

THE NATIONAL CREDIT REGULATOR WARNS THE YOUTH TO NOT 'SOFT LIFE' INTO UNNECESSARY HARMFUL DEBT TRAPS

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IMMEDIATE RELEASE

JOHANNESBURG– During this very important period of heightened focus on the youth and youthfulness, and particularly as the growing trend of excessive spending, online gambling, and impulsive borrowing threatens to damage the financial futures of South Africa’s youth, the National Credit Regulator (NCR) is urging young consumers to exercise caution and financial responsibility. With the increasing popularity of the “soft life” culture, epitomised by a lifestyle of luxury, designer brands, and instant gratification, many young people find themselves living beyond their means, says Ms Lynette De Beer, Interim Chief Executive Officer at the NCR.

She further added that this lifestyle, often glamorised on social media, is pushing South African youth into taking on unnecessary debt to keep up appearances or fund risky behaviours like gambling, sport betting and even forex. In recent years, the rise of social media and the influencer culture has introduced many young people to the idea of the “soft life”, a lifestyle characterised by a carefree living. While there is nothing wrong with aspiring to a comfortable and successful life, the pursuit of this ideal has driven many young individuals to make financially damaging choices, says Ms De Beer.

Impulsive debt almost always ends in long-term financial regret. What may seem like small loans or quick online bets can quickly spiral into a bad credit profile, reduce employment opportunities but also limit future credit access. For instance, securing a job that requires vehicle ownership becomes impossible with a bad credit score, emphasises Ms. De Beer.

One of the most concerning aspects of this trend is that many young people are able to access credit without a reliable or consistent source of income. Whether they are students, part-time workers, or unemployed, their financial situation often does not match the financial obligations they are taking on. Without a stable income, repaying loans becomes difficult

and missed payments lead to mounting interest, penalties, and ultimately, bad credit records.

Rebuilding a damaged credit profile can take years and often requires a focused change in financial behaviour and including some sacrifice. To avoid these pitfalls, young people need to develop financial discipline and literacy early in life. This includes understanding how credit works, budgeting, saving, and delaying gratification. advises Ms De Beer

To assist young people in managing their credit responsibly, the NCR provides the following tips:

- Live within your means – The “soft life” isn’t worth long-term debt.
- Start budgeting early and track spending to stay in control.
- Wait until you have a stable income before applying for any form of credit.
- Avoid the lure of unsolicited credit offers.
- Evaluate your affordability.
- Borrow only when necessary and always for essential needs, not wants and use NCR registered credit providers.
- Do not take credit for anyone.
- Check your credit report regularly and know your credit status.
- Understand interest rates and repayment terms before taking any credit.
- Avoid gambling with borrowed money, it’s a fast track to deep debt.
- Avoid taking credit for lifestyle expenses that can be delayed.

ENDS

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ABOUT THE NATIONAL CREDIT REGULATORY

The National Credit Regulator is tasked with regulating the South African credit industry, ensuring fair practices, promoting responsible lending, and protecting consumer rights under the National Credit Act.