

Credit Bureau Monitor

Second Quarter | June 2009

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The information reflected in this Credit Bureau Monitor is for nine quarters, from quarter ended June 2007 to quarter ended June 2009, and is based on data held by registered credit bureaus in terms of the National Credit Act.

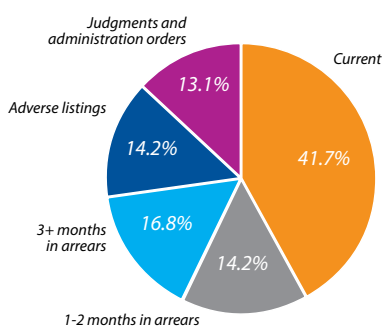
Summary

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

As at June 2009, credit bureaus had records for 17.79 million credit-active consumers*:

- The percentage of consumers in good standing was 55.9%, a decrease of 1.7% when compared with quarter ended March 2009 and a decrease of 4.5% when compared with quarter ended June 2008.
- The number of consumers with impaired records continued to increase, to 7.85 million at the quarter ended June 2009. This implies a deterioration in the credit records for 390 000 consumers in comparison to the last quarter and 1.06 million year-on-year, reflecting a further increase in the level of debt-stress. The trend of the consumers with impaired records has been on an increase since June 2007.
- There were 121.46 million enquiries made on consumer credit records during the June 2009 quarter. This was an increase of 23.4% quarter-on-quarter. Of the total enquiries made on consumer records, enquiries from banks and other financial institutions accounted for 39.4%, enquiries from retailers accounted for 14.2% and enquiries from telecommunications providers accounted for 23.7%.
- The number of credit reports issued to consumers increased in the quarter ended June 2009, with 33,662 free credit reports being issued, an increase of 9.8% quarter-on-quarter. A further 5,288 credit reports were issued with charge.
- In the quarter ended June 2009, 7,072 disputes were lodged in relation to the information on consumer credit records. This was a quarter-on-quarter decrease of 15.5% and a year-on-year decrease of 26.8%.

Credit standing of consumers:
June 2009



Introduction

The information reflected in this Credit Bureau Monitor is for nine quarters, from quarter ended June 2007 to quarter ended June 2009, and is based on data held by registered credit bureaus in terms of the National Credit Act.

Credit-active consumers

There were 17.79 million credit-active consumers as at the end of June 2009

Credit bureaus held records for almost 38 million individuals on their databases, of which 17.79 million (47%) were credit-active, as at the end of June 2009. The remaining records contain only identification information but no credit activity (this includes minors, for whom only identification details are reflected).

The percentage of consumers in good standing is continued deteriorating

Of the total 17.79 million credit-active consumers as at end of the June 2009 quarter, 55.9% were in good standing. This was a quarter-on-quarter decrease of 1.7% and a year-on-year decrease of 4.5%, indicating that the level of debt-stress continued to increase.

The percentage of consumers with impaired records (the inverse of those in good standing) at the end of June 2009 quarter was 44.1% - comprising 16.8% of consumers in 3+ months in arrears, 14.2% of consumers in adverse listings, and 13.1% of consumers with judgments and administration orders. A detailed breakdown of the nature of impairments is provided in Table 1, Figures 1 and 2.

Table 1: Credit standing of consumers

	Jun'07	Sep'07	Dec'07	Mar'08	Jun'08	Sep'08	Dec'08	Mar'09	Jun'09
Good standing (#)	10.67m	10.52m	10.67m	10.55m	10.38m	10.43m	10.26m	10.15m	9.94m
Good standing (%)	63.6%	62.3%	62.4%	61.6%	60.4%	59.5%	58.4%	57.6%	55.9%
<i>Current (%)</i>	47.5%	46.6%	47.2%	45.1%	44.9%	44.9%	43.6%	42.3%	41.7%
<i>1-2 months in arrears (%)</i>	16.1%	15.7%	15.2%	16.5%	15.5%	14.6%	14.8%	15.3%	14.2%
Impaired records (#)	6.11m	6.38m	6.45m	6.59m	6.79m	7.10m	7.30m	7.46m	7.85m
Impaired records (%)	36.4%	37.7%	37.6%	38.4%	39.6%	40.5%	41.6%	42.4%	44.1%
<i>3+ months in arrears (%)</i>	12.8%	12.6%	13.5%	14.3%	15.3%	15.7%	15.1%	15.3%	16.8%
<i>Adverse listings* (%)</i>	11.8%	13.1%	12.7%	12.8%	13.1%	12.2%	13.8%	14.2%	14.2%
<i>Judgments and administration orders (%)</i>	11.8%	12.0%	11.4%	11.3%	11.2%	12.6%	12.7%	12.9%	13.1%
Credit-active consumers (#)	16.78m	16.90m	17.12m	17.14m	17.17m	17.53m	17.56m	17.61m	17.79m

Figure 1: Consumers in good standing

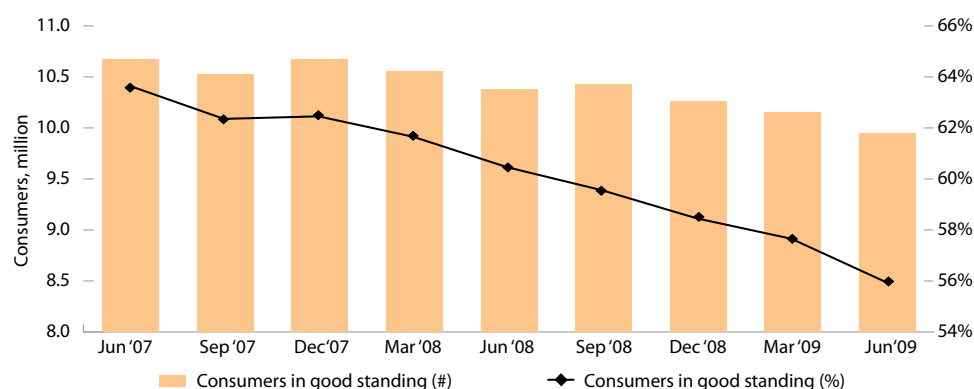
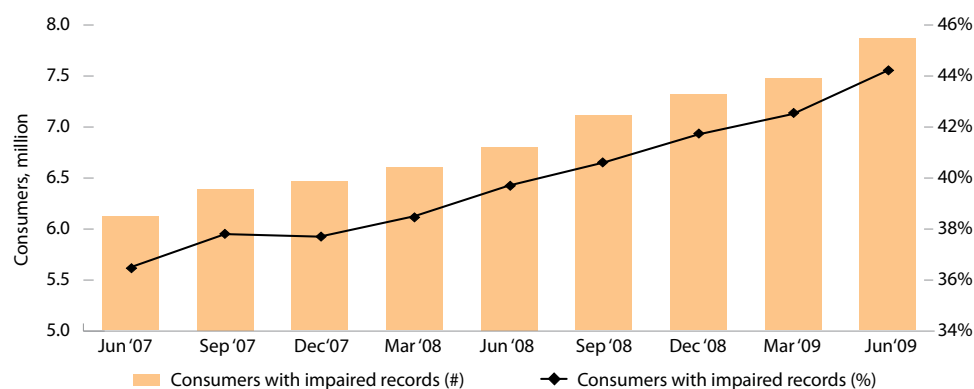


Figure 2: Consumers with impaired records



Consumer accounts

There were 62.29 million accounts recorded as at the end of June 2009

As at the end of June 2009, 62.29 million accounts were recorded on the registered credit bureaus' databases. This was a quarter-on-quarter increase of 2.9% and a year-on-year increase of 3.6%. The increases were mainly due to the increase in data submission from credit providers.

The percentage of accounts with impaired records is deteriorating

Of the 62.29 million accounts, 75.3% were classified as good standing, comprising 66.2% of accounts classified in current and 9.1% of accounts classified in 1-2 months in arrears. Accounts in good standing decreased by 2.5% year-on-year.

As at the end of June 2009:

- 66.2% of accounts were classified as current (remained constant from the previous quarter but decreased year-on-year by 1.9%);
- 9.1% had missed one or two instalments (decreased quarter-on-quarter by 1% and year-on-year by 0.6%);
- 14.6% had missed three or more instalments (increased quarter-on-quarter by 1.3% and year-on-year by 3.2%);
- 5.9% had adverse listings (decreased quarter-on-quarter by 0.1% and remained constant year-on-year); and
- 4.3% had judgment or administration orders (decreased quarter-on-quarter by 0.1% and year-on-year by 0.6%).

See Table 2 and Figures 3 and 4 for detailed breakdown from June 2007 quarter to June 2009 quarter.

Table 2: Credit standing of accounts

	Jun'07	Sep'07	Dec'07	Mar'08	Jun'08	Sep'08	Dec'08	Mar'09	Jun'09
Good standing (#)	40.69m	39.95m	43.04m	45.32m	46.81m	47.39m	47.22m	46.16m	46.87m
Good standing (%)	78.2%	77.5%	77.5%	78.0%	77.8%	77.9%	77.5%	76.3%	75.3%
<i>Current (%)</i>	68.1%	67.2%	67.4%	67.3%	68.1%	68.7%	68.3%	66.2%	66.2%
<i>1-2 months in arrears (%)</i>	10.1%	10.3%	10.1%	10.7%	9.7%	9.2%	9.2%	10.1%	9.1%
Impaired records (#)	11.36m	11.60m	12.51m	12.80m	13.32m	13.43m	13.73m	14.36m	15.41m
Impaired records (%)	21.8%	22.5%	22.5%	22.0%	22.2%	22.1%	22.5%	23.7%	24.7%
<i>3+ months in arrears (%)</i>	10.0%	9.4%	10.2%	10.4%	11.4%	12.5%	12.4%	13.3%	14.6%
<i>Adverse listings* (%)</i>	6.2%	7.3%	6.8%	6.6%	5.9%	4.9%	5.7%	6.0%	5.9%
<i>Judgments and administration orders (%)</i>	5.6%	5.8%	5.5%	5.0%	4.9%	4.7%	4.4%	4.4%	4.3%
Consumer accounts (#)	52.06m	51.55m	55.55m	58.12m	60.14m	60.82m	60.95m	60.52m	62.29m

Figure 3: Accounts in good standing

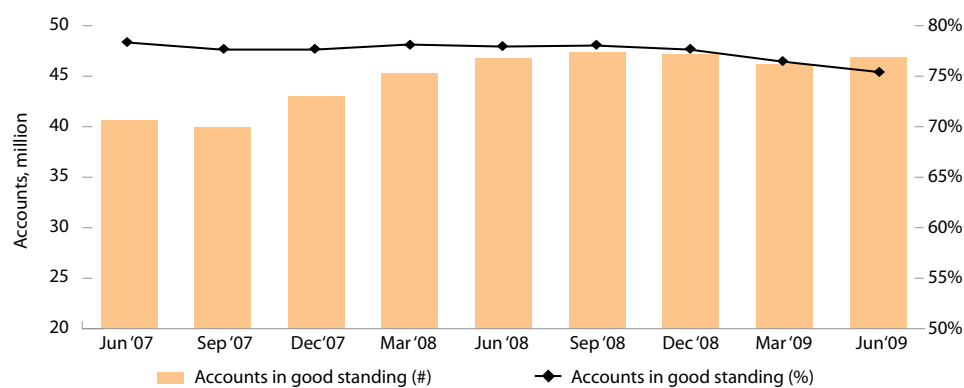
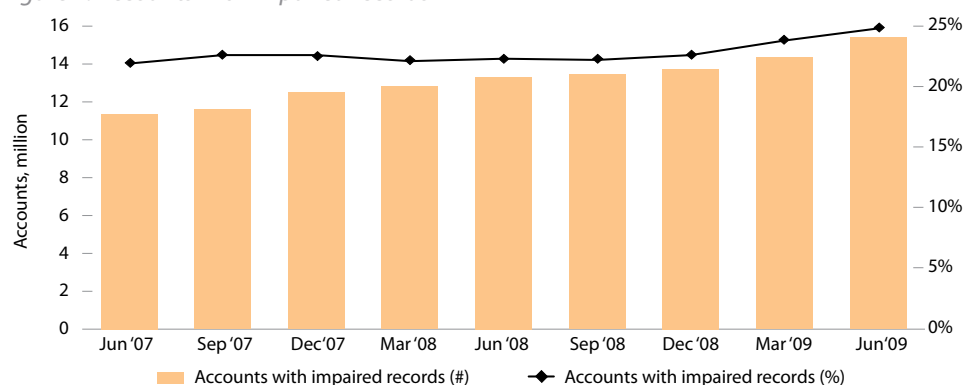


Figure 4: Accounts with impaired records



Credit market activity

Enquiries for tracing / debt collection purposes increased

In the June 2009 quarter, 121.46 million enquiries were made on consumer records. This was an increase of 23.4% quarter-on-quarter and an increase of 18.4% year-on-year.

As in the quarter ended June 2009:

- 8.07 million enquiries were made due to consumers seeking credit (increased 4.3% quarter-on-quarter but decreased 9.3% year-on-year);
- 0.69 million enquiries were made due to consumers seeking telecommunication services (increased by 19.2% quarter-on-quarter and by 15.8% year-on-year);
- 23.19 million enquiries were made for tracing / debt collection purposes (increased by 147.1% quarter-on-quarter and by 105.7% year-on-year); and
- 89.51 million enquiries were made for other purposes (increased by 10.9% quarter-on-quarter and by 9.5% year-on-year).

Refer to Table 3 and Figures 5 and 6 for detailed breakdown.

Table 3: Enquiries

	Number of enquiries						Percentage change				
	Mar'08	Jun'08	Sep'08	Dec'08	Mar'09	Jun'09	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
Enquiries due to consumers seeking credit	8.31m	8.90m	8.56m	8.99m	7.74m	8.07m	7.1%	-3.8%	5.0%	-13.9%	4.3%
Enquiries related to telecommunication services	0.53m	0.60m	0.61m	0.73m	0.58m	0.69m	13.6%	2.0%	18.6%	-19.7%	19.2%
Enquiries due to tracing / debt collection purposes	12.85m	11.27m	11.70m	11.15m	9.39m	23.19m	-12.3%	3.8%	-4.7%	-15.8%	147.1%
All other enquiries	83.04m	81.77m	92.79m	80.66m	80.68m	89.51m	-1.5%	13.5%	-13.1%	0.0%	10.9%
Total¹	104.73m	102.54m	113.67m	101.53m	98.39m	121.46m	-2.1%	10.9%	-10.7%	-3.1%	23.4%

¹ Note: Enquiries by on-sellers have been excluded. Figures have been restated in this report.

Figure 5: Enquiries due to consumers seeking credit

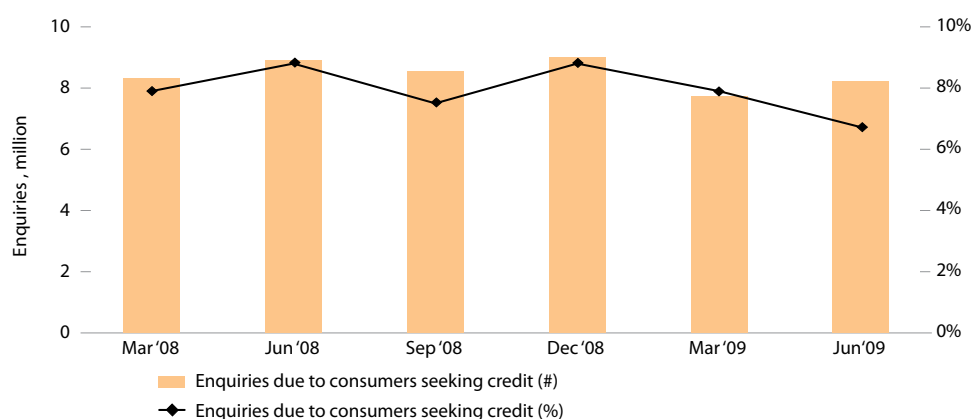
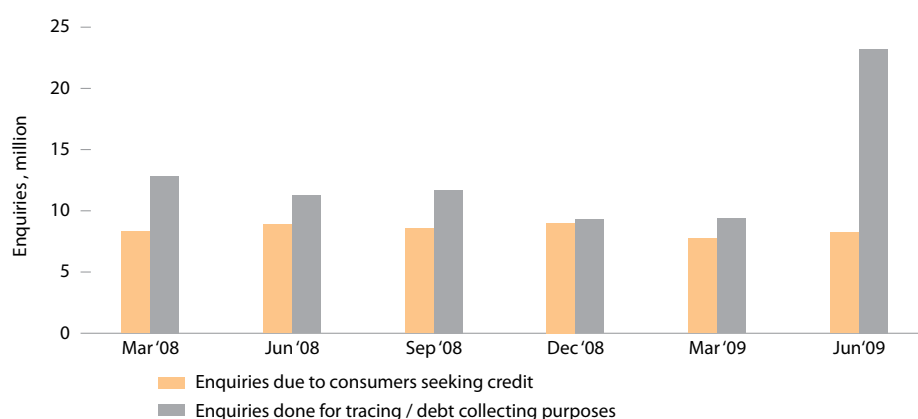


Figure 6: Enquiries due to consumers seeking credit and Enquiries for tracing / debt collection purposes



Enquiry sectoral analysis

In the quarter ended June 2009, 47.81 million enquiries were made by banks and other financial institutions, which was an increase of 15.6% quarter-on-quarter and an increase of 7.2% year-on-year. Retailers made 17.21 million enquiries on consumers records, which was a decrease of 23.1% quarter-on-quarter and a decrease of 39.3% year-on-year. Enquiries by telecommunication providers increased by 103.5% quarter-on-quarter and by 168.6% year-on-year, to 28.75 million in June 2009 quarter. The increase was mainly due to enquiries for marketing, affordability and account management purposes. Enquiries by debt collection agencies increased by 234.1% quarter-on-quarter and increased by 180.5% year-on-year, to 15.93 million in June 2009 quarter. Enquiries by all other entities showed a quarter-on-quarter decrease of 25.3% and a year-on-year decrease of 10.8%. Refer to Tables 4 to 7 and Figure 7 for detailed breakdown.

Table 4: All enquires - distributions according to sectors

Enquiries by:	Number of enquiries						Percentage change				
	Mar'08	Jun'08	Sep'08	Dec'08	Mar'09	Jun'09	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
Banks and other financial institutions	58.11m	44.60m	42.86m	40.82m	41.36m	47.81m	-23.2%	-3.9%	-4.8%	1.3%	15.6%
Retailers	24.51m	28.38m	40.98m	29.83m	22.39m	17.21m	15.8%	44.4%	-27.2%	-24.9%	-23.1%
Telecommunication providers	6.43m	10.71m	10.56m	12.30m	14.13m	28.75m	66.5%	-1.3%	16.5%	14.9%	103.5%
Debt collection agencies	4.76m	5.68m	5.67m	5.59m	4.77m	15.93m	19.3%	-0.2%	-1.3%	-14.8%	234.1%
All other entities	10.92m	13.18m	13.60m	12.99m	15.74m	11.76m	20.7%	3.2%	-4.5%	21.2%	-25.3%
Total¹	104.73m	102.54m	113.67m	101.53m	98.39m	121.46m	-2.1%	10.9%	-10.7%	-3.1%	23.4%

¹ Note: Enquiries by on-sellers have been excluded. Figures have been restated in this report.

Figure 7: All enquires - distributions according to sectors

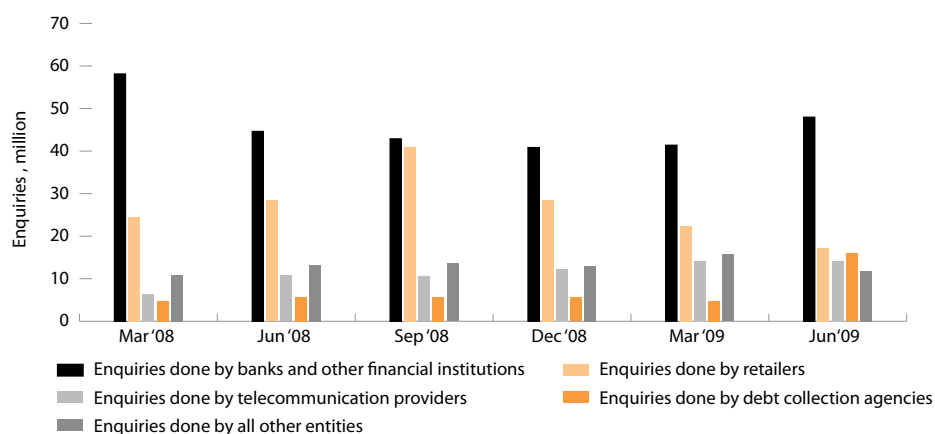


Table 5: Enquiries by banks and other financial institutions

	Number of enquiries						Percentage change				
	Mar'08	Jun'08	Sep'08	Dec'08	Mar'09	Jun'09	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
Enquiries due to consumers seeking credit	6.39m	6.56m	6.61m	6.61m	6.14m	6.26m	2.7%	0.8%	0.0%	-7.1%	2.0%
Enquiries done for tracing / debt collection purposes	6.01m	2.89m	3.47m	2.64m	2.42m	5.10m	-51.9%	20.1%	-24.1%	-8.2%	110.7%
Enquiries done for other purposes	45.71m	35.15m	32.78m	31.57m	32.80m	36.45m	-23.1%	-6.8%	-3.7%	3.9%	11.1%
Enquiries by banks and other financial institutions	58.11m	44.60m	42.86m	40.82m	41.36m	47.81m	-23.2%	-3.9%	-4.8%	1.3%	15.6%

Table 6: Enquiries by retailers

	Number of enquiries						Percentage change				
	Mar'08	Jun'08	Sep'08	Dec'08	Mar'09	Jun'09	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
Enquiries due to consumers seeking credit	1.92m	2.34m	1.95m	2.38m	1.60m	1.80m	21.9%	-16.6%	21.9%	-32.9%	13.0%
Enquiries done for tracing / debt collection purposes	0.84m	1.35m	1.16m	1.66m	0.55m	0.57m	60.6%	-13.9%	43.4%	-66.6%	2.5%
Enquiries done for other purposes	21.75m	24.69m	37.87m	25.79m	20.24m	14.84m	13.5%	53.4%	-31.9%	-21.5%	-26.7%
Enquiries by retailers	24.51m	28.38m	40.98m	29.83m	22.39m	17.21m	15.8%	44.4%	-27.2%	-24.9%	-23.1%

Table 7: Enquiries by telecommunication providers

	Number of enquiries						Percentage change				
	Mar'08	Jun'08	Sep'08	Dec'08	Mar'09	Jun'09	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
Enquiries related to telecommunication services	0.53m	0.60m	0.61m	0.73m	0.58m	0.69m	13.6%	2.0%	18.6%	-19.7%	19.2%
Enquiries done for tracing / debt collection purposes	0.45m	0.29m	0.33m	0.30m	0.37m	0.58m	-36.2%	14.9%	-7.3%	20.7%	56.1%
Enquiries done for other purposes	5.45m	9.82m	9.62m	11.27m	13.17m	27.48m	80.1%	-2.0%	17.1%	16.9%	108.6%
Enquiries by telecommunication providers	6.43m	10.71m	10.56m	12.30m	14.13m	28.75m	66.5%	-1.3%	16.5%	14.9%	103.5%

Credit Bureau Activity

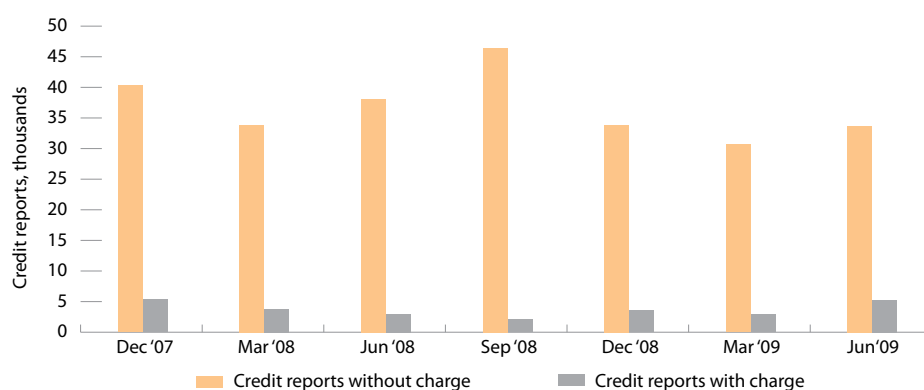
Public campaign increased credit reports

Of the total 38,950 credit reports issued to consumers on their request during the quarter ended June 2009, 33,662 (86.4%) were free of charge. The total number of credit reports issued to consumers increased by 16.1% quarter-on-quarter but decreased by 5.1% year-on-year. The quarter-on-quarter increase was due to a consumer credit report campaign by one of the larger credit bureaus. See Table 8 and Figure 8 for details.

Table 8: Credit reports issued

	Number of credit reports							Percentage change					
	Dec'07	Mar'08	Jun'08	Sep'08	Dec'08	Mar'09	Jun'09	Dec'07 to Mar'08	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
Credit reports issued without charge	40,342	33,868	38,068	46,459	33,827	30,652	33,662	-16.0%	12.4%	22.0%	-27.2%	-9.4%	9.8%
Credit reports issued with charge	5,355	3,776	2,989	2,072	3,528	2,889	5,288	-29.5%	-20.8%	-30.7%	70.3%	-18.1%	83.0%
Total number of credit reports issued	45,697	37,644	41,057	48,531	37,355	33,541	38,950	-17.6%	9.1%	18.2%	-23.0%	-10.2%	16.1%

Figure 8: Credit reports issued



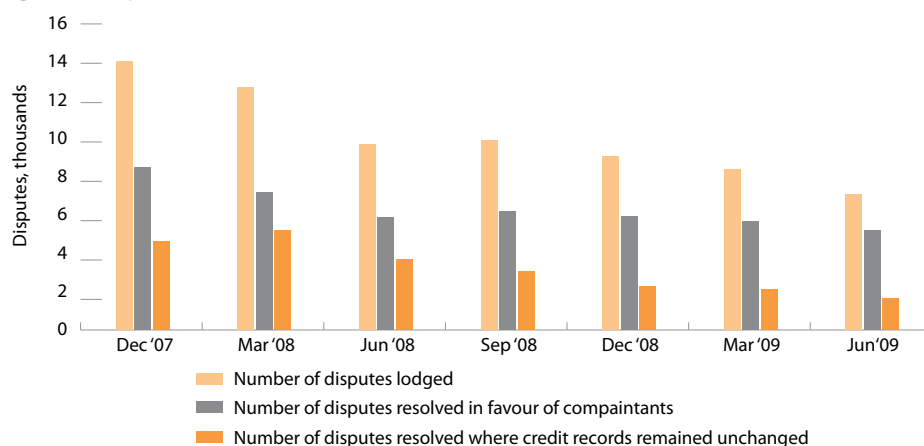
Consumer disputes

In the quarter ended June 2009, 7,072 disputes were lodged in respect of the accuracy of the information recorded on consumers' credit records. This was a quarter-on-quarter decrease of 15.5% and a year-on-year decrease of 26.8%. There were more disputes resolved in favour of complainants than where credit records remained unchanged. Refer to Table 9 and Figure 9 for details.

Table 9: Disputes

	Number of disputes							Percentage change					
	Dec'07	Mar'08	Jun'08	Sep'08	Dec'08	Mar'09	Jun'09	Dec'07 to Mar'08	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
Disputes lodged	13,990	12,653	9,666	9,867	9,020	8,370	7,072	-9.6%	-23.6%	2.1%	-8.6%	-7.2%	-15.5%
Disputes resolved in favour of complainants	8,482	7,162	5,844	6,194	5,892	5,681	5,178	-15.6%	-18.4%	6.0%	-4.9%	-3.6%	-8.9%
Disputes resolved where credit record remained unchanged	4,616	5,178	3,666	3,043	2,275	2,134	1,629	12.2%	-29.2%	-17.0%	-25.2%	-6.2%	-23.7%

Figure 9: Disputes



Independent opinion by Econometrix

The acceleration in impaired records and further decline in accounts in good standing does not come as a surprise as the peak in interest rates, combined with a high level of household indebtedness, high food inflation and the surge in fuel prices in 2008, have made a lasting impact on household balance sheets and the ability to meet debt repayments. The negative wealth effect of falling house prices and lower share prices have also increased the inability of many consumers to maintain payments. The situation has been exacerbated by the tightening up of credit requirements by the commercial banking sector, going from an extreme of generosity in lending to one of being reluctant to advance funds even to relatively worthy and long-standing customers.

If one analyses credit bureaus enquiries by sector, the dramatic rise in enquiries by debt collection agencies and enquiries related to telecommunication services is noteworthy. It is likely that companies are experiencing increased difficulty with consumers meeting their credit obligations, and as a result company balance sheets may be at an increased risk of a rise in bad debts in the current recession, leading to more pro-active action with regards to balancing debtor's books.

Economic growth should progressively improve over the remaining two quarters of 2009 for a number of reasons. Firstly, there should be an ongoing benefit for domestic export industries arising out of a gradual pickup in global economic demand. Secondly, the sharp 5% reduction in domestic interest rates, which amount to a reduction of over a third in the interest burden on debt of most consumers, should help to improve the financial health of the household sector. Thirdly, equity prices have recovered some lost ground in recent months. Fourthly, one should not ignore the potential benefits to spending likely to accrue from preparations for next year's Soccer World Cup. Finally, there does appear to have been a slight easing of credit requirements more recently within the banking sector.

It is probable that evidence of economic improvement will make it that much more difficult for the Reserve Bank to justify cutting interest rates further so long as the inflation rate remains well above the target band. Real interest rates are at their lowest level this decade and interest rates globally do not look as if they are going to fall any further. In conclusion, one expects interest rates to remain at their current level for up to a year.

It is expected that during Q3 2009, the 5 percentage point decline in interest rates since December 2008, as well as falling inflation, will relieve some pressure on disposable income, allowing for credit active consumers to better service their debt obligations. It is nevertheless still of some concern that adverse listings and judgments may still rise in Q3 and Q4 2009, following a notable rise in accounts that are three or more months in arrears. In considering these future trends it is necessary to bear in mind that the global recovery is in its early days. There are strong views held that there could well be a further period of global weakness before a sustained global recovery is possible.

This commentary was obtained from Econometrix on the trends reflected in the Credit Bureau Monitor.



Definitions

Terms used in the report	Definitions
Credit active consumers	Consumers that have an obligation to pay a credit provider and/or have an account with a supplier of goods or services (e.g. telecommunications service providers, doctors, plumbers, etc) and these obligations resulted in an entry on the consumer's credit record at the credit bureaus.
Impaired record	A record on which any of the accounts are either classified as three or more payments in arrears, or has an "adverse listing", or that reflects a judgment or administration order.
Good standing	An account which is 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 'slow paying', 'absconded', 'default', 'handed over' and/or 'write-off'.
Current	A consumer is up-to-date with payments and has not missed any instalment over the period of the credit agreement.