

**A Survey conducted by AIA on behalf of the National Credit Regulator – March 2010**

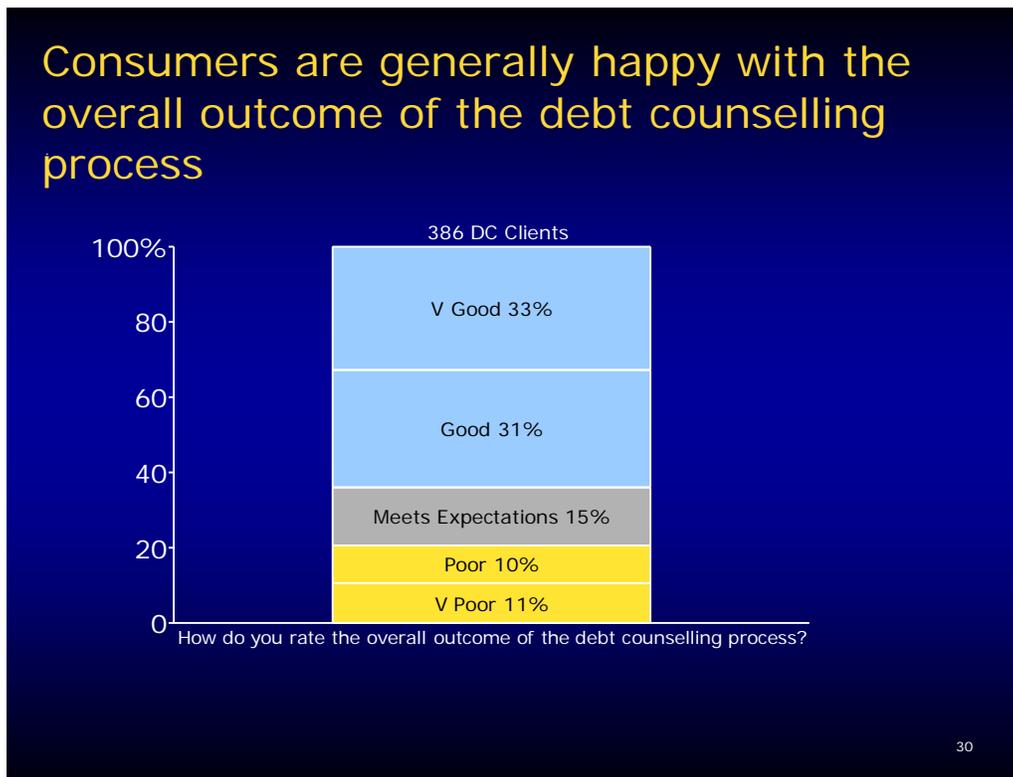
The success of the Debt Counsellor (DC) process is important to the NCR. Therefore, we have conducted a survey to get a better understanding of the level of satisfaction among consumers and other stakeholders. Questions were asked of Debt Counsellors themselves, DC clients and Credit Providers (CPs). The surveys were conducted electronically and by phone and we were able to achieve a statistically significant sample in all three categories of respondents.

**The DC client perspective**

It is encouraging to note that DC clients were in general satisfied with the debt counselling process. In addition 79% of those interviewed were happy with the outcome of the debt counselling process. Given that this is a relatively young process we should be encouraged by the progress that has been made. 89% of the consumer respondents were able to find a suitable DC relatively easily. A vast majority of the clients felt that their DC was knowledgeable and provided them with useful information in terms of managing their finances. 91% of those interviewed clearly stated that they would recommend debt counselling to those who needed it. Some of the satisfied consumers said the following.

*“I no longer engage in any buying on credit so they have done a good job in helping me manage my finances and helping me keep within my budget “*

*“When times are tough we call our debt counsellor and she helps us come up with an arrangement that allows us a better standard of living “*



The only major criticism some DC clients had was related to communication. They felt that the frequency and effectiveness of the communication they received from their DC could be improved.

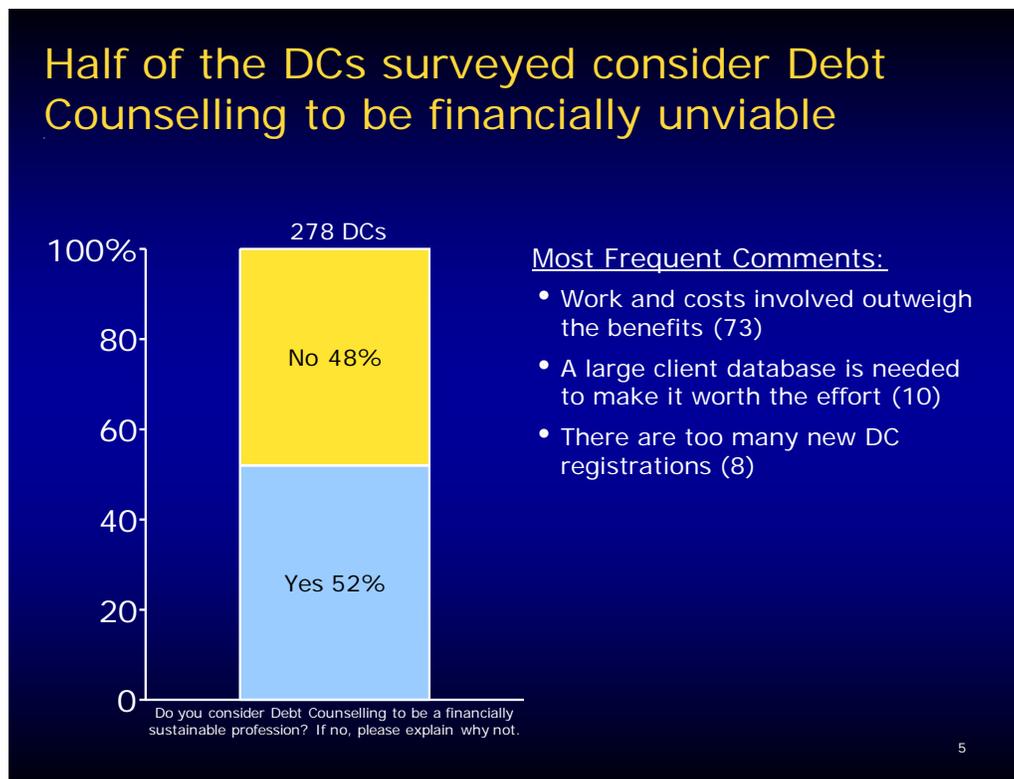
### Debt Counselling as a profession

The DCs interviewed raised some major concerns about the profession. Half of the DC's primary concern was the fact that they felt that this profession was financially unviable. It was also concerning that 72% of those surveyed stated that Debt Counselling was their primary source of income. Many of them felt that they needed a large client base to make Debt Counselling worthwhile. However, 60% of them had a portfolio of less than 100 clients. Many of them felt that the time spent in working with CPs and consumers locked them into an unviable business. Some of their comments are listed below.

*"It is my primary income source but I find that the fees are not justifying the amount of work involved."*

*"There is no time to do anything else for additional income. "*

*"I don't think anyone realises how much admin Debt Counselling includes. It takes up all of your time; there is no time for any other Job."*



Two thirds of the DCs surveyed said that they accept 90% of those who approach them. This could be related to the fact that they need to take on as many consumers as they can to make the profession viable. While a majority of DCs were satisfied with the service they received from the NCR, 37% of them

were concerned about the training that they attended at the outset. They were of the opinion that a more practical approach to training would prepare them better for their “first day at work”.

### The DC and CP relationship

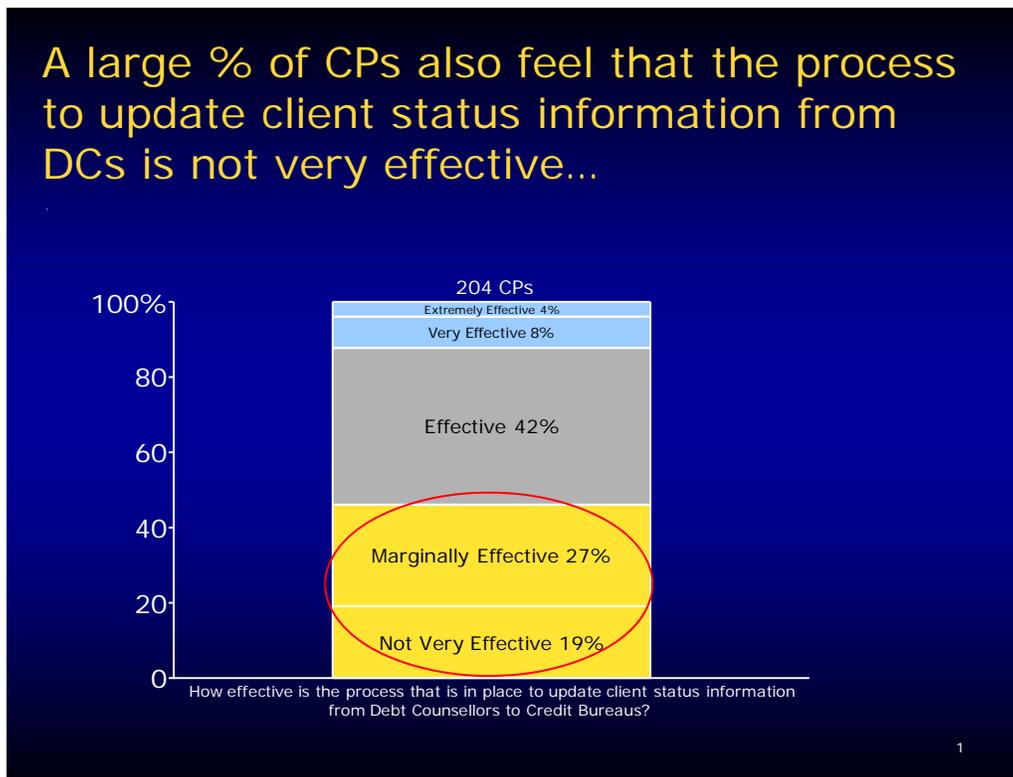
Both CPs and DCs alike felt that there were issues in the efficiency of the process. 40% of the CPs were unhappy with the NCR’s efforts to ensure that the credit information held by the Credit Bureaus was correct. Almost 50% of CPs felt that the process to update client status information from DCs was not effective and needed significant improvement. On the other hand almost 40% of DCs complained about the cooperation that they received from CPs. They were particularly vocal about the delays in getting customer information from CPs at the start of the process. Some of their specific comments are listed below.

*“The failure of some creditors to adhere to the set timelines has been a source of frustration. “*

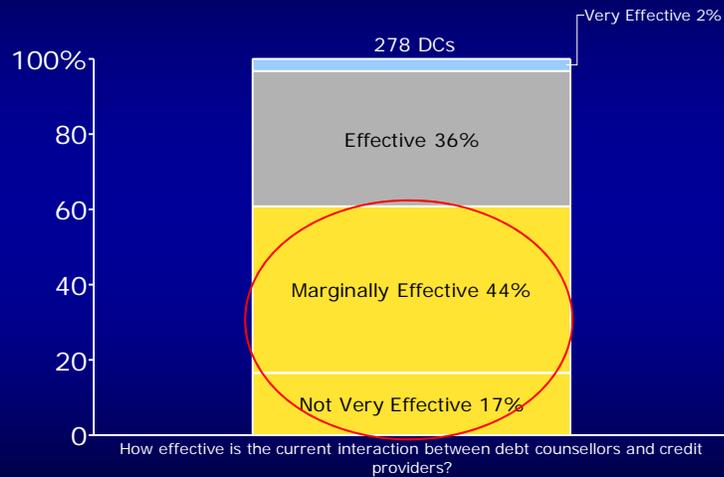
*“The onus is on Debt Counsellors to comply with the requirements set down in the Act, while credit providers do not seem to need to comply with the deadlines set out. “*

Some DCs also highlighted constraints that they faced in concluding a restructuring agreement for their client.

*“The fact that interest rates cannot be lowered, it is in most cases impossible to have the Magistrate settle the matter as they are not allowed to make any changes to interest rates unless the CP agrees.”*



## DCs are not happy about the interaction with CPs in particular



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### Summary

The survey has reinforced areas of concern that have come to light through other interactions we have had with all stakeholders. It has also highlighted some new areas of concern and has provided us with a factual base on which to develop areas for further data collection and analysis. Overall, we will be using this information and other information that we have to work with the various stakeholders to improve the Debt Counselling process, training, systems and monitoring.