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MEDIA RELEASE

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Credit extension slows down

The National Credit Regulator (NCR) released the Consumer Credit Market Report (CCMR) and the Credit Bureau Monitor (CBM). These reports are based on the data submitted to the NCR by registered credit providers and credit bureaus, respectively. The latest edition of the reports covers credit market information from January 2021 to March 2021. The total value of new credit granted decreased by 10.11% quarter-on-quarter from R154.42 billion to R138.81 billion. The number of credit agreements entered into decreased by 12.66% quarter-on-quarter from 3.66 million to 3.20 million.

The following were some of the most significant trends observed in terms of credit granted for the quarter ended March 2021:

- The value of new mortgages granted decreased by R8.40 billion (13.40%) quarter-on-quarter and increased by R15.33 billion (39.39%) year-on-year.
- Secured credit which is dominated by vehicle finance, decreased by R6.57 billion (13.82%) quarter-on-quarter, and increased by R1.87 billion (4.77%) year-on-year.
- Credit facilities increased by R1.91 billion (10.78%) quarter-on-quarter and by R440.37 million (2.29%) year-on year.
- Unsecured credit decreased by R2.69 billion (11.77%) quarter-on-quarter and by R5.18 billion (20.47%) year-on-year.

The total outstanding consumer credit balances (or gross debtors book) as at March 2021 was R2.04 trillion, representing an increase of 1.27% quarter-on-quarter and of 2.68% year-on-year. The trends for outstanding balances for the quarter ended March 2021 were as follows:

- Mortgages debtors book increased by R27.10 billion (2.67%) for the quarter ended March 2021 and by R54.05 billion (5.47%) year-on-year.
- Secured credit debtors book increased by R1.55 billion (0.34%) for the quarter ended March 2021 and by R8.43 billion (1.88%) year-on-year.
- Credit facilities debtors book decreased by R498.01 million (0.19%) for the quarter ended March 2021 and increased by R167.49 million (0.06%) year-on-year.
- Unsecured credit debtors book decreased by R3.46 billion (1.60%) for the quarter ended March 2021 and by R10.92 billion (4.88%) year-on-year.

Credit bureaus held records for 27.53 million credit-active consumers, which showed an increase of 0.44% when compared to the 27.41 million in the previous quarter. Consumers classified in good standing increased by 216,007 to 17.01 million consumers. This amounts to 61.80% of the total number of credit-active consumers, an increase of 0.84% quarter-on-quarter and a decrease of 0.78% year-on-year. The number of credit active accounts decreased from 90.47 million to 85.09 million in the quarter ended March 2021. The number of impaired accounts has decreased from 23.85 million (26.34%) to 20.18 million (23.71%) in March 2021, a decrease of 3,650,424 quarter-on-quarter and increased by 296,911 year-on-year.

The number of credit reports issued to consumers increased from 394,458 to 584,437. A total of 493,538 (84.45%) credit reports were issued free of charge, and the balance of 90,899 (15.55%) were issued at a cost. There were 25,404 disputes lodged on information held on consumer credit records for the quarter ended March 2021, a decrease of 4.50% quarter-on-quarter and 35.80% year-on-year.

Nomsa Motshegare, the Chief Executive Officer (CEO) of the NCR recognises that consumers are indeed facing tough times and encourages those who are battling to keep up with their debt to utilise the different debt relief options provided for in the National Credit Act and by the industry. Consumers battling with their debt can approach their credit providers directly to negotiate for lower instalments or for some kind of relief on their debts. If this fails, consumers can approach a registered debt counsellor for assistance.

Motshegare further advises consumers who qualify to claim from their credit life insurance. Credit life insurance covers the outstanding debt in the event of unforeseen circumstances such as death, retrenchment, unemployment, inability to earn an income, disability and others. In

the event of the consumer becoming unemployed or unable to earn an income, the credit life insurance cover provides that credit providers must settle / pay the consumer's debt for a period of twelve (12) months or for the remaining repayment period or until the consumer finds employment or is able to earn an income, whichever period is shorter. Consumers can also enquire from the Department of Labour about unemployment insurance fund (UIF) applications.

Comparisons in this release- 'quarter-on-quarter' refers to a comparison between the December 2020 and March 2021 quarters, and 'year-on-year' refers to a comparison between the March 2020 and March 2021 quarters.

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About The National Credit Regulator

The National Credit Regulator (NCR) was established as the regulator under the National Credit Act 34 of 2005 (NCA) and is responsible for the regulation of the South African credit industry. The NCR is mandated with the registration of Credit Providers, Credit Bureaus, Debt Counsellors, Payment Distribution Agents, and Alternative Dispute Resolution Agents; and monitoring their conduct in compliance with the National Credit Act as amended. The National Credit Regulator offers education and protection to consumers of credit in promotion of a South African credit market that is fair, transparent, accessible and dynamic.

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