

NATIONAL CREDIT REGULATOR

Fourth Quarter Performance Report 2014/2015

*Presentation to the Portfolio Committee on
Trade & Industry*

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OVERVIEW OF PRESENTATION

- 1. NCR Programmes: A Snapshot**
- 2. Fourth Quarterly Performance Report 2014/15**
- 3. Key Successes & Challenges**

NCR PROGRAMMES: A SNAPSHOT

To promote responsible credit granting

To protect consumers from abuse and unfair practices in the consumer credit market and address over-indebtedness

To enhance the quality and accuracy of credit bureau information

To improve NCR's operational effectiveness

To ensure effective implementation of the National Credit Amendment Act (NCAA).

FOURTH QUARTER PERFORMANCE REPORT

SO 1: To promote increased access to credit through responsible credit granting

Output	Performance Measure or Indicator	Annual Target	4 th Quarter Milestones	Actual Achievement
Increase awareness of affordability assessment regulations.	Number of workshops conducted on affordability assessment regulations.	3 workshops conducted on affordability assessment regulations.	3 workshops in 3 provinces.	Partially Achieved One workshop was conducted.
				<i>Reason for variance</i>
				The regulations on the National Credit Amendment Act (NCAA) were published on 13 March 2015. There was insufficient time to conduct all the workshops.
				<i>Corrective action</i>
				Workshops will now be conducted in the current financial year 2015/2016.

FOURTH QUARTER PERFORMANCE REPORT

SO 1: To promote increased access to credit through responsible credit granting

Output	Performance Measure or Indicator	Annual Target	4 th Quarter milestones	Actual Achievement
Reduce cost of credit for consumers	Study conducted on Levels of the cost of credit.	Conduct a study to review the current levels of the cost of credit.	Finalise review and make recommendation to the dti.	<p>Partially Achieved</p> <p>Review is underway and report with recommendations will be submitted to dti in April 2015.</p>
				<p><i>Reason for variance</i></p>
				<p>There was delay in getting legal opinion from the Competition Commission on approach that NCR wanted to utilise in reviewing cost of credit. This led to late appointment of service provider to conduct a sensitivity analysis on work that had to be done internally.</p>
				<p><i>Corrective Action</i></p> <p>The report was submitted to the dti in April 2015.</p>

FOURTH QUARTER PERFORMANCE REPORT

SO 2: To protect consumers from abuse and unfair practice in the consumer credit market and address Over-indebtedness

Output	Performance Measure or Indicator	Annual Target	4 th Quarter milestones	Actual Achievement
Conduct reckless lending investigations and issue compliance notices/compliance certificate where applicable	Number of compliance certificates issued/compliance notices.	15 Compliance notices.	4 Compliance notices	<p>Not Achieved One compliance notice was issued during the quarter.</p> <p><i>Reason for variance</i></p> <p>Annual targets already exceeded in the 3rd quarter (23 compliance notices issued during they financial year).</p> <p><i>Corrective Action</i></p> <p>Corrective action is not required as target was exceeded for the year.</p>

FOURTH QUARTER PERFORMANCE REPORT

SO 2: To protect consumers from abuse and unfair practice in the consumer credit market and address Over-indebtedness

Output	Performance Measure or Indicator	Annual Target	4 th Quarter milestones	Actual Achievement
Conduct special investigations and enforcement action taken where necessary	Number of raids conducted on credit providers and enforcement action taken where necessary	Conduct 2 raids in one province and take enforcement action where necessary	Conduct 2nd raid and take enforcement action.	Exceeded Conducted 4 raids in 4 provinces (Gauteng, North West, Eastern Cape and Free State) and took enforcement action
				<i>Reason for variance</i>
				Received complaints about credit providers retaining bank cards and id books. Investigations in the form of raids had to be conducted.

FOURTH QUARTER PERFORMANCE REPORT

SO 3: To enhance a consumer credit market regulatory framework

Output	Performance Measure or Indicator	Annual Target	4 th Quarter milestones	Actual Achievement
Conduct investigations and take enforcement action on credit bureaus	Number of investigations and enforcement action taken	2 Credit bureau investigated and enforcement action taken	Enforcement action taken where applicable	Achieved

FOURTH QUARTER PERFORMANCE REPORT

SO 3: To enhance a consumer credit market regulatory framework

Output	Performance Measure or Indicator	Annual Target	4 th Quarter milestones	Actual Achievement
Conduct compliance on site visits.	Number of compliance on-site visits conducted.	18 on site visits to be conducted.	3 on site visits to be conducted.	Not achieved One onsite visit conducted this quarter
				<i>Reason for variance</i>
				Annual target was already exceeded in the 3 rd quarter (19 on site visits conducted during the year).
				<i>Corrective action</i>
				Not required as the target was exceeded for the year.

FOURTH QUARTER PERFORMANCE REPORT

SO 4: To improve NCR's operational effectiveness

Output	Performance Measure or Indicator	Annual Target	4 th Quarter milestones	Actual Achievement
Improve operational efficiency through automated processes.	ICT recommendations implemented.	Report produced on the implementation of recommendations of the ICT assessment	Continue with implementation of recommendations and produce a report	Achieved

FOURTH QUARTER PERFORMANCE REPORT

SO 4: To improve NCR's operational effectiveness

Output	Performance Measure or Indicator	Annual Target	4 th Quarter milestones	Actual Achievement
Increase the number of learners recruited and trained.	Number of learners recruited and trained.	20	Finalise training	Achieved

FOURTH QUARTER PERFORMANCE REPORT

SO 5: To ensure effective implementation of the National Credit Amendment Act (NCAA)

Output	Performance Measure or Indicator	Annual Target	4 th Quarter milestones	Actual Achievement
Create awareness of the NCAA.	Number of workshops conducted with relevant Stakeholders.	30 workshops with relevant stakeholders and monitor compliance with the NCAA.	6 workshops with relevant stakeholders	Exceeded 7 workshops were conducted.
	Number of multimedia awareness campaigns (Radio/TV, news print,) conducted	18 Radio/TV interviews/news print and monitor compliance with NCAA	3 Radio/TV interviews/news print	Exceeded 8 Radio interviews conducted <i>Reason for variance</i> to secure weekly interviews with some stations, where NCR provided topics

FOURTH QUARTER PERFORMANCE REPORT

SO 5: To ensure effective implementation of the National Credit Amendment Act (NCAA)

Output	Performance Measure or Indicator	Annual Target	4 th Quarter milestones	Actual Achievement
Create awareness of the NCAA	Number of outreach programmes and exhibitions (mall activations/outside broadcast/road shows/Imbizos) conducted.	5 of any of the following activities: - Exhibitions - Mall activations - Outside broadcast (OB) - Road shows and monitor compliance with the NCAA	1 of the following activities: - Exhibitions - Mall activations - Outside broadcast (OB) - Road shows	Exceeded 2 activities conducted

FOURTH QUARTER PERFORMANCE REPORT

SO 5: To ensure effective implementation of the National Credit Amendment Act (NCAA)

Output	Performance measure or indicator	Annual Target	4th Quarter milestone	Actual achievement
Conduct special investigations and take enforcement action where applicable	Number of investigations conducted on removal of adverse consumer credit information regulations	3 investigations on large credit providers	N/A	The 3 investigations were conducted in the 1 st quarter
	Number of investigations conducted on unsolicited credit provision and enforcement action taken	15 investigations	5 investigations	<p>Not achieved Annual target already achieved in the 3rd quarter (15 investigations conducted).</p> <p><i>Corrective action</i></p> <p>Not required, target was achieved for the year</p>

KEY SUCCESSES

ENFORCEMENT ACTION

- 29 Referrals to the National Consumer Tribunal (NCT): “699 Vehicle scheme” (Satinsky) – banks implicated in reckless lending. Plans underway to refer all the implicated banks to the NCT;
- Raids conducted in 5 Provinces: Gauteng, the Free State, Eastern Cape, North West & Mpumalanga Provinces. 92 credit providers raided – retrieved 3900 bank cards, SASSA cards & ID books; 17 individuals arrested and criminal cases opened. In Mpumalanga, R1.4million was also seized and a case of money laundering was opened;
- Other reckless lending investigations: Online credit providers such as Wonga, Capfin, Booodle and Spotcash; Moneyline Financial Services (using grants as income to extend credit), Ubank, and Bridge Finance (contraventions include unlawful consent to jurisdiction): referred to the NCT;
- 23 Compliance Notices Issued: Contraventions included illegal advertisements: OLX, Autotrader, Cash Converters pawn broker, Satinsky; overcharging consumers.

KEY SUCCESSES

CONSUMER EDUCATION & STAKEHOLDER ENGAGEMENT

- *Advertising Value Equivalent of >R235 million;*
- *85 Exhibitions, activations, road shows;*
- *313 Education workshops: Trade Unions, Employers, Traditional Authorities, Government Departments, dti agencies and others;*
- *Varsity and FET Financial Literacy Campaigns: 13 w/shops conducted by NCR jointly with South African Savings Institute in various Colleges and Universities;*
- *Radio: Weekly and Monthly slots provided by Mogale FM and Unisa Radio respectively.*

KEY CHALLENGES

- *Office Space*
- *Funding*

Thank You

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