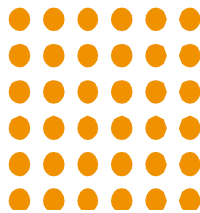
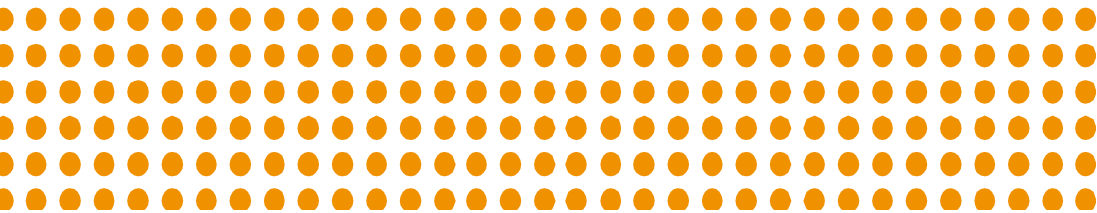


National Credit Regulator

PRESENTATION TO THE PORTFOLIO COMMITTEE ON THE NATIONAL CREDIT AMENDMENT BILL: DEBT RELIEF

10 October 2017



National Credit Regulator

PURPOSE

To provide inputs to the Portfolio Committee on Trade and Industry regarding the draft framework for the National Credit Amendment Bill, 2017 on debt relief.

CATEGORIES OF CONSUMERS

- ❑ The Bill currently proposes for the following classes of consumers as potential beneficiaries of debt relief: Child headed households and indigent consumers.
- ❑ In terms of the NCR's experience, the so called "missing group", should be included in the Bill.

CATEGORIES OF CONSUMERS

- The “missing group” are the following consumers:
 - Consumers who do not qualify for debt review.
 - Consumers who have qualified for debt review , but whose debt repayment does not solve.

ON-GOING DEBT RELIEF

- ❑ Circumstances that lead to consumer over-indebtedness are on-going circumstances, and therefore any redress aimed at alleviating consumer over-indebtedness should be on-going in the long run.

AGREED UPON INDUSTRY RULES

- ❑ Causes of consumer over indebtedness are ever-changing, and as such the NCR , in consultation with the credit industry can provide timeous redress by agreeing on and implementing rules to be followed when combating over-indebtedness.
- ❑ The NCR proposes that any agreed upon rules between the credit industry and the NCR, should have a binding effect and be enforceable, example of such rules is the DCRS.

PRESCRIBED DEBT

- ❑ In terms of the Prescription Act of 1968, a debt becomes extinguished and falls away if that debt remains unpaid after the elapse of a certain period of time (3 years for any debt, 15 years for a debt owed to the State, and 30 years for debt that is secured by a mortgage bond).
- ❑ The NCR proposes that as an additional measure of debt relief, credit providers be required to conduct a once off audit of their debtors book in order to determine and expunge any debt that has prescribed.

In duplum

- The DTI and the Department of Justice and Constitutional development to cooperate in reviewing the current legal framework on *in duplum*.

POWERS TO SUSPEND

- ❑ Unlawful charges such as club fees, as well as reckless lending are some of the causes of consumer-over-indebtedness.
- ❑ Protracted litigation is resulting in the continuation of the unlawful conduct.
- ❑ The NCR should be given the powers to suspend any alleged unlawful fees as well as reckless lending, pending the finalization of any litigation.

THANK YOU