

Credit Bureau Monitor

Third Quarter | September 2009

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The information reflected in this Credit Bureau Monitor is for ten quarters, from quarter ended June 2007 to quarter ended September 2009, and is based on data held by registered credit bureaus in terms of the National Credit Act.

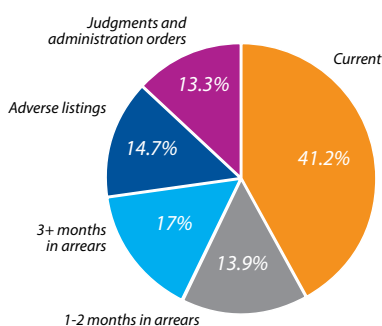
Summary

Credit bureaus create consumer credit profiles based on credit information received from credit providers on a monthly basis. The National Credit Regulator regulates and monitors these registered credit bureaus and the quality of their data.

As at September 2009, credit bureaus had records for 18.01 million credit-active consumers*:

- There has been an ongoing deterioration in consumers in good standing* since June 2007. The percentage of consumers in good standing decreased to 55.1% (9.92 million consumers) of total credit-active consumers in the quarter ended September 2009. This was a decrease of 0.8% when compared with quarter ended June 2009 and a decrease of 4.4% when compared with quarter ended September 2008.
- The number of consumers with impaired records* continued to increase, to 8.09 million at the quarter ended September 2009. This indicated a deterioration in the credit records of 244 000 consumers quarter-on-quarter and 990 000 consumers year-on-year, reflecting a continuous increase in the level of debt-stress.
- There were 145.96 million enquiries made on consumer credit records during the September 2009 quarter. This was an increase of 20.2% quarter-on-quarter and 28.4% year-on-year mainly due to bulk enquiries conducted by various stakeholders for marketing, collections and other purposes.
- Of the total enquiries made on consumer records, enquiries from banks and other financial institutions accounted for 33.6%, enquiries from retailers accounted for 14.7% and enquiries from telecommunications providers accounted for 27.9%.
- The total number of credit reports issued to consumers increased in the quarter ended September 2009. There were 52,973 free credit reports issued and 6,559 credit reports were issued with charge.
- In the quarter ended September 2009, 10,278 disputes were lodged on information held on consumer credit records. This was a quarter-on-quarter increase of 45.3% and a year-on-year increase of 4.2%.

Credit standing of consumers:
September 2009



Introduction

The information reflected in this Credit Bureau Monitor is for ten quarters, from quarter ended June 2007 to quarter ended September 2009, and is based on data held by registered credit bureaus in terms of the National Credit Act.

(Comparisons – in this report ‘quarter-on-quarter’ refers to a comparison between the September 2009 and June 2009 quarters, and ‘year-on-year’ refers to a comparison between the September 2009 and September 2008 quarters.)

Credit-active consumers

There were 18.01 million credit-active consumers as at the end of September 2009

Credit bureaus held records for more than 38 million individuals on their databases, of which 18.01 million (47.1%) were credit-active, as at the end of September 2009. The remaining records contain only identification information but no credit activity.

The percentage of consumers in good standing is continuing to deteriorate

As at the end of September 2009 quarter, 55.1% of consumers were in good standing. This was a quarter-on-quarter decrease of 0.8% and a year-on-year decrease of 4.4%, indicating that the level of debt-stress continues to increase.

Inversely, the percentage of consumers with impaired records (the inverse of those in good standing) increased to 44.9% - comprising 17% of consumers in 3+ months in arrears, 14.7% of consumers with adverse listings, and 13.3% of consumers with judgments and administration orders. A detailed breakdown of the nature of impairments is provided in Table 1, Figures 1 and 2.

Table 1: Credit standing of consumers

	Jun'07	Sep'07	Dec'07	Mar'08	Jun'08	Sep'08	Dec'08	Mar'09	Jun'09	Sep'09
Good standing (#)	10.67m	10.52m	10.67m	10.55m	10.38m	10.43m	10.26m	10.15m	9.94m	9.92m
Good standing (%)	63.6%	62.3%	62.4%	61.6%	60.4%	59.5%	58.4%	57.6%	55.9%	55.1%
Current (%)	47.5%	46.6%	47.2%	45.1%	44.9%	44.9%	43.6%	42.3%	41.7%	41.2%
1-2 months in arrears (%)	16.1%	15.7%	15.2%	16.5%	15.5%	14.6%	14.8%	15.3%	14.2%	13.9%
Impaired records (#)	6.11m	6.38m	6.45m	6.59m	6.79m	7.10m	7.30m	7.46m	7.85m	8.09m
Impaired records (%)	36.4%	37.7%	37.6%	38.4%	39.6%	40.5%	41.6%	42.4%	44.1%	44.9%
3+ months in arrears (%)	12.8%	12.6%	13.5%	14.3%	15.3%	15.7%	15.1%	15.3%	16.8%	17.0%
Adverse listings* (%)	11.8%	13.1%	12.7%	12.8%	13.1%	12.2%	13.8%	14.2%	14.2%	14.7%
Judgments and administration orders (%)	11.8%	12.0%	11.4%	11.3%	11.2%	12.6%	12.7%	12.9%	13.1%	13.3%
Credit-active consumers (#)	16.78m	16.90m	17.12m	17.14m	17.17m	17.53m	17.56m	17.61m	17.79m	18.01m

Figure 1: Consumers in good standing

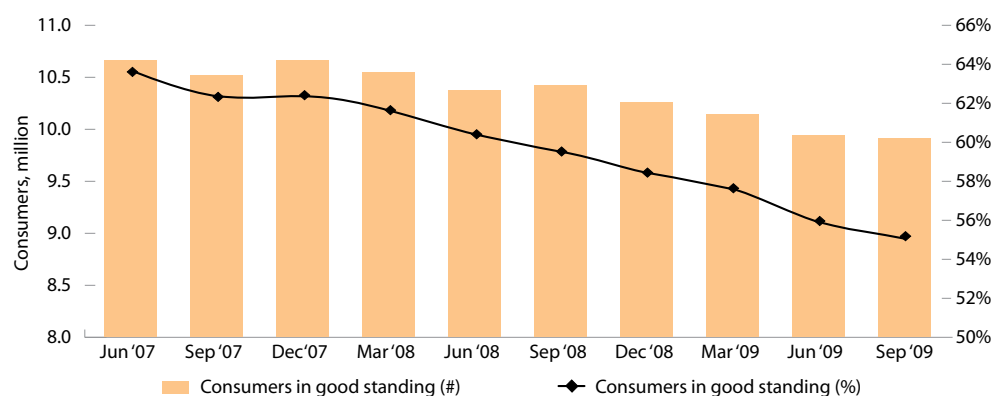
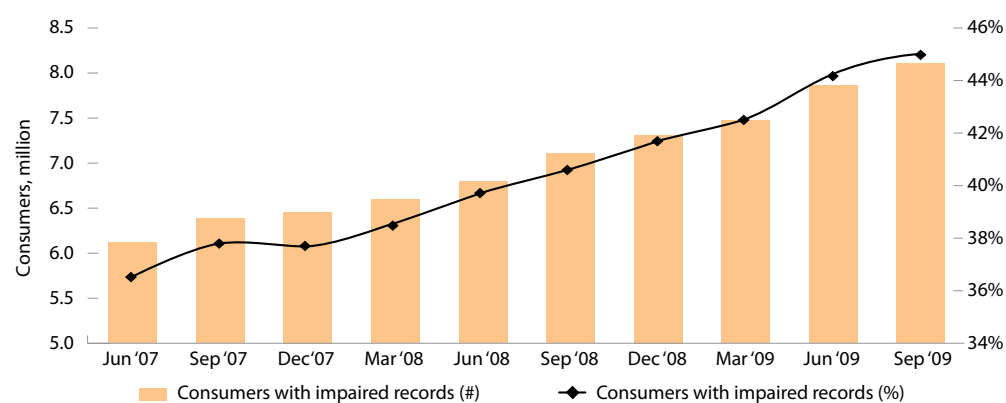


Figure 2: Consumers with impaired records



Consumer accounts

There were 63.54 million accounts recorded as at the end of September 2009

As at the end of September 2009, 63.54 million accounts were recorded on the registered credit bureaus' databases. This was a quarter-on-quarter increase of 2% and a year-on-year increase of 4.5%.

The percentage of accounts in good standing is deteriorating

Of the 63.54 million accounts, 74.5% were classified as good standing, comprising 65.6% of accounts classified in current and 8.9% of accounts classified in 1-2 months in arrears. This was a decrease of 0.8% quarter-on-quarter and 3.4% year-on-year.

As at the end of September 2009:

- 65.6% of accounts were classified as current (decreased quarter-on-quarter by 0.6% and year-on-year by 3.1%);
- 8.9% had missed one or two instalments (decreased quarter-on-quarter by 0.2% and year-on-year by 0.3%);
- 15.1% had missed three or more instalments (increased quarter-on-quarter by 0.5% and year-on-year by 2.6%);
- 6.1% had adverse listings (increased quarter-on-quarter by 0.2% and year-on-year by 1.2%); and
- 4.2% had judgments or administration orders (decreased quarter-on-quarter by 0.1% and year-on-year by 0.5%).

See Table 2 and Figures 3 and 4 for detailed breakdown from June 2007 quarter to September 2009 quarter.

Table 2: Credit standing of accounts

	Jun'07	Sep'07	Dec'07	Mar'08	Jun'08	Sep'08	Dec'08	Mar'09	Jun'09	Sep'09
Good standing (#)	40.69m	39.95m	43.04m	45.32m	46.81m	47.39m	47.22m	46.16m	46.87m	47.33m
Good standing (%)	78.2%	77.5%	77.5%	78.0%	77.8%	77.9%	77.5%	76.3%	75.3%	74.5%
Current (%)	68.1%	67.2%	67.4%	67.3%	68.1%	68.7%	68.3%	66.2%	66.2%	65.6%
1-2 months in arrears (%)	10.1%	10.3%	10.1%	10.7%	9.7%	9.2%	9.2%	10.1%	9.1%	8.9%
Impaired records (#)	11.36m	11.60m	12.51m	12.80m	13.32m	13.43m	13.73m	14.36m	15.41m	16.21m
Impaired records (%)	21.8%	22.5%	22.5%	22.0%	22.2%	22.1%	22.5%	23.7%	24.7%	25.5%
3+ months in arrears (%)	10.0%	9.4%	10.2%	10.4%	11.4%	12.5%	12.4%	13.3%	14.6%	15.1%
Adverse listings* (%)	6.2%	7.3%	6.8%	6.6%	5.9%	4.9%	5.7%	6.0%	5.9%	6.1%
Judgments and administration orders (%)	5.6%	5.8%	5.5%	5.0%	4.9%	4.7%	4.4%	4.4%	4.3%	4.2%
Consumer accounts (#)	52.06m	51.55m	55.55m	58.12m	60.14m	60.82m	60.95m	60.52m	62.29m	63.54m

Figure 3: Accounts in good standing

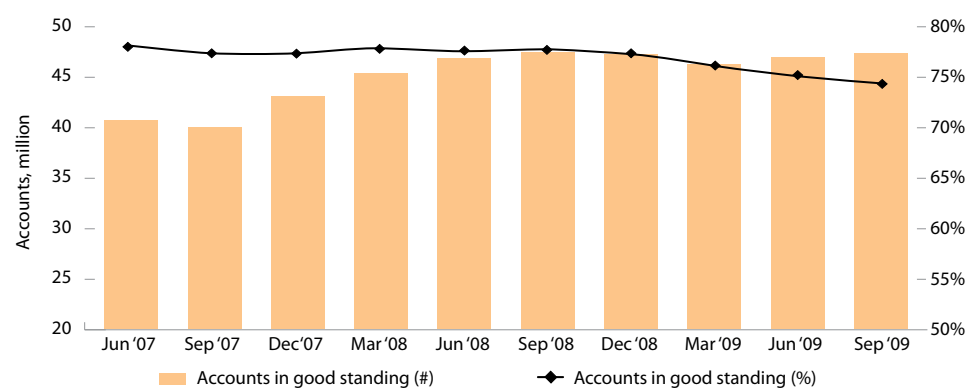
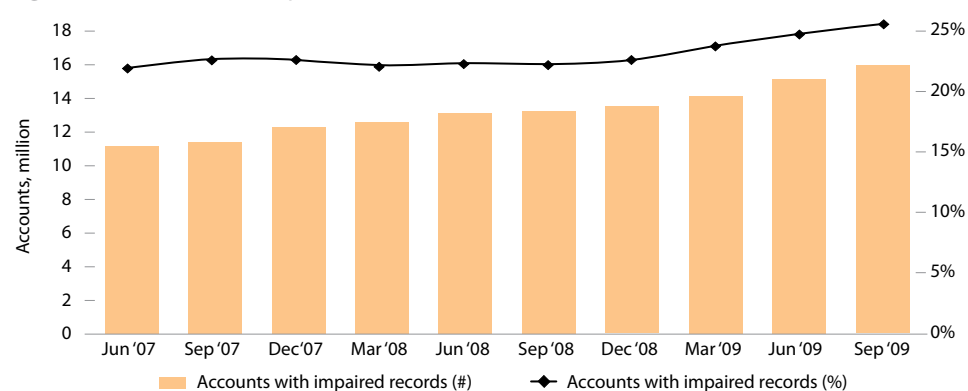


Figure 4: Accounts with impaired records



Credit market activity

Enquiries made on consumer records increased

There were 145.96 million enquiries made on consumer records in the quarter ended September 2009. This was an increase of 20.2% quarter-on-quarter and an increase of 28.4% year-on-year, mainly due to bulk enquiries conducted by various stakeholders for affordability, collections and other purposes.

In the quarter ended September 2009:

- 8.71 million enquiries were made due to consumers seeking credit (increased by 8% quarter-on-quarter and by 1.8% year-on-year);
- 0.81 million enquiries were related to telecommunication services (increased by 16.5% quarter-on-quarter and by 32.3% year-on-year);
- 24.70 million enquiries were made for tracing / debt collection purposes (increased by 6.4% quarter-on-quarter and by 110.6% year-on-year); and
- 111.73 million enquiries were made for other purposes (increased by 24.9% quarter-on-quarter and by 20.4% year-on-year).

Refer to Table 3 and Figures 5 and 6 for detailed breakdown.

Table 3: Enquiries

	Number of enquiries							Percentage change					
	Mar'08	Jun'08	Sep'08	Dec'08	Mar'09	Jun'09	Sep'09	Mar'08 to Jun'08	Jun'08 to Sep'08	Sep'08 to Dec'08	Dec'08 to Mar'09	Mar'09 to Jun'09	Jun'09 to Sep'09
Enquiries due to consumers seeking credit	8.31m	8.90m	8.56m	8.99m	7.74m	8.07m	8.71m	7.1%	-3.8%	5.0%	-13.9%	4.3%	8.0%
Enquiries related to telecommunication services	0.53m	0.60m	0.61m	0.73m	0.58m	0.69m	0.81m	13.6%	2.0%	18.6%	-19.7%	19.2%	16.5%
Enquiries for tracing / debt collection purposes	12.85m	11.27m	11.70m	11.15m	9.39m	23.19m	24.70m	-12.3%	3.8%	-4.7%	-15.8%	147.1%	6.4%
All other enquiries	83.04m	81.77m	92.79m	80.66m	80.68m	89.51m	111.73m	-1.5%	13.5%	-13.1%	0.0%	10.9%	24.9%
Total	104.73m	102.54m	113.67m	101.53m	98.39m	121.46m	145.96m	-2.1%	10.9%	-10.7%	-3.1%	23.4%	20.2%

Figure 5: Enquiries due to consumers seeking credit

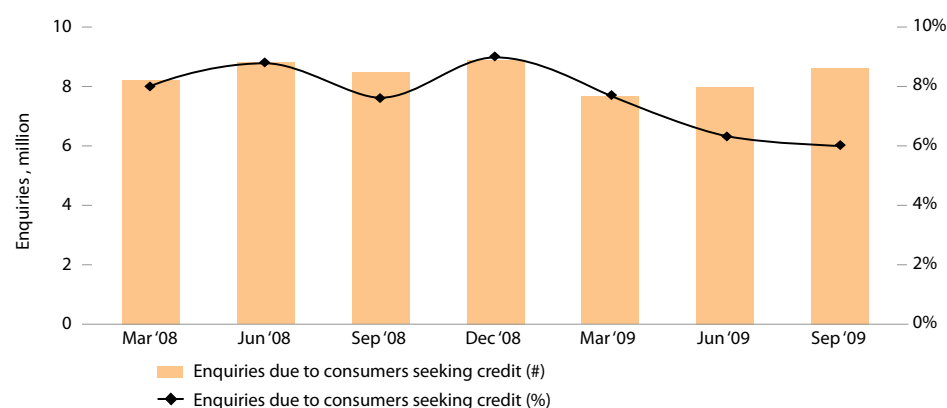
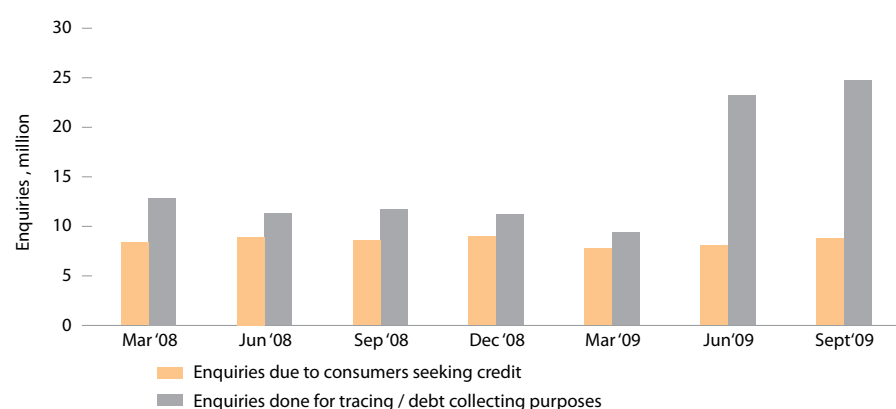


Figure 6: Enquiries due to consumers seeking credit and Enquiries for tracing / debt collection purposes



Enquiry sectoral analysis

In the quarter ended September 2009, 49.06 million enquiries were made by banks and other financial institutions, which was an increase of 2.6% quarter-on-quarter and 14.5% year-on-year. Retailers made 21.46 million enquiries on consumer records, which was an increase of 24.7% quarter-on-quarter and a decrease of 47.6% year-on-year. Enquiries by telecommunication providers increased by 41.7% quarter-on-quarter and by 285.6% year-on-year, to 40.73 million in September 2009 quarter. This increase was reportedly due to enquiries for marketing, collections and other purposes. Enquiries by debt collection agencies increased by 12.1% quarter-on-quarter and increased by 215.4% year-on-year, to 17.87 million in September 2009 quarter. Enquiries by all other entities showed a quarter-on-quarter increase of 43.5% and a year-on-year increase of 23.8%, to 16.84 million. Refer to Tables 4 to 7 and Figure 7 for detailed breakdown.

Table 4: All enquires - distributions according to sectors

	Number of enquiries							Percentage change					
	Mar'08	Jun'08	Sep'08	Dec'08	Mar'09	Jun'09	Sep'09	Mar'08 to Jun'08	Jun'08 to Sep'08	Sep'08 to Dec'08	Dec'08 to Mar'09	Mar'09 to Jun'09	Jun'09 to Sep'09
Banks and other financial institutions	58.11m	44.60m	42.86m	40.82m	41.36m	47.81m	49.06m	-23.2%	-3.9%	-4.8%	1.3%	15.6%	2.6%
Retailers	24.51m	28.38m	40.98m	29.83m	22.39m	17.21m	21.46m	15.8%	44.4%	-27.2%	-24.9%	-23.1%	24.7%
Telecommunication providers	6.43m	10.71m	10.56m	12.30m	14.13m	28.75m	40.73m	66.5%	-1.3%	16.5%	14.9%	103.5%	41.7%
Debt collection agencies	4.76m	5.68m	5.67m	5.59m	4.77m	15.93m	17.87m	19.3%	-0.2%	-1.3%	-14.8%	234.1%	12.1%
All other entities	10.92m	13.18m	13.60m	12.99m	15.74m	11.76m	16.84m	20.7%	3.2%	-4.5%	21.2%	-25.3%	43.5%
Total	104.73m	102.54m	113.67m	101.53m	98.39m	121.46m	145.96m	-2.1%	10.9%	-10.7%	-3.1%	23.4%	20.2%

Figure 7: All enquires - distributions according to sectors

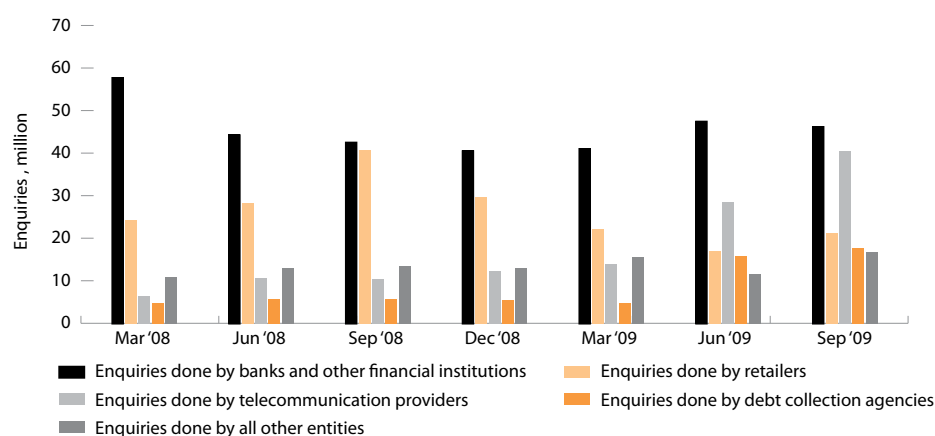


Table 5: Enquiries by banks and other financial institutions

	Number of enquiries							Percentage change					
	Mar'08	Jun'08	Sep'08	Dec'08	Mar'09	Jun'09	Sep'09	Mar'08 to Jun'08	Jun'08 to Sep'08	Sep'08 to Dec'08	Dec'08 to Mar'09	Mar'09 to Jun'09	Jun'09 to Sep'09
Enquiries due to consumers seeking credit	6.39m	6.56m	6.61m	6.61m	6.14m	6.26m	7.05m	2.7%	0.8%	0.0%	-7.1%	2.0%	12.5%
Enquiries done for tracing / debt collection purposes	6.01m	2.89m	3.47m	2.64m	2.42m	5.10m	2.78m	-51.9%	20.1%	-24.1%	-8.2%	110.7%	-45.4%
Enquiries done for other purposes	45.71m	35.15m	32.78m	31.57m	32.80m	36.45m	39.23m	-23.1%	-6.8%	-3.7%	3.9%	11.1%	7.6%
Enquiries by banks and other financial institutions	58.11m	44.60m	42.86m	40.82m	41.36m	47.81m	46.09m	-23.2%	-3.9%	-4.8%	1.3%	15.6%	2.6%

Table 6: Enquiries by retailers

	Number of enquiries							Percentage change					
	Mar'08	Jun'08	Sep'08	Dec'08	Mar'09	Jun'09	Sep'09	Mar'08 to Jun'08	Jun'08 to Sep'08	Sep'08 to Dec'08	Dec'08 to Mar'09	Mar'09 to Jun'09	Jun'09 to Sep'09
Enquiries due to consumers seeking credit	1.92m	2.34m	1.95m	2.38m	1.60m	1.80m	1.66m	21.9%	-16.6%	21.9%	-32.9%	13.0%	-7.6%
Enquiries done for tracing / debt collection purposes	0.84m	1.35m	1.16m	1.66m	0.55m	0.57m	0.67m	60.6%	-13.9%	43.4%	-66.6%	2.5%	18.7%
Enquiries done for other purposes	21.75m	24.69m	37.87m	25.79m	20.24m	14.84m	19.12m	13.5%	53.4%	-31.9%	-21.5%	-26.7%	28.8%
Enquiries by retailers	24.51m	28.38m	40.98m	29.83m	22.39m	17.21m	21.46m	15.8%	44.4%	-27.2%	-24.9%	-23.1%	24.7%

Table 7: Enquiries by telecommunication providers

	Number of enquiries							Percentage change					
	Mar'08	Jun'08	Sep'08	Dec'08	Mar'09	Jun'09	Sep'09	Mar'08 to Jun'08	Jun'08 to Sep'08	Sep'08 to Dec'08	Dec'08 to Mar'09	Mar'09 to Jun'09	Jun'09 to Sep'09
Enquiries related to telecommunication services	0.53m	0.60m	0.61m	0.73m	0.58m	0.69m	0.81m	13.6%	2.0%	18.6%	-19.7%	19.2%	16.5%
Enquiries done for tracing / debt collection purposes	0.45m	0.29m	0.33m	0.30m	0.37m	0.58m	1.60m	-36.2%	14.9%	-7.3%	20.7%	56.1%	177.7%
Enquiries done for other purposes	5.45m	9.82m	9.62m	11.27m	13.17m	27.48m	38.32m	80.1%	-2.0%	17.1%	16.9%	108.6%	39.4%
Enquiries by telecommunication providers	6.43m	10.71m	10.56m	12.30m	14.13m	28.75m	40.73m	66.5%	-1.3%	16.5%	14.9%	103.5%	41.7%

Credit bureau activity

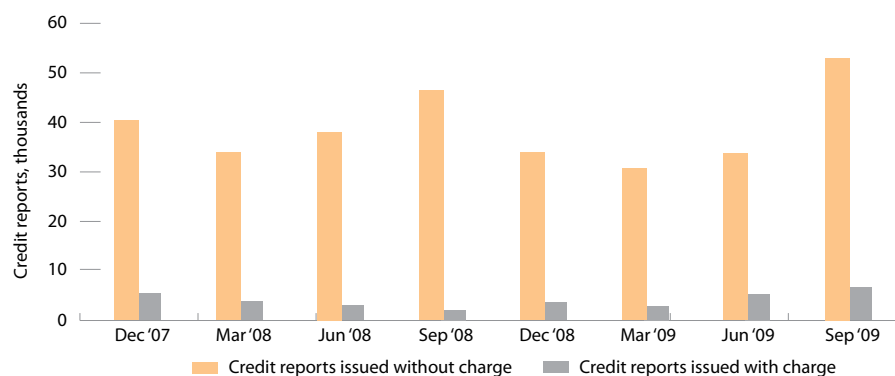
Public campaigns increased credit reports issued

Of the total 59,532 credit reports issued to consumers on their request during the quarter ended September 2009, 52,973 (89%) were free of charge. The total number of credit reports issued to consumers increased by 52.8% quarter-on-quarter and by 22.7% year-on-year. The increases were due to consumer credit report campaigns conducted by various stakeholders (i.e. National Credit Regulator, Credit Information Ombud and credit bureaus). See Table 8 and Figure 8 for details.

Table 8: Credit reports issued

	Number of credit reports								Percentage change						
	Dec'07	Mar'08	Jun'08	Sep'08	Dec'08	Mar'09	Jun'09	Sep'09	Dec'07 to Mar'08	Mar'08 to Jun'08	Jun'08 to Sep'08	Sep'08 to Dec'08	Dec'08 to Mar'09	Mar'09 to Jun'09	Jun'09 to Sep'09
Credit reports issued without charge	40,342	33,868	38,068	46,459	33,827	30,652	33,662	52,973	-16.0%	12.4%	22.0%	-27.2%	-9.4%	9.8%	57.4%
Credit reports issued with charge	5,355	3,776	2,989	2,072	3,528	2,889	5,288	6,559	-29.5%	-20.8%	-30.7%	70.3%	-18.1%	83.0%	24.0%
Total number of credit reports issued	45,697	37,644	41,057	48,531	37,355	33,541	38,950	59,532	-17.6%	9.1%	18.2%	-23.0%	-10.2%	16.1%	52.8%

Figure 8: Credit reports issued



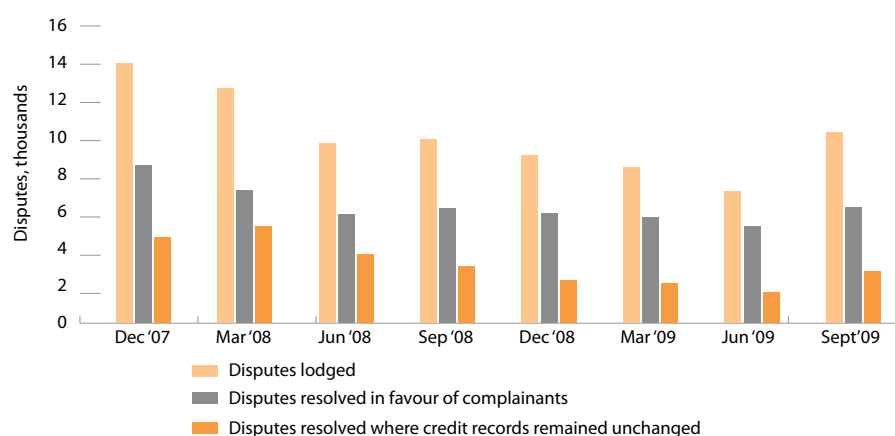
Consumer disputes

In the quarter ended September 2009, 10,278 disputes were lodged in respect of the accuracy of the information recorded on consumer credit records. This was a quarter-on-quarter increase of 45.3% and a year-on-year increase of 4.2%. There were more disputes resolved in favour of complainants than instances where credit records remained unchanged after resolution. Refer to Table 9 and Figure 9 for details.

Table 9: Disputes

	Number of disputes								Percentage change						
	Dec'07	Mar'08	Jun'08	Sep'08	Dec'08	Mar'09	Jun'09	Sep'09	Dec'07 to Mar'08	Mar'08 to Jun'08	Jun'08 to Sep'08	Sep'08 to Dec'08	Dec'08 to Mar'09	Mar'09 to Jun'09	Jun'09 to Sep'09
Disputes lodged	13,990	12,653	9,666	9,867	9,020	8,370	7,072	10,278	-9.6%	-23.6%	2.1%	-8.6%	-7.2%	-15.5%	45.3%
Disputes resolved in favour of complainants	8,482	7,162	5,844	6,194	5,892	5,681	5,178	6,223	-15.6%	-18.4%	6.0%	-4.9%	-3.6%	-8.9%	20.2%
Disputes resolved where credit record remained unchanged	4,616	5,178	3,666	3,043	2,275	2,134	1,629	2,789	12.2%	-29.2%	-17.0%	-25.2%	-6.2%	-23.7%	71.0%

Figure 9: Disputes



Independent opinion by Econometrix

Despite the cumulative -5% decline in interest rates to August as well as the consistent decline in consumer inflation, consumers are still showing significant levels of financial strain according to the Q3 Credit Bureau Data. Whilst the growth rate in credit active consumers declined to 2.7% y/y in Q3 from 3.6% y/y in Q2, growth in the number of accounts rose to 4.5% y/y in Q3 from 3.6% in Q2. The acceleration in the number of accounts despite the declining growth in the number of credit consumers, may be an indication that individuals are increasing the number of credit facilities available to them in order to make ends meet. Coupled with the consistent decline in PSCE growth, the rise in the number of credit accounts is an indication that smaller and more short-term credit has become necessary at the household level.

Credit consumers with a good credit standing declined by a further -4.9% y/y in Q3 from -4.2% y/y in Q2, the fifth consecutive quarter of decline in credit consumers with good standing. Similarly, growth in good standing accounts recorded the fourth consecutive decline in Q3 at -0.1% y/y in the quarter.

Growth in credit consumers with an impaired record also declined in Q3, coming down -1.7% to 13.9% y/y from Q2, which is likely to be a distortion related to the notable rise in the actual number of credit accounts. In contrast, growth in impaired accounts rose significantly to 20.7% y/y from 15.7% in Q2. One would have thought that with the significant rise in new accounts, this value would have declined. Therefore, one might conclude that the data suggests that even new accounts are being subjected to bad paying in the current economic climate.

The rise in debt stress in the data is consistent with recent media releases on debt delinquency in the economy, which further increases the likelihood that insolvencies data will be revised upwards in 2010. Insolvencies declined by a dramatic -40.1% y/y in Q3, following upward revisions in 2008's insolvencies data. The rise in debt stress coupled with the significant rise in job losses across the board of sectors and skill levels, is a forewarning that liquidations are currently understated.

The consistent decline in PSCE growth has begun to impact negatively on growth in the financial sector. GDP growth in the financial sector declined significantly from 2.2% in Q2 to -0.2% in Q3 on a y/y basis, the first contraction in the sector in years. With the sector accounting for 20% of total GDP, further declines will no doubt have a lasting impact on economic growth. Interestingly, the trade sector showed an improvement in GDP growth in Q3 from Q2 with y/y growth improving to -2.5% from -3.5%. This indicates that the trade sector is beginning to recover without the support from the credit market. Nevertheless, with slowing credit growth, a flat recovery in the trade sector is anticipated.

Officially, the South African economy has joined several other economies in the world in moving out of recession in Q3, with GDP growth recording an improvement from -2.8% q/q (real, annualised) in Q2, to 0.9% in Q3. However, the y/y GDP figures, coupled with significant declines in employment, give a clear indication that GDP, albeit bottoming out, has not yet begun to improve. Nonetheless, one maintains an optimistic outlook for the economy for a number of reasons. Firstly, declines in both consumer inflation and interest rates should assist in reviving household demand, stimulating household consumption in months to come. Secondly, the Rand is expected to continue to show some weakness over the last quarter of 2009, favouring domestic exporters in Q4 2009 and early 2010. Lastly, the Fifa World Cup will no doubt contribute positively to overall GDP during 2010. Unfortunately, whilst increased credit use might have been useful in fast tracking the recovery from the recession, especially with the decline in interest rates, the burden of household over-indebtedness continues to make credit work against the economy.

This commentary was obtained from Econometrix on the trends reflected in the Credit Bureau Monitor.



Definitions

Terms used in the report	Definitions
Credit active consumers	Consumers that have an obligation to pay a credit provider and/or have an account with a supplier of goods or services (e.g. telecommunications service providers, doctors, plumbers, etc) and these obligations resulted in an entry on the consumer's credit record at the credit bureaus.
Impaired record	A record on which any of the accounts are either classified as three or more payments in arrears, or which has an "adverse listing", or that reflects a judgment or administration order.
Good standing	An account which is current or on which the client has not missed more than one or two instalments and which has no adverse listings or judgments.
Adverse listing	Accounts with adverse classifications such as 'slow paying', 'absconded', 'default', 'handed over' and/or 'written-off'.
Current	A consumer is up-to-date with payments and has not missed an instalment over the period of the credit agreement.