

Impact of extended power supply failure/loadshedding to the consumer credit market

The consequences of several national disasters in recent years, such as the COVID-19 pandemic, and the flooding in certain parts of the country, as well as the civil unrest in KwaZulu-Natal and Gauteng have created the need for industries to find proactive measures to prepare for any national crisis. In the circumstances, given the current continuous power supply issues in South Africa, preparation for extended electricity supply failure needs to be factored into strategic planning within the credit industry.

Typical Questions: Banking Sector

1. In the event of an extended electricity supply failure period, would it be possible to extend new credit for the following credit types: Unsecured loans (Personal loans); Credit facilities; Mortgage and Secured credit during this period? And how would the process be conducted if there are network glitches between consumers and credit providers?
 - a. In an event that it is impossible to obtain consumers' credit history from credit bureaus, how would credit then be granted to consumers? Are there any strategies to circumvent that possibility?
 - b. Should consumers be unable to submit supporting documents due to the unavailability of network coverage, what process would be made available to accommodate consumers facing these issues?
 - c. How would the unavailability of the Deeds office affect Mortgage credit provision?
 - i. How will consumers who have already placed notices on their rental properties with an expectation that they will be moving into a new house, be assisted if an extended electricity supply failure period causes delays?
 - d. If the Traffic Departments are not operational during an extended power supply failure period, how would this affect credit provision and car trade in services?
2. In the event of an extended electricity supply failure period, would it be possible for consumers to increase their Credit Card limits?
 - a. What alternatives would be available for consumers to enable them to increase credit limits?
3. What implications would an extended electricity supply failure have on the integrity of information considering the following scenario: if the whole IT system can be

corrupted in such a manner that even the back-up system is impacted, and data cannot be recovered. How will the likelihood of such a scenario be prevented?

4. During an extended electricity supply failure period how would the flow of debit orders be handled?
5. In the event of an extended electricity supply failure period, how would the Debt Review process be? (incl. Debt counselling; associated transactions such as PDAs payments and the distribution, etc).
6. In the event of an extended electricity supply failure period, what alternative communication channels would be there for consumers if network providers are unable to transmit signals to mobile phones, especially when they need to conduct online banking transactions or need to speak to a call centre agents?
7. What are the mitigation strategies for all the services that are automated (i.e., deposits via ATMs), should an extended electricity supply failure render them out of service?
8. If there is a fuel shortage due to stockpiling and the inability of pumping fuel, what alternative measures would be in place in relation to alternative sources of energy such as generators?
9. In the event of an extended electricity supply failure period, would there be any possible relief measures to consumers: who are unable to make transactions; for penalties instituted by third parties due to debit orders failures; and temporary loss of income.
10. Can you kindly quantify the anticipated costs that would be incurred if an electricity supply failure occurs for an extended period, i.e., the marginal cost of running diesel generators, the cost of investing in IT infrastructure, damage to equipment, damage to firm reputation, extra security costs, loss of income, etc.
11. Is there anything else that you would like to add on the impact an extended period of electricity supply failure could have on the operations of the business and credit consumers?

Recommended by:	Signature	Date
Ngoako Mabeba Manager: Statistics & Research		
Approved by		
Kedilatile Legodi Acting Company Secretary		
Nthupang Magolego Executive Senior Legal Adviser		