

**Credit extension slows down**

The National Credit Regulator (NCR) today released the 'Consumer Credit Market Report' (CCMR) and the Credit Bureau Monitor (CBM), which are based on data submitted to the NCR by registered credit providers and credit bureaus respectively. The latest edition of the reports covers credit market information up to March 2016. The number of applications for credit decreased by 11.72% quarter-on-quarter from 11.32 million in December 2015 to 9.99 million in March 2016. The total value of new credit granted decreased by 12.74% quarter-on-quarter from R124.15 billion to R108.33 billion.

The following were some of the most significant trends observed in terms of credit granted for the quarter ended March 2016:

- The value of new mortgages granted decreased by R6.52 billion (16.45%) quarter-on-quarter but increased by R1.38 billion (4.34%) year-on-year.
- Secured credit, which is dominated by vehicle finance, decreased by R7.61 billion (18.22%) quarter-on-quarter and by R3.32 billion (8.85%) year-on-year.
- Credit facilities decreased by R658.76 million (4.72%) quarter-on-quarter and by R3.69 billion (21.72%) year-on year.
- Unsecured credit decreased by R3.59 billion (15.97%) quarter-on-quarter but increased by R1.48 billion (8.49%) year-on year.

The total outstanding consumer credit balances (or gross debtor's book) as at March 2016 was R1.66 trillion, representing an increase of 0.91% quarter-on-quarter and 2.94% year-on-year. The trends for outstanding balances for the quarter ended March 2016 were as follows:

- Mortgages debtor's book increased by R7.60 billion (0.89%) for the quarter ended March 2016 and by R14.81 billion (1.75%) on a year-on-year basis.

- Secured credit debtor's book increased by R933.10 million (0.25%) for the quarter ended March 2016. On a year-on-year basis, the book grew by R16.80 billion (4.75%).
- Credit facilities debtor's book increased by R3.16 billion (1.46%) for the quarter ended March 2016 and by R11.73 billion (5.65%) on a year-on-year basis.
- Unsecured credit debtor's book increased by R477.81 million (0.29%) for the quarter ended March 2016 but decreased by R1.47 billion (0.88%) on a year-on-year basis.

Credit bureaus held records for 23.88 million credit-active consumers, an increase of 0.59% when compared to the 23.74 million in the previous quarter. Consumers classified in good standing increased by 460,000 to 14.33 million consumers. As a percentage of the total number of credit-active consumers at 58.44%, this reflects an increase of 1.58% quarter-on-quarter and 5.06% year-on-year.

The number of consumers with impaired records has decreased by 320,000, from 9.87 million to 9.55 million for the quarter ended March 2016. The number of accounts increased from 83.55 million in the previous quarter to 84.96 million for the same period. The number of impaired accounts decreased from 19.99 million to 19.92 million when compared to the previous quarter, a decrease of 67,000 quarter-on-quarter and 2.45 million year-on-year.

A total of 391.78 million enquiries were made on consumer credit records, a decrease of 6.43% quarter-on-quarter and an increase of 16.57% year-on-year. Enquiries initiated by consumers accounted for 16.99 million of all enquiries, an increase of 8.63% quarter-on-quarter and 33.10% year-on-year. The number of credit reports issued to consumers decreased from 144,210 to 129,458. Of the total credit reports issued, 72.59% (93,997) were issued without charge, and the remaining 27.41% (35,481) were issued with charge. There were 29,558 disputes lodged on information held on consumer credit records for the quarter ended March 2016, an increase of 18.61% quarter-on-quarter and 29.01% year-on-year.

Nomsa Motshegare, CEO of the NCR encourages consumers to only use registered entities when doing business as this will advance their rights as provided in the NCA. This includes

registered credit providers, credit bureaus, debt counsellors, payment distribution agencies and alternative dispute resolution agents. Recently, the Minister of Trade and Industry, Dr Rob Davies, determined a new threshold of NIL (0) for the purpose of determining whether or not a credit provider is required to be registered with the NCR from the 11th May 2016. “This means that any person or entity that is involved in the provision of credit is now required to register, irrespective of the number of agreements and / or the value of the principal debt”, concludes Motshegare.

***Comparisons in this release- ‘quarter-on-quarter’ refers to a comparison between the December 2015 and March 2016 quarters, and ‘year-on-year’ refers to a comparison between the March 2015 and March 2016 quarters.***

**Ends**

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