

Annexure A: Implementation framework of measures to assist over-indebted households and also prevent them from becoming over-indebted in future

Subject	Required	Outcome/Output	Deadline (deadline passed)	Responsible	Action taken/Progress
Preventative steps to minimize risk of over-indebtedness					
Setting clear criteria for affordability assessments	Amendments to NCA require regulations to be issued.	Regulations to be issued by the Minister	Mar 2015	dti	On 13 March 2015, the National Credit Amendment Act and the Affordability Assessment Regulations were published in the Government Gazette and are effective from the date of publication.
Suitability of payday loans	Regulate interest charged on these loans, and limit the number of loans that can be extended to a consumer.	Regulations published by the Minister	Jun 2015	dti	NCR believes this will be addressed by the review of interest caps (see below).
Suitability criteria for other loans	Credit should not only be affordable but suitable	Regulations published by the Minister	TBD	dti	NCR believes this will be addressed by the review of interest caps (see below).
Reviewing interest caps under the NCA	<ul style="list-style-type: none"> The review should ensure current levels of caps are appropriate and do not have unintended consequences such as the decline in mortgage lending, cross-subsidisation and the lengthening of the term of unsecured loans. Adjust interest caps on loans secured by payroll deduction i.e., treat as secured 	Regulations published by the Minister	Jun 2015	dti	NCR has concluded the review of maximum prescribed interest rates. On 30 April 2015 it submitted proposed revised maximum prescribed interest rates with recommendations to the Minister of Trade and Industry. The draft regulations are to be published for comment in June 2015.
Reviewing framework for credit insurance	NCA amendments require caps to be issued by the Minister of Trade and Industry in consultation with Minister of Finance.	Regulations published by the Minister	Jun 2015	dti	<p>Draft regulations were received by the Minister of Finance on 23 March 2015. These are being reviewed by NT and FSB in the context of the technical report on CCI pricing produced by an independent actuarial consultant sourced by FinMark Trust.</p> <p>NT would prefer these draft regulations to be published for comment at the same time as the release of the roadmap on CCI mentioned below, to minimise potential stakeholder</p>

					confusion regarding the interaction between these complementary initiatives.
	Develop implementation roadmap for recommendations set out in CCI review report	Roadmap for implementation	May 2015	NT and FSB	FSB and National Treasury are developing a roadmap for implementing holistic measures to address the market conduct failures in CCI. The roadmap is expected to be ready for release in July 2015.
Norms and standards for access to the payments system	Set standards for users of debit orders	Implement standards for users of debit orders	Complete	NPSD and PASA	Implemented (including for telephone contracts)
		Blacklist abusers of debit orders to ensure no re-entry	Complete		Implemented
	Replace debit orders (debit pull at instance of credit provider or insurer) with authenticated credit transfers (credit push at instance of customer)	Implement ACT new system	Jun 2015	NT (NPSD PASA)	Presentation by NPSD to be scheduled
Debt collection framework	Include lawyers in Debt Collectors Act	Debt Collectors Bill to Cabinet	4Q 2015	NT/dti/DoJ	A Bill has been finalized and submitted to the Deputy Director-General: Legislative Development, upon which the DG and Minister will be requested to consider and approve same.
Emolument attachment orders (EAOs) for debt recovery	NT and dti to comment on Magistrates Courts Amendment Bill by 4Q 2014	Magistrates Courts Amendment Bill to Cabinet and Parliament	4Q 2015	DoJ	A Bill has been approved by JCPS DG- Cluster and partially by the Office of the Chief State Law Adviser before it was submitted to NT and the dti for comments. The comments of NT and the dti have been received. The Bill is being adapted in line with the comments received. The Bill is expected to be introduced into Parliament towards the end of 2015.
	NCR and dti to comment on Magistrate Courts Act to address debt review backlog by 4Q 2014				
	Standards for use of EAOs for debt recovery	NCA Section 15 code of conduct	4Q 2015	NCR / NT / DoJ	Assess EAO codes of conduct drafted for credit providers and debt collectors (including lawyers). Combine the codes and implement via section 15 of NCA
	For national and provincial government: appoint a service provider to administer EAOs and interrogate and weed out illegitimate EAOs	Service provider appointed	2Q 2015	NT	Joint project with DPSA and OAG. Finalising tender process to appoint service provider.
	Schedule meetings with private sector employer organisations such as the Chamber of Mines to discuss guidelines to properly administer EAOs and weed out illegitimate ones	EAO guidelines implemented by private sector employees	1Q 2015	NT	Several meeting held. Employers have taken steps – see Court cases EAO guideline letter prepared and awaiting the results of the court cases and public sector tender process

	Schedule meetings with municipalities and state-owned entities to discuss regulations to properly administer EAOs and weed out illegitimate ones	EAO regulations published by the Minister	1Q 2015	NT	EAO regulations prepared. Discussion with NT officials and OAG underway
Insolvency regime	Review the current insolvency legislative framework in its entirety	Insolvency Bill to Cabinet and Parliament	4Q 2015	DoJ	The purpose of the Insolvency Bill as set out in the long title is to consolidate, unify and amend the laws relating to the insolvency of natural persons, companies, close corporations, trusts, partnerships and other legal entities with or without legal personality so as to balance the needs of different stakeholders. A first draft of the Bill is scheduled to be submitted to the Minister by 31 December 2015 for consideration and approval to consult broadly.
Credit bureau data	All lenders to provide new loan information to registered credit bureaus on a daily basis	Regulations published by the Minister	Complete	NCR, dti	Given effect under the removal of adverse consumer credit information.
	All credit bureau to update records on a daily basis, and clean up out-of-date or erroneous data on a more regular basis				

Coordination and cooperation between regulators

Coordinated education and awareness campaigns	Educate consumers on issues such as credit insurance, prescribed debt, savings, managing debt, etc.	Coordinated Campaign plan	4Q 2014	NCR/FSB/SARB/NCC	The FSB, NCC and NCR met to draw up a high level December consumer education campaign messaging with three focus areas (Balloon payments, understanding expectations in respect of repayments and understanding credit agreement obligations).
Coordinated enforcement and monitoring	Jointly enforce and monitor compliance with the legislation and regulations.	Coordinated enforcement action plan	4Q 2014	NCR/FSB/SARB/NCC	The National Credit Act S17(4) requires such coordination as will the Financial Sector Regulation Bill

In dti Grid – not in Cabinet memo					
Deceptive, enticing and misleading advertising of credit	NCR has a mandate under NCA to deal with this issue and should come up with a plan to combat this. NCC to be brought on board to deal with this in terms of CPA as well.	NCR to develop and implement a robust plan	May 2014	NCR /FSB/ NCC	FSB also offered to assist with input based on FSB regulatory initiatives re advertising & marketing standards.
Prescribed debt collection	NCA amended to prohibit sale and collection of prescribed debt - consumer to be informed by collector that debt has prescribed.	Regulations issued by the Minister if required	Mar 2015	the dti	Provided for under the National Credit Amendment Act, 2014 which will come into effect in March 2015.
Regulating credit secured by payroll deductions	Draft regulations for public sector	Amend and publish Treasury regulations by the Minister	2Q 2015	NT	Regulation drafted. Discussions with NT officials and OAG are underway.
	Legislation for private sector	Law / regulations	1Q 2015	NT/dti	NT believes this is best implemented via interest rate caps i.e., payroll loans should be treated as secured loans (see next item)
	Adjust interest caps on loans secured by payroll deduction i.e., treat as secured	Interest rate regulations to be published by the Minister	Jun 2015	dti	Banks are offering clients lower interest rates if repayment secured by payroll deductions
Access to the payments system for SASSA accounts					See debit orders

In Cabinet memo, not on dti Grid

Preventative steps to minimize risk of over-indebtedness

Unilateral relief by lenders to distressed borrowers	Meet with industry associations such as BASA and their structures such as the National Industry Steering Committee to draw up a statement of intent to provide immediate relief to distressed borrowers including the withdrawal of EAOs and the reduction of installment burdens	Statement of intent by industry	Complete	NT	Unilateral measures by banks implemented At industry level relief implemented through Debt Collectors Rules System (DCRS). DCRS has NCR support (circular 14 of November 2014)
Voluntary debt mediation	Agree position of departments and regulators. Meet with industry associations such as BASA and their structures such as the National Industry Steering Committee to implement voluntary debt mediation	Implemented voluntary debt mediation	4Q 2014	NT, dti, NCR, SARB	National Industry Steering Committee (NISC) presented a voluntary debt mediation proposal to NT, dti and SARB. NISC was requested to amend its proposal for to address concerns raised whereupon further engagements will be held. NCR published circular 13 in Nov 2014 that it will not accept VDM under any circumstances. There can be no progress on this matter until NCR withdraws its media statement
Lenders to withdraw certain EAOs	Engaging with current lenders to take steps to withdraw certain categories of existing emolument attachment orders for credit	Statement of intent by lenders	Ongoing	NT	A sample of major banks have withdrawn just under 300 000 EAOs and agree to use EAOs as a last resort

Coordination and cooperation between regulators

Dealing with past transgression	The NCR and banking registrar should determine what action should be taken against such transgressors. For systemically-important financial institutions (SIFIs), it is important to make the enforcement process more effective, while at the same time reducing risks	Coordinated action plan	4Q 2014	NCR/FSB / SARB	
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