

Credit Bureau Monitor

First Quarter | March 2009

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This Credit Bureau Monitor reflects the information held by registered credit bureaux in terms of the National Credit Act. The data in this report is for eight quarters, from quarter ending June 2007 to quarter ending March 2009.

Summary

Credit bureaux maintain credit information received monthly from credit providers and create consumer credit profiles based on this information. The credit bureaux and the quality of their data are regulated and monitored by the National Credit Regulator.

As at March 2009 the credit bureaux had records for 17.61 million credit-active consumers*:

- The percentage of consumers in good standing was 57.6% at the quarter ending March 2009. This is a decrease of 0.8% when compared with quarter ending December 2008 and a decrease of 4.0% when compared with quarter ending March 2008.
- The number of consumers with an impaired record increased by 160,000 quarter-on-quarter and increased by 870,000 year-on-year.
- On average, each credit-active consumer has three active accounts.
- In the March 2009 quarter, the total number of enquiries made on consumer credit records was 99.93 million. This is a decrease of 3.1% from the previous quarter and a decrease of 8.2% year-on-year. Of the total enquiries made on consumer records, enquiries from banks accounted for 38.3% and enquiries from retailers accounted for 22.4%.
- In the quarter ending March 2009, 8,370 disputes were lodged by consumers relating to the accuracy of the credit information on their credit records. This is a decrease of 7.2% quarter-on-quarter and a decrease of 33.8% year-on-year.
- The number of credit reports issued to consumers have decreased in the quarter ending March 2009, with 30,652 free credit reports being issued, a decrease of 9.4% quarter-on-quarter. A further 2,889 credit reports were issued with charge.

Credit standing of consumers:
March 2009

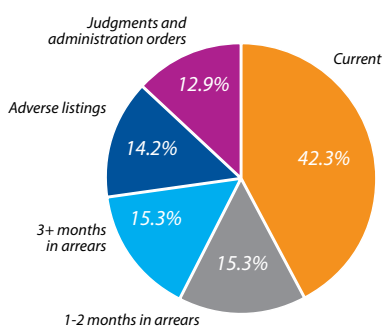


Table 1: Credit standing of consumers

	Jun'07	Sep'07	Dec'07	Mar'08	Jun'08	Sep'08	Dec'08	Mar'09
Credit-active consumers	16.78m	16.90m	17.12m	17.14m	17.17m	17.53m	17.56m	17.61m
Good standing (#)	10.67m	10.52m	10.67m	10.55m	10.38m	10.43m	10.26m	10.15m
Good standing (%)	63.6%	62.3%	62.4%	61.6%	60.4%	59.5%	58.4%	57.6%
Current	47.5%	46.6%	47.2%	45.1%	44.9%	44.9%	43.6%	42.3%
1-2 months in arrears	16.1%	15.7%	15.2%	16.5%	15.5%	14.6%	14.8%	15.3%
Impaired records (#)	6.11m	6.38m	6.45m	6.59m	6.79m	7.10m	7.30m	7.46m
Impaired records (%)	36.4%	37.7%	37.6%	38.4%	39.6%	40.5%	41.6%	42.4%
3+ months in arrears	12.8%	12.6%	13.5%	14.3%	15.3%	15.7%	15.1%	15.3%
Adverse listings*	11.8%	13.1%	12.7%	12.8%	13.1%	12.2%	13.8%	14.2%
Judgments and administration orders	11.8%	12.0%	11.4%	11.3%	11.2%	12.6%	12.7%	12.9%
Total	100%	100%	100%	100%	100%	100%	100%	100%

Figure 1: Consumers in good standing

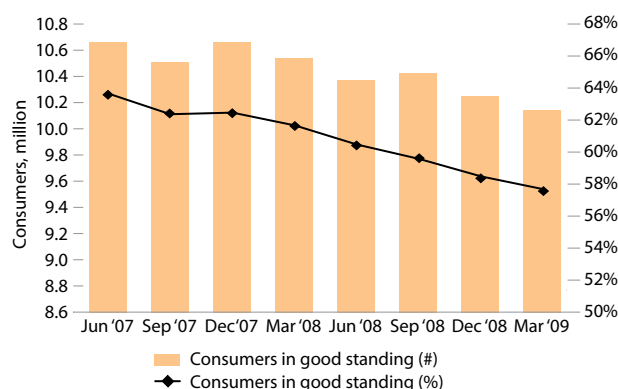


Figure 2: Consumers with an impaired record

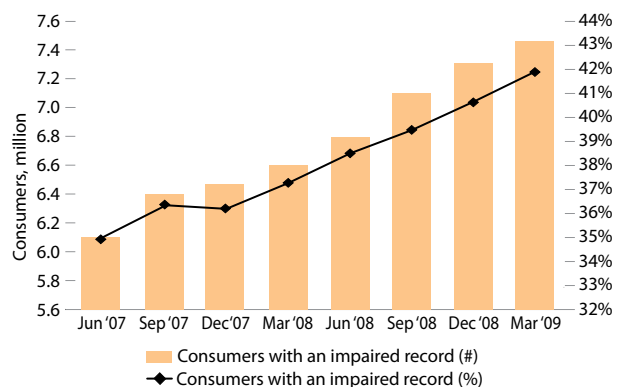


Table 2: Credit standing of accounts

	Jun'07	Sep'07	Dec'07	Mar'08	Jun'08	Sep'08	Dec'08	Mar'09
Consumer accounts	52.06m	51.55m	55.55m	58.12m	60.14m	60.82m	60.95m	60.52m
Good standing (#)	40.69m	39.95m	43.04m	45.32m	46.81m	47.39m	47.22m	46.16m
Good standing (%)	78.2%	77.5%	77.5%	78.0%	77.8%	77.9%	77.5%	76.3%
Current	68.1%	67.2%	67.4%	67.3%	68.1%	68.7%	68.3%	66.2%
1-2 months in arrears	10.1%	10.3%	10.1%	10.7%	9.7%	9.2%	9.2%	10.1%
Impaired records (#)	11.36m	11.60m	12.51m	12.80m	13.32m	13.43m	13.73m	14.36m
Impaired records (%)	21.8%	22.5%	22.5%	22.0%	22.2%	22.1%	22.5%	23.7%
3+ months in arrears	10.0%	9.4%	10.2%	10.4%	11.4%	12.5%	12.4%	13.3%
Adverse listings*	6.2%	7.3%	6.8%	6.6%	5.9%	4.9%	5.7%	6.0%
Judgments and administration orders	5.6%	5.8%	5.5%	5.0%	4.9%	4.7%	4.4%	4.4%
Total	100%	100%	100%	100%	100%	100%	100%	100%

Introduction

This Credit Bureau Monitor reflects the information held by the registered credit bureaux in terms of the National Credit Act. The data in this report is for eight quarters from quarter ending June 2007 to quarter ending March 2009.

The level of debt-stress continues to increase.

Credit-active consumers

There were 17.61 million credit-active consumers as at the end of March 2009

As at the end of March 2009, credit bureaux held records for more than 37 million individuals on their databases, of which 17.61 million (46.8%) were credit-active. The remaining 53.2% of records show 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 continuously falling

Of the total 17.61 million credit-active consumers as at end of the March 2009 quarter, 57.6% consumers are in good standing. This is a quarter-on-quarter decrease of 0.8% and a year-on-year decrease of 4%, indicating that the level of debt-stress continues to increase.

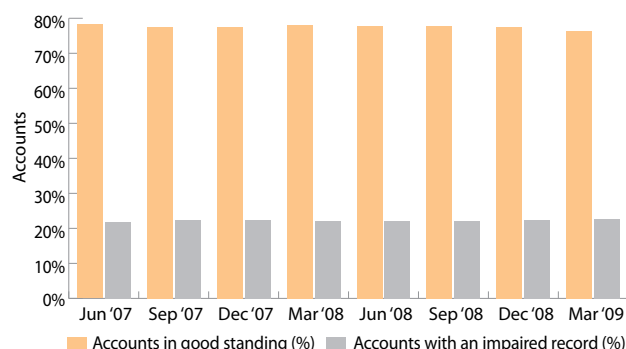
The percentage of consumers with an impaired record (the inverse of those in good standing) at the March 2009 quarter-end was 42.4%, a quarter-on-quarter increase of 0.8% (160,000 increase in number) and a year-on-year increase of 4% (870,000 increase in number). A detailed breakdown of the nature of the impairments is provided in Table 1, Figures 1 and 2.

Consumer accounts

As at the end of March 2009, 60.52 million accounts were listed on the credit bureaux databases. This is a quarter-on-quarter decrease of 0.7% and a year-on-year increase of 4.1%. The quarter-on-quarter decline reflects the slower pace of credit provision due to the current economic conditions. The year-on-year increase was mainly due to an increase in data submission from credit providers, and not only to an increase in credit provision.

Of the 60.52 million accounts, 76.3% were classified as 'good standing' and 23.7% were classified as 'impaired record'. The percentage of accounts in good standing decreased quarter-on-quarter by 1.2% and decreased year-on-year by 1.7%.

Figure 3: Credit standing of accounts



As at the end of March 2009:

- 66.2% of accounts were classified as current (decreased quarter-on-quarter by 2.1%);
- 10.1% had missed one or two instalments (increased quarter-on-quarter by 0.9%);
- 13.3% had missed three or more instalments (increased quarter-on-quarter by 0.9%);
- 6.0% had an adverse listing (increased quarter-on-quarter by 0.3%); and
- 4.4% had a judgment or administration order (no change quarter-on-quarter).

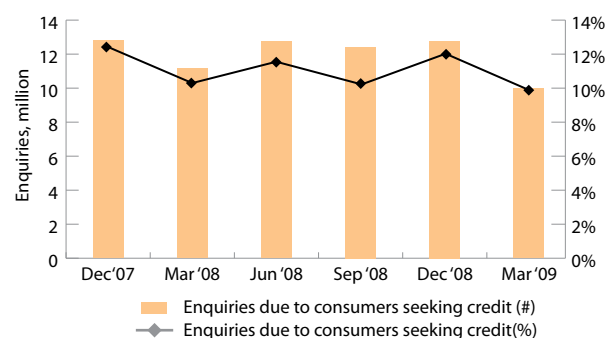
See Table 2 and Figure 3 for detailed breakdown from June 2007 quarter to March 2009 quarter.

Table 3: Enquiries

	Number of enquiries						Percentage change				
	Dec'07	Mar'08	Jun'08	Sep'08	Dec'08	Mar'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
Enquiries due to consumers seeking credit	12.81m	11.14m	12.75m	12.41m	12.76m	9.97m	-13.0%	14.5%	-2.6%	2.8%	-21.9%
All other enquiries	88.73m	97.74m	97.49m	112.25m	90.39m ¹	89.97m	10.2%	-0.3%	15.1%	-19.5% ¹	-0.5%
Total credit bureaux enquiries	101.54m	108.88m	110.24m	124.66m	103.15m¹	99.93m	7.2%	1.3%	13.1%	-17.3%¹	-3.1%

¹Note: Figures were incorrectly reported in the previous report and have been restated in this release.

Figure 4: Enquiries due to consumers seeking credit



Significant decrease in consumer enquiries

Credit market activity

Enquiries made on consumer records decreased

In the March 2009 quarter, 99.93 million enquiries were made on consumer records. This is a decrease of 3.1% quarter-on-quarter and a decrease of 8.2% year-on-year.

Enquiries due to consumers seeking credit decreased quarter-on-quarter by 21.9% and decreased year-on-year by 10.5%. All other enquiries decreased quarter-on-quarter by 0.5% and decreased year-on-year by 8%. (Refer to Table 3 and Figure 4 for breakdown.)

Table 4: All enquiries – distributions according to sectors

	Number of enquiries						Percentage change				
	Dec'07	Mar'08	Jun'08	Sep'08	Dec'08	Mar'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
Banks	37.75m	52.77m	43.40m	40.76m	39.15m	38.24m	39.8%	-17.8%	-6.1%	-3.9%	-2.3%
Retailers	28.69m	24.51m	28.38m	40.98m	29.83m	22.39m	-14.6%	15.8%	44.4%	-27.2%	-24.9%
All Other*	35.10m	31.60m	38.46m	42.92m	34.17m ²	39.30m	-9.9%	21.7%	11.6%	-20.4% ²	15.0%
Total	101.54m	108.88m	110.24m	124.66m	103.15m²	99.93m	7.2%	1.3%	13.1%	-17.3%²	-3.1%

*All Other includes enquiries made by Micro lenders, Telecommunications, Utility, Insurance, Onsellers and Collections agencies.
²Note: Figures were incorrectly reported in the previous report and have been restated in this release.

Sectoral Analysis

For enquiries made on consumer records by sector, bank enquiries decreased by 2.3% quarter-on-quarter and decreased by 27.5% year-on-year. Retailer enquiries decreased by 24.9% quarter-on-quarter and decreased by 8.6% year-on-year.

All other enquiries increased by 15% quarter-on-quarter and increased by 24.4% year-on-year. These mainly constitute micro-lenders, the telecommunications and insurance sectors and collections agencies. (Refer to Table 4 and Figure 5.)

Figure 5: All enquiries – distributions according to sectors

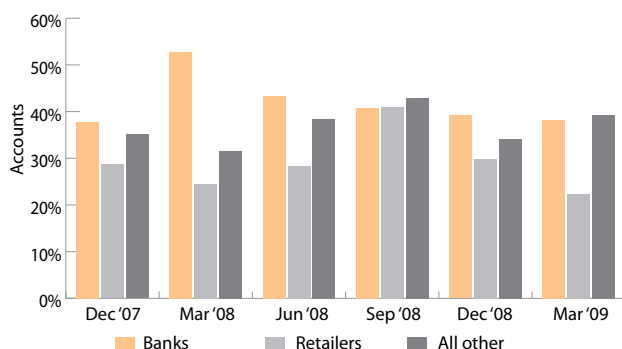


Table 5: Credit reports issued

	Number of credit reports						Percentage change				
	Dec'07	Mar'08	Jun'08	Sep'08	Dec'08	Mar'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
Credit reports issued without charge	40,342	33,868	38,068	46,459	33,827	30,652	-16.0%	12.4%	22.0%	-27.2%	-9.4%
Credit reports issued with charge	5,355	3,776	2,989	2,072	3,528 ³	2,889	-29.5%	-20.8%	-30.7%	70.3% ³	-18.1%
Total number of credit reports issued	45,697	37,644	41,057	48,531	37,355³	33,541	-17.6%	9.1%	18.2%	-23.0%³	-10.2%

³ Note: Figures were incorrectly reported in the previous release and have been restated in this release.

Credit bureaux activity

Decline in requests for credit reports

Of the total 33,541 credit reports issued to consumers upon their request during the quarter ending March 2009, 30,652 were free of charge. The total number of credit reports issued to consumers decreased by 10.2% quarter-on-quarter and decreased by 10.9% year-on-year. See Table 5 for details.

Consumer disputes

In the March 2009 quarter, 8,370 disputes relating to the accuracy of the information recorded on consumers' credit records were lodged. This was a quarter-on-quarter decrease of 7.2% and a year-on-year decrease of 33.8%.

Independent opinion by Econometrix

Not surprisingly, credit-active consumers are still showing high levels of debt stress due to the depletion of disposable income tied to high inflation. Recent job losses, linked to the current recession shown in the poorer performance of major industries of the economy, including manufacturing, financial services and retail and wholesale trade, are also affecting credit consumers' ability to meet debt obligations.

However, the recent reductions in interest rates – the cuts now amount to a very significant 4.5% – together with increases in remuneration, should help to relieve the pressure on disposable income. One hopes that the consistent decline in PPI throughout Q1 will assist in reducing inflationary pressures, which will further reduce the narrowing of disposable income.



The economic figures for the second quarter of 2009 will undoubtedly not be good, but there is beginning to emerge evidence of a 'slowdown in the downturn' if not an improvement in some sectors. The third and fourth quarters are more likely to record some positive economic growth, albeit from a low base. This follows indications that the global economy is showing some signs of recovery.

The negative growth in manufacturing production represents one of the most potent reasons for the Reserve Bank to loosen monetary policy. However, the inflation rate of services is keeping consumer inflation above the inflation target despite the steep decline in producer inflation, leaving little scope for further cuts in interest rates notwithstanding the weakness of real economic activity.

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

Definitions

Terms used in this 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 bureaux.
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.