

## THE NATIONAL CREDIT REGULATOR

JULY 2025

### TERMS OF REFERENCE FOR THE APPOINTMENT OF A SERVICE PROVIDER FOR RESEARCH ON VEHICLE FINANCE OPTIONS IN SOUTH AFRICA AND THE IMPACT ON FINANCIAL WELLBEING OF CONSUMERS

**RFQ: NCR970.07.2025**

**COMPULSORY BRIEFING: 31.07.2025**

**Time- 10:00 AM to 11:00 AM**

**VENUE- MS TEAMS ONLINE** : Microsoft Teams [Need help?](#)

[Join the meeting now](#)

Meeting ID: 385 010 294 563 9

Passcode: vV9wR7s4

**DUE DATE: 08 AUGUST 2025 AT 11H00 SHARP CAT**

**EMAIL YOUR SUBMISSION TO:** [rmaleka@ncr.org.za](mailto:rmaleka@ncr.org.za)

**COPY:** [procurement@ncr.org.za](mailto:procurement@ncr.org.za)

## **PART A- GENERAL TERMS OF CONDITIONS (SCM)**

### **1. General Information for Bidders**

The National Credit Regulator (NCR) was established in terms of section 12(1) of the National Credit Act, Act 34 of 2005 and came into being on 1 June 2006.

The NCR will determine which bidding organisation ("bid participant"), if any, is appointed in response to this request for submission for the appointment a service provider for research on vehicle finance.

#### **General Terms**

This tender is issued in terms of the Public Finance Management Act 1 of 1999 (PFMA), the Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA), the Preferential Procurement Regulations, 2001/2022 (PPR), Supply Chain Management Regulations issued by the National Treasury and BBBEE Act.

Parties that wish to submit proposals are required to indicate that they are willing to accept the General Conditions and Procedures of the NCR ( Annexure B and B.1 that can be downloaded from NCR website - <https://www.ncr.org.za/index.php/procument/tender-standard-bidding-documents/general-terms-conditions> ). **Please read this document carefully and confirm your agreement to the terms prior to submitting your proposal.**

### **2. The Proposal Format**

- **Economy of proposal preparation**

The proposal should be prepared simply and economically, providing a straightforward and concise description of the bid participant's ability to meet the requirements of the proposal request.

Clear factual responses are required. The content of the proposals shall determine the merit of each participant, not brochures or other marketing material. To facilitate the review of proposals, participants are required to organise their responses according to the format presented below. Should a participant wish to

provide additional information, that information should be referred to and provided in a file of annexure.

### **3. Validity of proposals**

The proposals must include a statement as to the period for which the proposal remains valid. The proposal must be valid for at least sixty (60) days from the due date for the submission of all bids.

### **4. Number of proposals**

Each bid participant must email 1 their entire proposal, including all the documentation referred to in Section 7 below, in the format specified in that section. All submitted proposals will become the property of the NCR and will not be returned. The proposal must be signed and dated in black ink by the bidder or authorized representative of the bidder and initialled on each page.

### **5. Submission of proposals**

5.1. Proposals must reach the offices of the NCR before 11:00AM on 08 August 2025, and must be emailed to [rmaleka@ncr.org.za](mailto:rmaleka@ncr.org.za) , [procurement@ncr.org.za](mailto:procurement@ncr.org.za)

**a) RFQ No: NCR970.07.2025**

**b) TERMS OF REFERENCE FOR APPOINTMENT OF A SERVICE PROVIDER TO RESEARCH ON VEHICLE FINANCE OPTIONS IN SOUTH AFRICA AND THE IMPACT ON FINANCIAL WELLBEING OF CONSUMERS.**

**c) CLOSING DATE: 08 AUGUST 2025 AT 11H00 AM,**

5.2 Please note that this RFQ closes punctually at 11h00 on 08 August 2025. No late submissions will be considered under any circumstances.

5.3 All the documentation referred to in Section 7 below must be submitted.

Failure to submit all the documentation referred to in this section may result in a submission being discarded, and not considered for evaluation.

5.4 If responses are not delivered as stipulated in this Section 5.1, such responses will be considered “**late**”, and will not be considered for evaluation.

5.5 The NCR shall not disclose any details pertaining to the responses received, to any other participant, as this is regarded as confidential information.

5.6 Submissions must not contain documents relating to any RFQ other than the one referred to in this RFQ.

5.7 The responses to the RFQ will be opened as soon as is practical after the expiry of the time advertised for receiving them.

5.8 After the evaluation process is completed, the Evaluation Committee may, prior to making a final selection, draw up a shortlist of participants and require them to make a detailed presentation to the Evaluation Committee. A minimum of 2 days’ notice will be given to relevant participants in advance of the presentation date.

## 6. Timetable

Date & time	Activity
24/07/2025	Issue RFQ document
31/07/2025	Compulsory Briefing
08/08/2025	Closing date
<b>12/08/2025</b>	Evaluations
<b>19/08/2025</b>	Appointment of a supplier

The National Credit Regulator reserves the right to determine the structure of the process, the right to determine the number of short-listed participants, the right to withdraw from the proposal process, and the right to change this timetable at any time without notice.

## 7. Documentation to be submitted.

Document that must be Submitted	Guideline		Consequence of non-submission
Invitation to Bid – SBD 1	Yes	Complete and sign the supplied pro forma document	Disqualification from process
Tax status SBD 1	Yes	Written confirmation that SARS may on an ongoing basis during the tenure of the contract disclose the bidder's tax compliance status. Proof of Registration on the Central Supplier Database Vendor number	Disqualification from process
Declaration of Interest – SBD 4	Yes	Complete and sign the supplied pro forma document	Disqualification from process
Preference Point Claim Form – SBD 6.1	Yes	Non-submission will lead to a zero (0) score on Specific goals	Zero points awarded for specific goals
Registration on Central Supplier Database (CSD)	Yes	The Service Provider must be registered as a service provider on the Central Supplier Database (CSD). If not registered, to complete the registration of company prior to submitting the proposal.  Visit <a href="https://secure.csd.gov.za/">https://secure.csd.gov.za/</a> to obtain your vendor number starting with MAAA. Submit proof of registration.	Disqualification from process
Acceptance of the General Terms and Conditions	Yes	<a href="https://www.ncr.org.za/index.php/procurement/tender-standard-bidding-documents/general-terms-conditions">https://www.ncr.org.za/index.php/procurement/tender-standard-bidding-documents/general-terms-conditions</a>	Disqualification from process

## 8.Evaluation Criteria

Proposals will be evaluated on the 80/20 preference points scoring system: that is, 80% of the points awarded will be based on price, as indicated in the table below; and 20% of the points awarded will be based on specific goals, allocated as indicated in the table below:

B-BBEE status level of contributor	Specific goals	Price
Total maximum points	20	80

The points system is outlined for the 80/20 to address the preferential procurement as followed:

### 8.1 SMME's which are owned by Black people.

SPECIFIC GOAL	ACHIEVEMENT LEVEL	TOTAL NUMBER OF
Persons historically disadvantaged on the basis of race	81%- 100% black ownership	7
	51% - 80% black ownership	5
	31% - 50% black ownership	3
	0 – 30% black ownership	1

### 8.2 SMME's which are owned by People with disability

SPECIFIC GOAL	OWNERSHIP LEVEL	POINTS
Persons historically disadvantaged on the basis of disability	50 %- 100% owned by persons living with disabilities	3
	30% - 49% owned by persons living with disabilities	2
	0 – 29% owned by persons living with disabilities	1

### 8.3 SMME's which are owned by Women.

SPECIFIC GOAL	ACHIEVEMENT LEVEL	POINTS
Persons historically disadvantaged on the basis of gender – Women	81% - 100% owned by women	7
	51% - 80% owned by women	5
	31% - 50% owned by women	3

	0 – 30% owned by women	1
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#### 8.4 SMME's which are Youth owned business.

SPECIFIC GOAL	OWNERSHIP LEVEL	POINTS
Persons historically disadvantaged based on age	50%- 100% owned by persons who are	3
	30% - 49% owned by persons who are	2
	0 – 29% owned by persons who are	1

#### 9. Evidence for specific goals

PROOF OF EVIDENCE TO SCORE SPECIFIC GOALS POINTS			
EVIDENCE	YES	NO	ATTACH EVIDENCE (indicate a page)
Share certificate			
ID Copies stamped by the commissioner of oath			
Sworn affidavits			
BBBEE certificates			
Proof of disability			
CIPC Documents			

**NB: Bidders will only score points based on the evidence submitted.**

#### 10. Reporting of fraud and corruption

The National Credit Regulator management is commitment to transparency, integrity, and accountability, as described in our Code of Conduct and business principles. Which led to the establishment of the Ethics Line. The Ethics Line seeks to provide an independent and comprehensive service through enhanced anonymity assurance and a wide range of communication channels. Bidders and members of the public are encouraged to use the following toll-free line to report any misconduct relating procurement activities amongst others.

**Fraud / Anti-Corruption Hotline**

Report any incidents of wrongdoing  
to the KPMG Ethics Line

**0800 20 53 17 (Toll Free)**

## **TERMS OF REFERENCE (TOR) FOR VEHICLE FINANCE OPTIONS IN SOUTH AFRICA AND THE IMPACT ON FINANCIAL WELL-BEING OF CONSUMERS.**

### **1. Background**

The National Credit Regulator (NCR) was established under the National Credit Act (NCA) No. 34 of 2005 and is responsible for the regulation of the South African consumer credit industry. In terms of Section 16(1), the NCR is responsible to increase knowledge of the nature and dynamics of the consumer credit market and industry, by providing guidance on the credit market and monitoring socio-economic patterns of consumer credit activity in South Africa.

The automotive industry is integral to South Africa's economic landscape, contributing significantly to GDP, employment, and trade. As of 2023, the broader automotive industry contributed approximately 5.3% to South Africa's GDP, with 3.2% coming from manufacturing and 2.1% from retail activities. This makes it the largest manufacturing sector in the country, accounting for 21.9% of the overall domestic manufacturing output. According to the National Association of Automobile Manufacturers of South Africa (NAAMSA), record vehicle exports helped take South Africa's auto trade balance to a positive R21.1 billion in 2023 from R19.6 billion in 2022 – an increase of 7.6%. The importance of this sector is also proven by the number of people employed in the automotive industry, employing over 116,000 individuals, primarily in the Eastern Cape, Gauteng, and KwaZulu-Natal provinces ([www.thedtic.gov.za](http://www.thedtic.gov.za)).

The NCA requires credit providers to ensure that consumers can afford the credit that they applied for before credit application approval. To ensure that the requirements of the NCA are attained, credit providers in the vehicle finance sector developed mechanisms that can ensure that consumers afford the credit applied for. Several finance options are utilised to allow consumers to be in a position that permits them to be granted credit, that they could not otherwise afford. Consumers are then advised to choose between these financial products: instalment sale agreements, lease agreements and rental agreements. As Chisasa and Dlamini (2013) highlight, personal vehicle purchasing is influenced by a wide variety of



factors (Lane and Potter, 2007:1085) which can be categorized as personal, economic, social, regulatory environments, vehicle performance, and application.

In South Africa, balloon payments (whereby a significant portion of a vehicle loan is deferred to the end of the term) have become increasingly prevalent. While they offer lower monthly instalments, they can lead to financial strain if not managed properly ([www.businessstech.co.za](http://www.businessstech.co.za)). A study by Gloria Mothibi (2015) "An Assessment of Car Buyers' Understanding of Balloon Payment Method in Relation to the National Credit Act in South Africa" found that, first-time car buyers often lack understanding of balloon payments and their implications under the National Credit Act. Many perceive these agreements as misaligned with the Act's provisions, leading to unintended financial consequences.

The objective of the research study, therefore, is to conduct a thorough empirical evaluation of the various vehicle options in the vehicle finance sector. The study seeks to further determine the outcomes of different motor finance products (*balloon payments, residual packages, payment holiday options; Buy-Now-Pay-Later etc*) for each credit agreement (*instalment sale agreements; lease agreements, rental agreements etc*) instituted by credit providers in South Africa. The NCR aims to achieve its objective by commissioning a study exploring and assessing the nature of credit agreements with different motor finance products, through in-depth research. The study will assist the NCR to understand elements that influence the demand and the supply for credit agreements with such financial products.

## **2. Objectives**

Given the potential impact on the financial wellbeing of consumers, which may lead to over-indebtedness it is important to explore and understand reasons and factors that are causing credit providers to choose supplying vehicle finance on various options to the consumers.

In order for the NCR to address the above factors, the following should be assessed and explored:

- Identify the various vehicle finance options offered to consumers in the formal & informal market (new and used vehicles).
- Understand consumers level of awareness on vehicle finance options; and determine the socio-economic impact.

- Does the asset value warrant the long-term repayment terms of the vehicles (e.g., 7 to 8 years excluding residual/balloon)?
- Is the consumer able to afford maintenance of the vehicle over the repayment term? SARS requirement of 5 years car depreciation vs extended repayment periods by credit providers.
- To determine how credit life insurance is treated when any of the vehicle finance options are selected.
- Investigate whether affordability assessment tests are conducted for the full term of the contract. In other words, indicate full disclosure of total cost of credit on agreements.
- Understand the range of fees charged per credit product regulated under the NCA (minimum fees and maximum fees). Are there any other fees charged on vehicle finance agreements which are outside the regulated fees e.g. delivery fees etc?
- Determine the number of vehicle repossessions due to the inability by consumers to settle payments on these vehicle finance options.
- The number of consumers with negative listings on the credit bureaus due to these vehicle finance options.
- Recommendations on possible policy or legislative intervention to the Minister of Trade, industry and competition, if necessary.

### **3. Scope of work**

In order to keep the extent of the research manageable, the scope of work shall include but not limited to the following:

- Identify various vehicle finance options that exist in the market (new and used vehicles);
- Identify the trends in the credit agreements with various vehicle finance options (new and used vehicles) from 2021 to 2024. The aim of investigating trends in credit agreements with different financing products for the past three years is to evaluate key statistical data trends outlined below:
  - The demographic, income brackets and economic profile of consumers with different finance options like balloon payment, residual packages, buy-now-pay-later, payment holiday option, rental and lease agreements; and any other options identified during the research.
- Based on empirical evidence, evaluate whether the repo rate fluctuations have any positive or negative effects for consumers who have these credit agreements.

- Overall understanding of the taxi business finance and repossessions. How is the price managed during repossessions e.g., ownership, trade value, overall car condition. Is the vehicle repossessed as an asset or business?
- Determine and assess the reasons for the demand of credit agreements with; balloon payment; residual packages; payment holiday option, buy-now-pay-later, rental and lease agreements etc.
- Identify and assess whether credit providers financing these vehicle finance options (balloon payment; residual packages; payment holiday option, buy-now-pay-later, rental and lease agreements etc.) are not contravening the requirements of the NCA;
- Analyze the implications of the options granted to consumers who are unable to comply with the conditions of the credit agreements with these vehicle finance options;
- Assess the total cost of credit related to the new contract if the consumer is refinancing and considering all the components of the original cost of credit;
- Quantifying and specify the number of repossessions due to nonpayment of these vehicle finance options (Top 5 vehicle financiers by number of customers);
- Assess the socio-economic impact to consumers across all income groups and economic spectrum who are unable to settle these options at the end of the contractual term;
- Determine how credit providers apply and manage the In Duplum rule (Section 103(5) of the NCA) on vehicle finance (for consumers in arrears).
- Bridging finance agreement – including vehicle rentals as part of the agreement. What are the pros and cons of this arrangement to the consumer?
- Assess and describe the international trends regarding vehicle finance options.
- Recommend on possible policy or legislative intervention to the Minister of Trade, industry and competition, if necessary.

#### **4. Research Methodology**

It is expected that the research methodology for proposals submitted will involve:

- A comprehensive literature review;
- Collection and collation of data specific to the issues alluded to in the scope of work. Additionally, data and information can be obtained from various sources that provide consumer credit related information;
- Analysis of the data; and
- Conduct interviews with Vehicle financiers and Dealerships:

- A sample of **10** vehicle financiers.
- A sample of **10** new car dealerships.
- A sample of **10** used car dealerships.
- The **sample period** for the statistical data to be requested as per the scope of work, must be from 2021-2024.
- Any Interviews related to the project will be conducted at the discretion of the appointed service provider.
- Conduct interviews with **relevant industry stakeholders** specifically chosen for their insight and their knowledge into the Vehicle Finance Industry.
- Conduct interviews with **consumers (on the various vehicle finance options)**:
  - Interviews conducted with consumers should cover **20** consumers across Gauteng; **10** Western Cape; **10** Kwa-Zulu Natal; **10** consumers on the remaining 6 provinces. That is a total of **50** consumers need to be interviewed and more importantly to note is that the NCR requires a total of **50** positive responses from the interviews conducted in all the provinces.
  - The method of conducting interviews is at the discretion of the service provider (but should cover both male and female respondents);
- Other research methods may also be considered.
- NCR may request the service provider to conduct follow-up on responses.
- NCR may request a list of stakeholders contacted during the process of the research, with contact details.
- Provide any additional data collected during the research process beyond what is included in the report.

## 5. Project Outputs

Outputs from the project include:

- **Outputs prior to the kick-off meeting:**
  - A project plan detailing key milestones to be discussed and agreed to with the NCR;
  - NCR expects the team proposed on project plan to conduct research, any changes to the proposed teams must be agreed upon.
- **An inception report, literature review, findings and recommendations, draft report, and the final report**
  - An inception report needs to be forwarded to the NCR prior to the draft report.
  - The draft report needs to include, amongst others:
    - An executive summary of the report;
    - A comprehensive literature review section;

- A section addressing research methodologies;
- A section addressing all the results from primary and secondary data (analysis of the data) and;
- Concluding remarks and recommended interventions.
- A presentation of the research findings and recommendations must be made to the NCR EXCO before the final report can be submitted.
- The final report will be forwarded to the NCR after the comments in the draft report have been addressed.
- **A presentation will be forwarded to the NCR upon finalisation of the final report and will include:**
  - A brief and accessible overview of the findings of the final report and;
  - Representation of key data.
  - List of stakeholders contacted during the process of the research, with contact details and;
  - Any additional data collected during the research process, beyond that included in the report.

## 6. Project Timelines

It is expected that the duration of this project will be **6 months** from the time the contract is awarded.

## 7. Specific compliance

- The NCR's objective is to appoint strictly South African service providers, companies, or entities as well as to promote and advance the employment of South African citizens.
- The NCR's objective is to promote transformation in the economy through the procurement of goods and services from reputable companies.

## 8. Briefing

There will be a compulsory virtual briefing for all interested bidders (no bidders will be considered if they did not attend the briefing).

### 9. Functionality Evaluation

Bids will be evaluated strictly according to the technical bid evaluation criteria stipulated in the table below:

**VALUES: 1=Poor: 2=does not meet the requirements: 3= partially meets the requirement: 4= meets the requirements: 5=Exceeds the requirements**

The Bidder's capacity will be evaluated according to the following evaluation criteria:

No	Evaluation Criteria	Weight
1.	<p><b>Company's practical experience in Vehicle Finance Sector and research services in the Automotive Industry in South Africa or South African credit industry or financial sector in general.</b></p> <p>The proposal should include:</p> <ul style="list-style-type: none"> <li>The number of years for each project conducted in either vehicle finance sector or financial sector or credit industry in South Africa.</li> </ul> <p><b>5=&gt; 8 years</b></p> <p><b>4=&gt;4- 7 years</b></p> <p><b>3= &gt;2-3 years</b></p> <p><b>2= &gt;1 year</b></p> <p><b>1= &lt; 1 year</b></p>	<b>40%</b>
2.	<p><b>Experience of the team</b></p> <p>The proposal should <b>include capacity statement</b>, and it must clearly indicate:</p> <ul style="list-style-type: none"> <li>The team leader's competency levels: <ul style="list-style-type: none"> <li>➤ The team leader must have a minimum of 5 years' experience related to research services in the <b>vehicle financial sector or financial sector or credit industry in South Africa.</b></li> <li>➤ The proposal should include a detailed CV of the team leader responsible for overseeing and undertaking the work;</li> <li>➤ A minimum of a bachelor's degree.</li> </ul> </li> <li>The <b>team member's competency</b> levels should also be clearly summarized</li> </ul> <p><b>5=Excellent</b> (If the provided capacity statement indicates that the team leader and team members' have extensive practical research experience in <b>vehicle</b></p>	<b>30%</b>

	<p><b>financial sector or financial sector or credit industry in South Africa</b> and their experience is more than 5 years).</p> <p><b>4=Very Good</b> (If the provided capacity statement shows that the team leader has 5 years' research experience in the <b>credit industry in South Africa</b> but has no <b>vehicle financial sector</b> research experience).</p> <p><b>3=Good</b> (If the provided capacity statement clearly demonstrates the practical experience of the team leader or the experience included is five years. Moreover, the team members have the required work experience in research related to the project).</p> <p><b>2=Average</b> (The team leader does not have the required experience in the <b>vehicle financial sector or finance sector or credit industry in South Africa</b>).</p> <p><b>1=Poor</b> (Unacceptable, does not meet set criteria)</p>	
3.	<p><b>Methodology</b></p> <p>The proposal should include the following aspects:</p> <ul style="list-style-type: none"> <li>➤ Understanding of project objectives;</li> <li>➤ Work plan (in line with scope of work and research methodology to enable delivery of the project timeously);</li> <li>➤ Stakeholder Management Plan</li> </ul> <p><b>5=Excellent</b> (Provided a work plan indicating expansion on the proposed methodology and key issues for consideration in the project as stated on the scope of work.)</p> <p><b>4=Very Good</b> (Demonstrated the ability to deliver on the project plan, with clear timelines on the scope of work and research methodology. Project completed less than 6 months)</p>	<b>20%</b>

	<p><b>3=Good</b> (Clear timelines and proper plan on the proposed approach in relation to the scope of work and the research methodology. Project completed within 6 months.)</p> <p><b>2=Average</b> (Proposed approach does not have timelines)</p> <p><b>1=Poor</b> (Proposed approach is not aligned to the scope of work and project outputs)</p>	
4.	<p><b>References</b></p> <p>At least three reference letters from <b>vehicle financial sector or financial sector or credit industry in South Africa</b> that contain the following information:</p> <ul style="list-style-type: none"> <li>➤ Clearly indicate research work conducted in South Africa in the last 48 months;</li> <li>➤ Must include telephone numbers and email addresses (reference letters without contactable details will not be considered);</li> <li>➤ Reference letters should not be from the same company or person;</li> <li>➤ Most importantly, the reference letters will be evaluated against the scope, relevance, value, and time span of research projects. Letters must therefore contain the relevant information.</li> </ul> <p><b>5=</b> The bidder submitted more than four reference letters</p> <p><b>4=</b> The bidder submitted four reference letters</p> <p><b>3=</b> The bidder submitted three reference letters</p> <p><b>2=</b> The bidder submitted two reference letters</p> <p><b>1=</b> The bidder submitted one reference letter</p>	<b>10%</b>
	<b>TOTAL SCORE</b>	<b>100%</b>

Bidders must achieve a score of 70 points in order to be considered for price and specific goals evaluations.