

Credit extension seasonally increases marginally.

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 by the registered credit providers and credit bureaus respectively. The latest edition of the reports covers credit market information from October 2023 to December 2023. The total value of new credit granted increased by 4.14% quarter-on-quarter from R142.26 billion to R148.15 billion. The number of credit agreements entered-into increased by 23.39% quarter-on-quarter from 4.15 million to 5.12 million.

The following were some of the most significant trends observed in terms of credit granted for the quarter ended December 2023:

- The value of new mortgages granted decreased by R1.31 billion (2.82%) quarter-on-quarter and by R12.57 billion (21.70%) year-on-year.
- Secured credit, which is dominated by vehicle finance, increased by R4.12 billion (8.93%) quarter-on-quarter, and by R169.88 million (0.34%) year-on-year.
- Credit facilities increased by R1.07 billion (4.85%) quarter-on-quarter but decreased by R1.61 billion (6.54%) year-on-year.
- Unsecured credit increased by R1.51 billion (6.48%) quarter-on-quarter, but decreased by R2.08 billion (7.77%) year-on-year.
- Short-term credit increased by R722.60 million (27.44%) quarter-on-quarter and by R829.20 million (32.81%) year-on-year.

The total outstanding consumer credit balances (or gross debtor's book) as at December 2023 was R2.35 trillion, representing an increase of 1.21% quarter-on-

quarter and by 4.01% year-on-year. The trends for outstanding balances for the quarter ended December 2023 were as follows:

- Mortgages debtors book increased by R6.64 billion (0.54%) quarter-on-quarter and by R41.96 billion (3.54%) year-on-year.
- Secured credit debtors book increased by R11.79 billion (2.34%) quarter-on-quarter and by R21.46 billion (4.35%) year-on-year.
- Credit facilities debtors book increased by R7.28 billion (2.29%) quarter-on-quarter and by R21.83 billion (7.18%) year-on-year.
- Unsecured credit debtors book decreased by R87.28 million (0.04%) quarter-on-quarter and by R2.23 billion (1.00%) year-on-year.
- Short-term credit debtors book increased by R403.85 million (16.66%) quarter-on-quarter and by R598.09 million (26.82%) year-on-year.

Credit bureaus held records for 27.46 million credit-active consumers, which was an increase of 0.16% when compared to the 27.41 million in the previous quarter. Consumers classified in good standing increased by 86,028 to 17.56 million. This amounts to 63.96% of the total number of credit-active consumers. The number of credit-active accounts increased from 91.94 million to 94.33 million in the quarter ended December 2023. The number of impaired accounts has increased from 19.36 million (21.05%) to 19.62 million (20.80%) in December 2023, an increase of 266 863 quarter-on-quarter and 537 319 year-on-year.

While more consumers are accessing credit, the seasonal surge in credit extension may be indicative of the financial strain consumers are currently facing because of the rising costs of living. Unfortunately, the escalating fuel, food and electricity costs have not made it easy for consumers' pockets. Mr. Ngoako Mabeba, Manager: Statistics and Research, and Acting Manager: Education & Communication advises consumers to use credit smartly and manage their finances wisely to stay afloat in these trying times. He added that "Credit can be used to finance assets such as a house, a business or a student loan for example. However, credit can also be misused if it is used to buy things that one cannot afford, or, does not necessarily need - such as branded clothing, luxury cars, using credit to gamble, or even using credit for

consumption purposes”. He further cautions consumers to stop comparing themselves with peers, colleagues etc. to compete or keep up with trends, as everyone’s affordability is different.

Mabeba warns that abuse of credit will more likely lead to serious financial distress and default on repayments. “This will impair your credit bureau record, which will ultimately jeopardise your future chances of accessing credit to purchase big ticket items such as a house, a car, a loan to start up a business etc.”, he advised.

Below are benefits of a healthy credit profile:

- Enables you to qualify for big ticket credit items that you might require and are not able to buy cash such a house or car;
- Enables you to qualify for credit at a lower interest rate as opposed to someone who has an impaired “bad” credit report;
- Improves your chances of getting a job since a credit report can also be checked in instances where a company is considering you as a candidate for employment in a position that requires honesty in dealing with cash or finances. A bad credit report might affect your chances of getting a job.

Mr. Mabeba advises that of the 27.46 million credit active consumers, only 815,190 credit reports were issued to consumers at their request. The NCR thus urges all consumers, to contact any one of the credit bureaus listed below to request a free copy of their credit report. Consumers are entitled to one free copy per annum from all the listed Credit Bureaus. Consumers should thoroughly examine their credit reports and dispute any incorrect information with the credit bureaus. Only escalate to the Credit Ombud if the credit bureaus cannot assist you.

Remember if your credit score is low, you can still fix it by paying or even settling your debts. Ensure that you pay the stated installment amount by the due date. “Paying after the due date will adversely affect your credit report”, adds Mabeba. Do not fall for scammers who promise to remove your name from the credit bureaus by charging you exorbitant amounts. Repairing your credit report is not a quick fix. Rather use that money to decrease and settle your debts”, stresses Mabeba.

Below are credit bureau and other important contact details:

Experian	(011) 799-3400/ 0861 105 665	www.experian.co.za	consumer@creditexpert.co.za
TransUnion	0861 886 466	www.transunion.co.za	webadmin@transunion.co.za
XDS	0860 937 000 (011) 645-9100	www.xds.co.za	info@xds.co.za
Consumer Profile Bureau	(010) 590-9505	www.consumerprofilebureau.com	support@cpbonline.co.za
Credit Ombud	0861 662 837	www.creditombud.org.za	ombud@creditombud.org.za

Comparisons in this release- ‘quarter-on-quarter’ refers to a comparison between the September 2023 and December 2023 quarters, and ‘year-on-year’ refers to a comparison between the December 2022 and December 2023 quarters.

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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 (NCA) 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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