec'08	Dec'08 to Mar'09	Mar'09 to Jun'09	Jun'09 to Sep'09	Sep'09 to Dec'09	Dec'09 to Mar'10	Mar'10 to Jun'10
Enquiries due to consumers seeking credit	6.56m	6.61m	6.61m	6.64m	6.79m	7.39m	8.29m	8.29m	8.46m	0.8%	0.0%	0.4%	2.3%	8.8%	12.2%	0.0%	2.0%
Enquiries done for tracing/debt collection purposes	2.89m	3.47m	2.64m	2.42m	5.10m	2.78m	2.70m	2.33m	2.51m	20.1%	-24.1%	-8.2%	110.7%	-45.4%	-3.0%	-13.6%	7.9%
Enquiries done for other purposes	35.15m	32.78m	31.57m	32.80m	36.45m	39.23m	34.25m	42.41m	41.40m	-6.8%	-3.7%	3.9%	11.1%	7.6%	-12.7%	23.9%	-2.4%
Enquiries by banks and other financial institutions (Millions)	44.60	42.86	40.82	41.86	48.34	49.40	45.24	53.04	52.37	-3.9%	-4.8%	2.6%	15.5%	2.2%	-8.4%	17.3%	-1.3%

Table 6: Enquiries by retailers

	Number of enquiries										Percentage change						
	Jun'08	Sep'08	Dec'08	Mar'09	Jun'09	Sep'09	Dec'09	Mar'10	Jun'10	Jun'08 to Sep'08	Sep'08 to Dec'08	Dec'08 to Mar'09	Mar'09 to Jun'09	Jun'09 to Sep'09	Sep'09 to Dec'09	Dec'09 to Mar'10	Mar'10 to Jun'10
Enquiries due to consumers seeking credit	2.34m	1.95m	2.38m	1.60m	1.80m	1.66m	2.06m	1.55m	1.82m	-16.6%	21.9%	-32.9%	13.0%	-7.6%	23.9%	-24.7%	17.1%
Enquiries done for tracing/debt collection purposes	1.35m	1.16m	1.66m	0.55m	0.57m	0.67m	0.55m	0.57m	0.53m	-13.9%	43.4%	-66.6%	2.5%	18.7%	-18.9%	4.1%	-6.7%
Enquiries done for other purposes	24.69m	37.87m	25.79m	20.24m	14.84m	19.12m	50.12m	16.54m	20.02m	53.4%	-31.9%	-21.5%	-26.7%	28.8%	162.1%	-67.0%	21.0%
Enquiries by retailers (Millions)	28.38	40.98	29.83	22.39	17.21	21.46	52.73	18.67	22.37	44.4%	-27.2%	-24.9%	-23.1%	24.7%	145.7%	-64.6%	19.8%

Table 7: Enquiries by telecommunication providers

	Number of enquiries										Percentage change						
	Jun'08	Sep'08	Dec'08	Mar'09	Jun'09	Sep'09	Dec'09	Mar'10	Jun'10	Jun'08 to Sep'08	Sep'08 to Dec'08	Dec'08 to Mar'09	Mar'09 to Jun'09	Jun'09 to Sep'09	Sep'09 to Dec'09	Dec'09 to Mar'10	Mar'10 to Jun'10
Enquiries related to telecommunication services	0.60m	0.61m	0.73m	0.58m	0.69m	0.81m	0.82m	0.74m	0.70m	2.0%	18.6%	-19.7%	19.2%	16.5%	0.7%	-8.8%	-6.2%
Enquiries done for tracing/debt collection purposes	0.29m	0.33m	0.30m	0.37m	0.58m	1.60m	0.43m	0.24m	0.41m	14.9%	-7.3%	20.7%	56.1%	177.7%	-73.2%	-45.2%	74.6%
Enquiries done for other purposes	9.82m	9.62m	11.27m	13.17m	27.48m	38.32m	22.54m	24.77m	30.37m	-2.0%	17.1%	16.9%	108.6%	39.4%	-41.2%	9.9%	22.6%
Enquiries by telecommunication providers (Millions)	10.71	10.56	12.30	14.13	28.75	40.73	23.79	25.75	31.48	-1.3%	16.5%	14.9%	103.5%	41.7%	-41.6%	8.3%	22.2%

Credit bureau activity

Demand for credit reports declined for the quarter

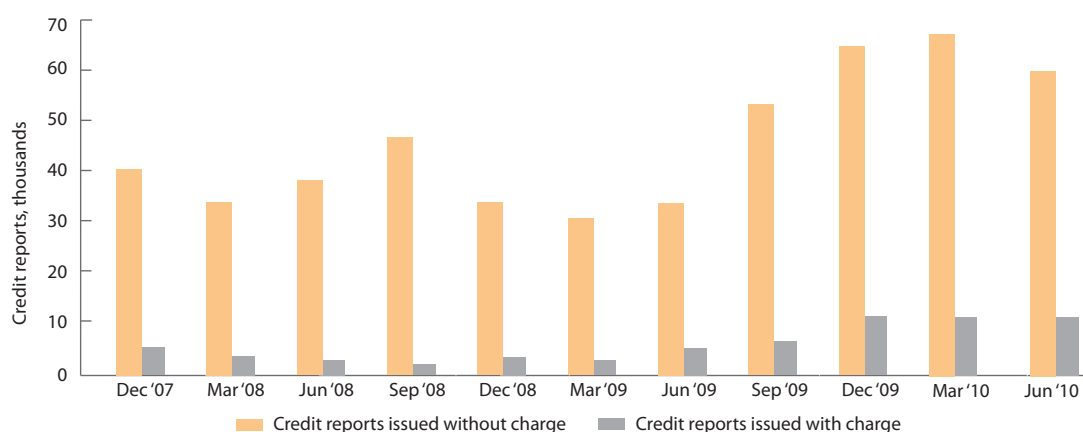
Of the total 70,706 credit reports issued to consumers at their request during the quarter ended June 2010, 84% (59,220) were issued without charge, and the remaining 16% (11,486) were issued with charge. The total number of credit reports issued declined by 10.1% quarter-on-quarter and increased by 81.5% year-on-year.

See Table 8 and Figure 7 for details.

Table 8: Credit reports issued

	Number of credit reports										Percentage change								
	Mar'08	Jun'08	Sep'08	Dec'08	Mar'09	Jun'09	Sep'09	Dec'09	Mar'10	Jun'10	Mar'08 to Jun'08	Jun'08 to Sep'08	Sep'08 to Dec'08	Dec'08 to Mar'09	Mar'09 to Jun'09	Jun'09 to Sep'09	Sep'09 to Dec'09	Dec'09 to Mar'10	Mar'09 to Jun'10
Credit reports issued without charge	33,868	38,068	46,459	33,827	30,652	33,662	52,973	65,082	67,694	59,220	12.4%	22.0%	-27.2%	-9.4%	9.8%	57.4%	22.9%	4.0%	-12.5%
Credit reports issued with charge	3,776	2,989	2,072	3,528	2,889	5,288	6,559	10,935	10,938	11,486	-20.8%	-30.7%	70.3%	-18.1%	83.0%	24.0%	66.7%	0.0%	5.0%
Total number of credit reports issued	37,644	41,057	48,531	37,355	33,541	38,950	59,532	76,017	78,632	70,706	9.1%	18.2%	-23.0%	-10.2%	16.1%	52.8%	27.7%	3.4%	-10.1%

Figure 7: Credit reports issued



Consumer disputes

In the quarter ended June 2010, 13,300 disputes were lodged in respect of the accuracy of the information recorded on consumer credit records. This was a quarter-on-quarter increase of 6.1% and a year-on-year increase of 86.7%. For quarterly resolution of disputes, more disputes were resolved in favour of complainants (13,652) as compared to disputes where credit records remained unchanged (5,401).

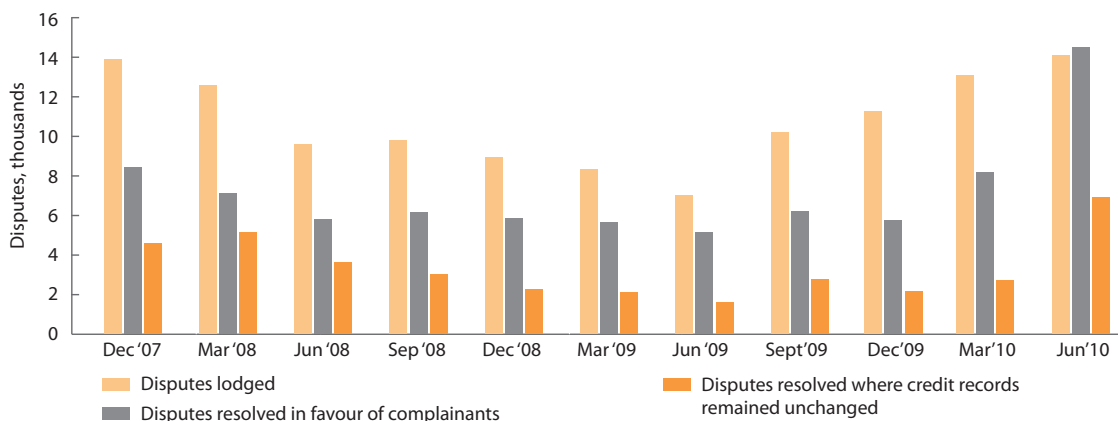
See Table 9 and Figure 8 for details.

Table 9: Disputes

	Number of disputes										Percentage change								
	Mar'08	Jun'08	Sep'08	Dec'08	Mar'09	Jun'09	Sep'09	Dec'09	Mar'10	Jun'10	Mar'08 to Jun'08	Jun'08 to Sep'08	Sep'08 to Dec'08	Dec'08 to Mar'09	Mar'09 to Jun'09	Jun'09 to Sep'09	Sep'09 to Dec'09	Dec'09 to Mar'10	Mar'09 to Jun'10
Disputes lodged	12,653	9,666	9,867	9,020	8,406	7,122	10,395	10,573	12,530	13,300	-23.6%	2.1%	-8.6%	-6.8%	-15.3%	46.0%	1.7%	18.5%	6.1%
Disputes resolved in favour of complainants	7,162	5,844	6,194	5,892	5,678	5,131	6,226	5,038	7,112	13,652	-18.4%	6.0%	-4.9%	-3.6%	-9.6%	21.3%	-19.1%	41.2%	92.0%
Disputes resolved where credit record remained unchanged	5,178	3,666	3,043	2,275	2,131	1,620	2,784	2,026	2,834	5,401	-29.2%	-17.0%	-25.2%	-6.3%	-24.0%	71.9%	-27.2%	39.9%	90.6%

Note: The introduction of a new dispute management system and procedures within one credit bureau has resulted in the improved classification of disputes and enhanced the management of dispute resolutions. This has also impacted the roll-over of disputes lodged in previous quarters.

Figure 8: Disputes



Definitions

Terms used in this report	Definitions
Credit-active consumers	Consumers obligated to pay credit providers and/or service providers etc. These obligations result in transactional entries on the consumer’s credit record at the credit bureaus.
Impaired record	A record on which a consumer and/or any of the accounts are either classified as three or more payments or months in arrears, or which has an “adverse listing”, or that reflects a judgment or administration order.
Good standing	An account or consumer showing as current or on which the client has not missed more than one or two instalments, which has no adverse listings and has no judgments.
Adverse listing	Accounts with adverse classifications such as ‘handed over’ and/or ‘written-off’.
Current	A consumer or account is up-to-date with payments and has not missed any instalment over the period of the credit agreement.

Notes

1. Where values have been rounded off the percentage calculations and summed totals are calculated off the unrounded values.
2. *Please note that the tables have been modified in the interests of space, with certain quarters not displayed. The figures show all the reporting quarters. Refer to the table below for details of the omitted quarters and to view tables which show these quarters refer to the NCR website.

Topic	Reporting Quarter
Consumers	June 2007
Accounts	June 2007
Enquiries	March 2008
Disputes	December 2007
Credit Reports	December 2007