

NCR URGES YOUTH TO TAKE CONTROL OF THEIR FINANCIAL FUTURES

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Johannesburg – With credit playing a pivotal role in today's consumer-driven economy, the National Credit Regulator (NCR) highlights the critical importance of responsible credit management, especially among young people. Recent NCR statistics reveal that out of South Africa's 27.46 million credit-active consumers, a significant portion includes youth with multiple credit agreements. Alarming, the total value of new credit granted surged from R142.26 billion to R148.10 billion in the last quarter of 2023, indicating a rising dependence on credit.

Youth spending patterns reveal a concerning trend towards high dependency on retail and clothing store credit. Many students, leveraging stipends or allowances from parents and financial aid, obtain credit facilities but often misuse them, leading to difficulties in meeting monthly payments. This irresponsible credit behavior can result in negative listings on their credit profiles, which not only hampers their ability to access future credit but also impacts their employability, particularly in the financial services sector.

“Good credit is a privilege that must be earned,” emphasizes Mr. Simphiwe Mthembu, Manager of Education and Communication at the NCR. **“Building a good credit history takes time and discipline, but it is essential for long-term financial health.”**

While the National Credit Act (NCA) does not restrict youth from accessing credit, provided all regulatory steps like affordability assessments and credit checks are followed, Mthembu urges young people to avoid reckless and unnecessary credit use.

The high cost of living and unemployment pressures drive many young individuals towards credit dependency to sustain their lifestyles. Peer pressure further exacerbates this issue, pushing youths into ill-advised financial activities such as online trading, gambling, and excessive credit card usage. Such behaviors can lead to poor credit records, jeopardizing their future employment prospects, particularly in sectors requiring sound financial standing.

Mthembu warns, “**Negative credit listings not only 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.**”

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

1. **ASSESS THE NECESSITY OF DEBT:** Before taking on debt, consider if it’s truly needed and explore legal alternatives.
2. **EVALUATE AFFORDABILITY:** Only take credit you can comfortably repay.
3. **CHOOSE REGISTERED CREDIT PROVIDERS:** Select reputable providers who offer credit suitable to your financial situation and explain the terms clearly.
4. **COMMIT TO PAYMENT SCHEDULES:** Ensure timely monthly payments and avoid missing installments.
5. **COMMUNICATE IN FINANCIAL HARDSHIPS:** Engage with your credit provider proactively if financial difficulties arise.
6. **EMBRACE FINANCIAL RESPONSIBILITY:** Don’t evade debt obligations; face them responsibly to avoid future financial distress.
7. **AVOID UNNECESSARY STUDENT DEBT:** Don’t burden your career start with debts incurred during studies.

The NCR’s call to action aims to foster a culture of responsible credit use among the youth, ensuring they start their financial journeys on a solid foundation, free from the constraints of bad debt.

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ABOUT THE NATIONAL CREDIT REGULATOR

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.