

NATIONAL CREDIT REGULATOR

Annual Report 2013/2014

Presentation to the Select Committee on Trade & International Relations

*By Ms Nomsa Motshegare, NCR CEO
Date: 19.11.2014*

OVERVIEW OF PRESENTATION

- 1. Performance against Annual Targets**
- 2. Key Successes and Challenges**
- 3. Financial Information**
- 4. Statistical Information on the credit environment and registrants**

PERFORMANCE AGAINST ANNUAL TARGETS

Strategic Objective 1 (SO1) To promote increased access to credit through responsible credit granting.

Output	Target/outputs to be delivered by 31 March 2014	Actual Achievement
Implementation plan of the research recommendations.	Report on implementation of recommendations.	Achieved
Establishment of the National Register of Credit Agreements (NRCA) database.	- Produce final functional specification document of the NRCA	Achieved
	- Establish NCRA Steering Committee.	Achieved
Proposal on Affordability Assessment Guidelines.	Develop proposal on affordability assessment guidelines.	Achieved

PERFORMANCE AGAINST ANNUAL TARGET *cont.*

Strategic Objective 2 (SO2) To protect consumers from abuse and unfair practices in the consumer credit market and address over-indebtedness

Output	Target/outputs to be delivered by 31 March 2014	Actual Achievement
Implementation report of the consumer rights awareness strategy.	Produce a report on implementation of the strategy.	Achieved
Implementation report of the approved Enforcement strategy.	Produce a report on implementation of the strategy.	Achieved
Implementation report of the stakeholder strategy.	Produce a report on implementation of the strategy.	Achieved

PERFORMANCE AGAINST ANNUAL TARGET *cont.*

Strategic Objective 3 (SO3) To continually enhance a consumer credit market regulatory framework

Output	Target/outputs to be delivered by March 2014	Actual Achievement
Credit bureau compliance Assessment reports.	2 credit bureaus' investigations conducted & enforcement action taken in terms of section 43, 70, 71 , 72 and regulations 17 to 20 of the NCA. (Registration; receipt & retention of info.)	Achieved
Approved and implemented on-site visit guidelines.	On-site guidelines to be approved and 12 on site visits to be conducted.	<p>Exceeded</p> <p>On-site visit guidelines approved and 14 on-site visits conducted.</p>
		<p>Reason for variance</p> <p>On-site guidelines approved and implemented a month in advance.</p>

PERFORMANCE AGAINST ANNUAL TARGET *cont.*

Strategic Objective 4 (SO4) To monitor and improve NCR's effectiveness in fulfilling its mandate

Output	Performance measure or indicator	Target/outputs to be delivered by 31 March 2014	Actual Achievement
Stakeholder assessment surveys conducted to improve service delivery.	Percentage of the positive response rate.	50% positive response rate.	Achieved
Functional new Information and Communication Technology (ICT) System.	-Functional Complaints ICT sub system. -Go live report on registrations sub system.	-Functional Complaints ICT sub system. -Go live registrations sub system.	Achieved
			Not achieved Registrations sub system did not go live as planned.
			Reason for variance
			ICT technical problems identified. The project is currently put on hold. A service provider has been appointed to conduct an assessment on the new ICT system. Thereafter, the results of the assessment will be evaluated and recommendations will be implemented.

KEY SUCCESSES AND CHALLENGES

KEY SUCCESSES

Enforcement Action:

- 23 referrals to the Tribunal
- Fines imposed of R1.8million
- Raids conducted in 3 provinces

Consumer education:

- Advertising Value Equivalent of >R200m: Across all media channels
- 49 exhibitions, activations, road shows
- Education workshops: Provincial Consumer Protection Desks; Trade Unions, Universities, Church Groups, Tribal Authorities

- Established Credit Industry Forum
- Rolled out 3rd Learnership Programme

KEY CHALLENGES

- Funding
- Office Space
- Consumer Education: Rural and semi-urban areas

FINANCIAL INFORMATION

Report of Auditor-General

- Unqualified opinion
- No findings on compliance and supply chain management
- No findings on performance information

Financial Performance - 2013/14

	2013/14 (Budget)	2013/14 (Actual)	2012/13 (Actual)
	R	R	R
Total Income	99,202,900	94,977,538	93,504,673
Expenditure	(124,999,586)	(121,020,045)	(109,276,474)
(Deficit) for the year	<u>(25,796,686)</u>	<u>(26,042,507)</u>	<u>(15,771,801)</u>
Total Assets	-	64,023,032	70,452,225
Total liabilities	-	39,351,814	19,734,499
Net asset value	-	24,671,218	50,717,726

FINANCIAL PERFORMANCE BUDGET OVERVIEW-2014/15 YEAR

Budget	2015	2014	Variance
Operations	117,761,427	117,479,709	281,718
Capex	11,692,717	19,918,172	(8,225,455)
Total budget	129,454,144	137,397,881	(7,943,737)
Less funding deficit	(15,652,801)	-	
Actual budget	113,801,343	137,397,881	(23,596,538)

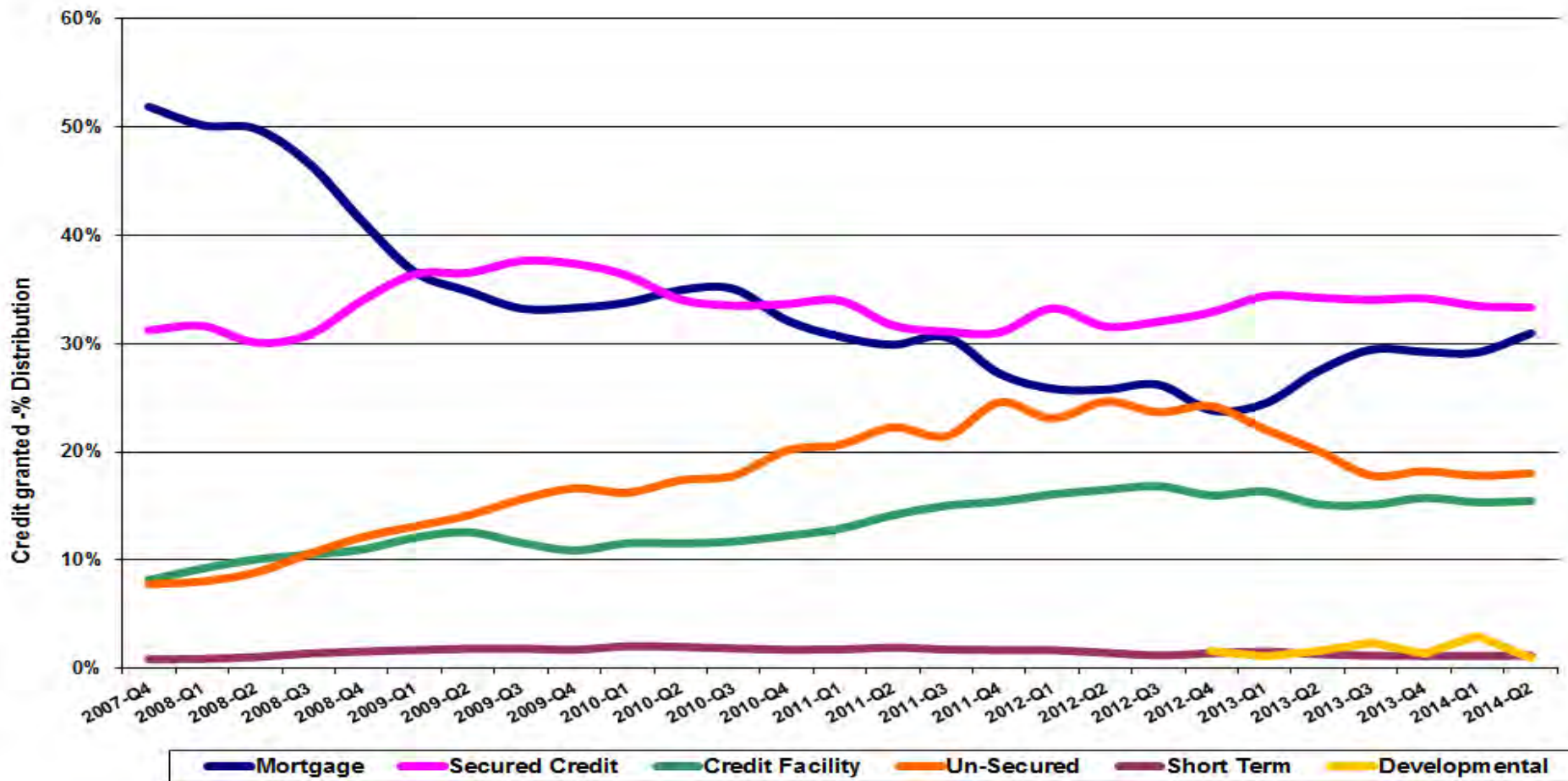
Funding of deficit	
ICT project – on hold	7,000,000
Dti additional funding	5,000,000
Budget efficiencies - savings	4,652,801

15,652,801

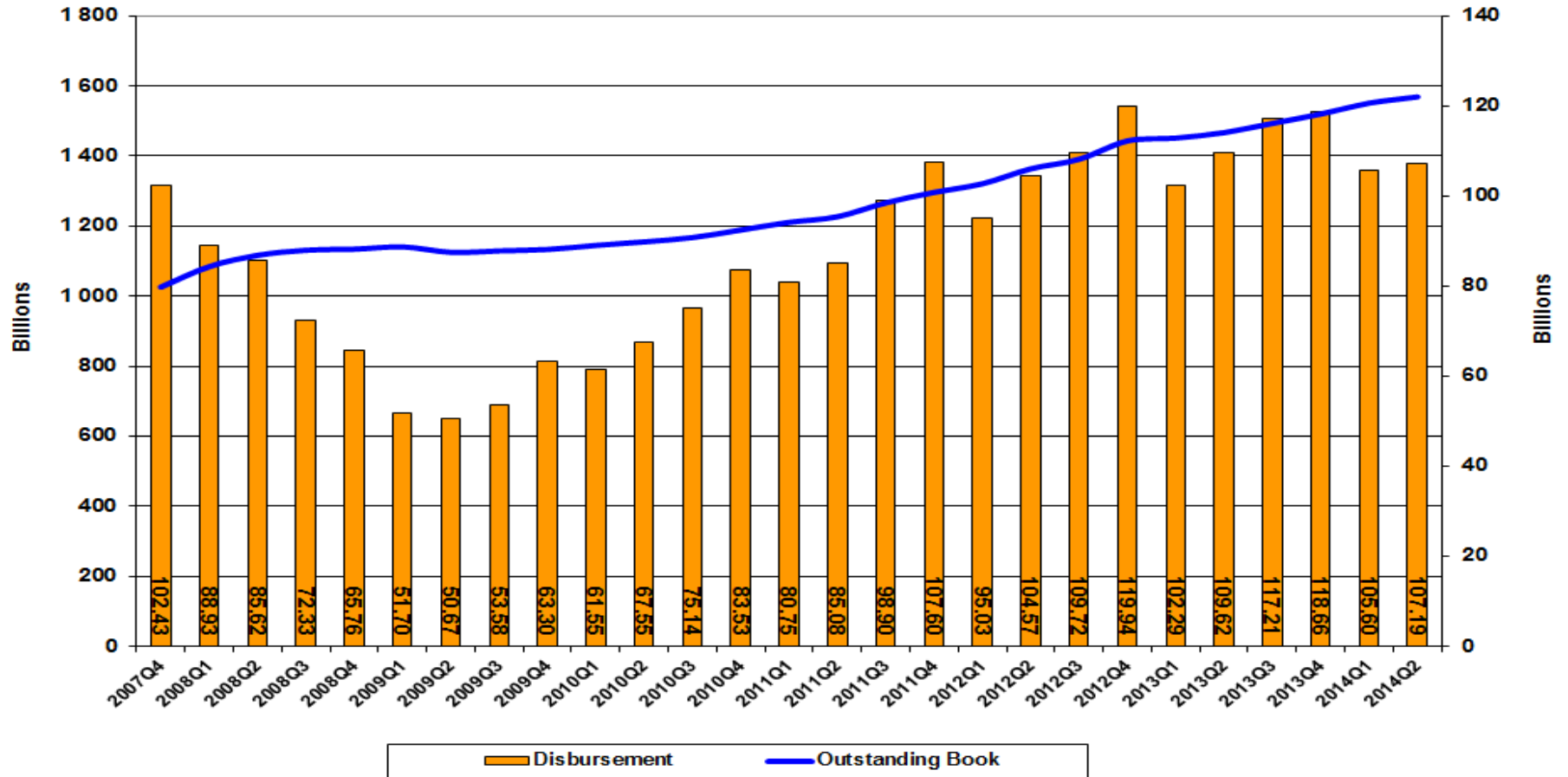
STRATEGIES TO IMPROVE FINANCIAL PERFORMANCE

- ❑ Cost containment measures:
- ❑ **Implemented:**
 - Implemented all per National Treasury Instruction
 - Consolidate impact assessment studies →bi-annual
 - In-house travel arrangements, etc
 - Capacitated IT and most legal services-→ in-house
- ❑ **To be implemented per NCAA:**
 - Increase annual registrant fees
 - Impose penalties on late payments
 - Register all lenders, PDAs, ADR's

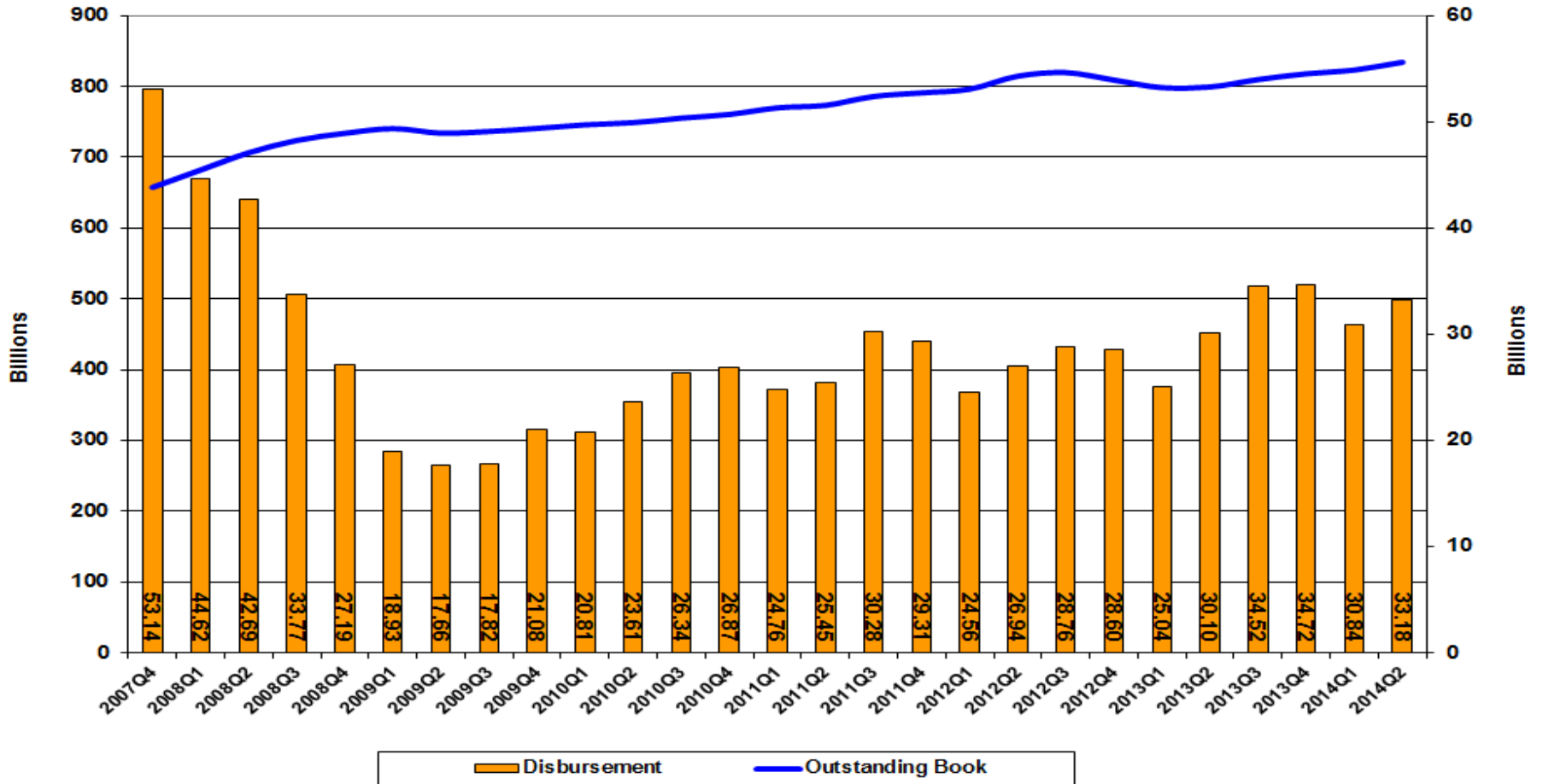
STATISTICAL TRENDS – DISTRIBUTION OF CREDIT GRANTED



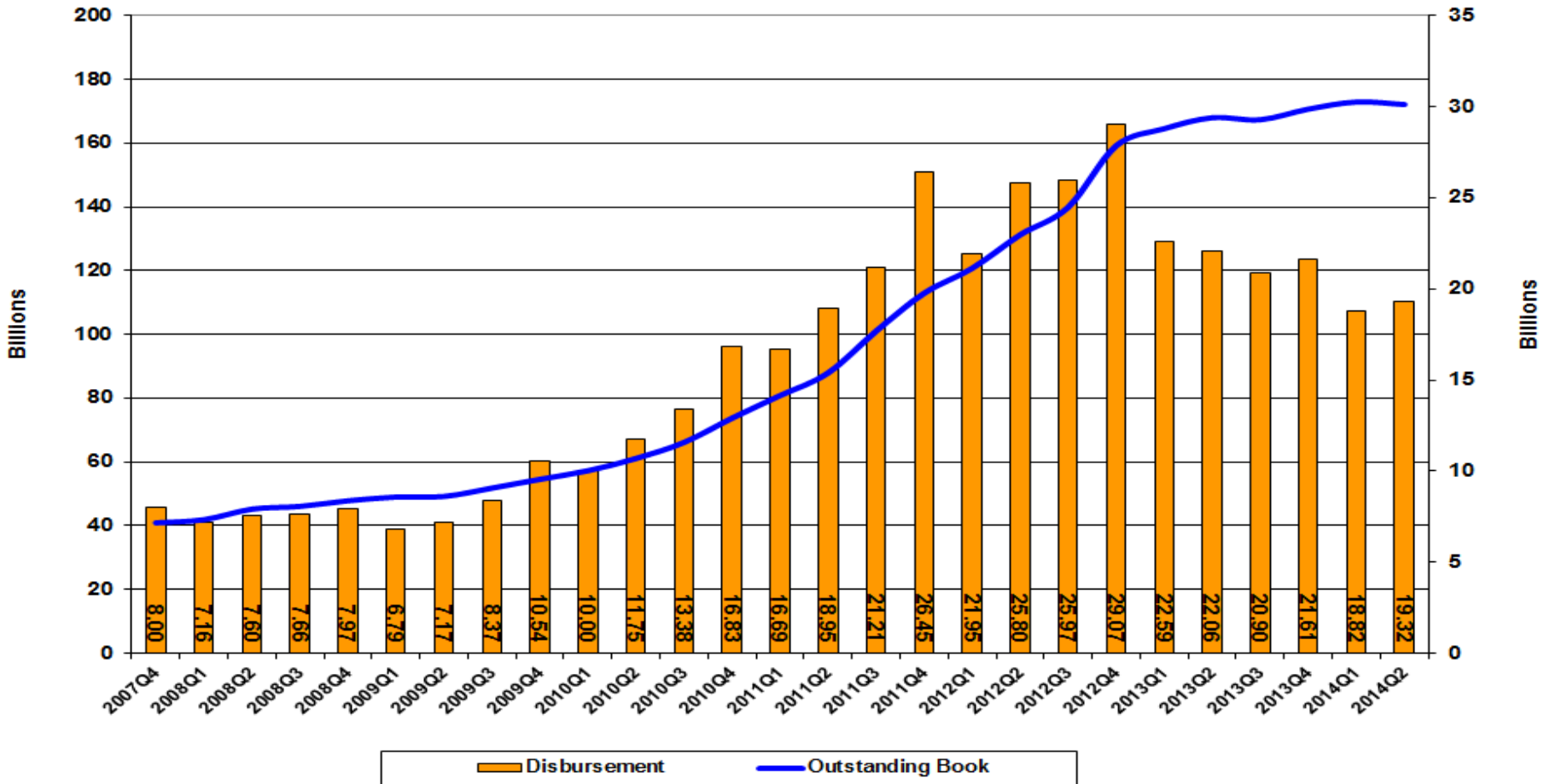
STATISTICAL TRENDS – TOTAL DEBTORS BOOK CREDIT GRANTED



STATS TRENDS – MORTGAGES GRANTED



STATS TRENDS – UNSECURED CREDIT GRANTED



REGISTRATION STATISTICS

Credit Providers - 4387

□ Number of branches - 45 516

□ Breakdown by Province

Eastern Cape	330
Free State	359
Gauteng	1460
Kwazulu-Natal	457
Limpopo	440
Mpumalanga	337
North West	285
Northern Cape	171
Western Cape	548
Grand Total	4387

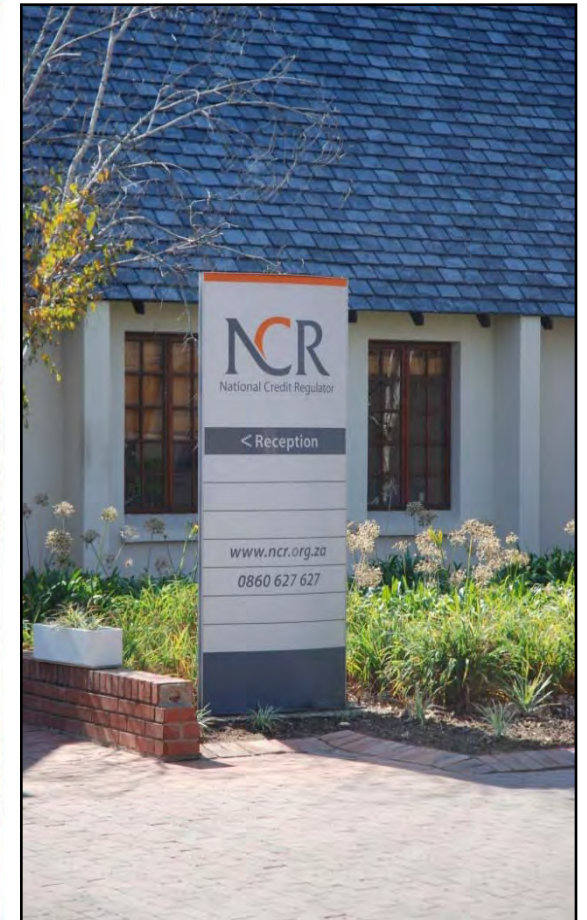
□ CREDIT BUREAUS - 13

Debt Counsellors - 2193

□ Breakdown by Province

Eastern Cape	153
Free State	83
Gauteng	1065
Kwazulu-Natal	234
Limpopo	78
Mpumalanga	62
North West	92
Northern Cape	17
Western Cape	409
Grand Total	2193

Thank You!



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