

# NATIONAL CREDIT REGULATOR

## *Presentation to the Standing Committee on Finance and the Portfolio Committee on Trade & Industry*

***Presentation by: Ms Nomsa Motshegare, NCR CEO***

***Date: 3 May 2017***

# OVERVIEW OF PRESENTATION

- 1. PURPOSE OF THE NCA**
- 2. STATISTICAL TRENDS**
- 3. HOW MUCH DO CONSUMERS OWE**
- 4. CREDIT GRANTED TO RURAL AREAS PER TYPE OF CREDIT**
- 5. CREDIT GRANTED TO HISTORICALLY DISADVANTAGED**
- 6. CREDIT GRANTED TO WOMEN**
- 7. MORTGAGES AND VEHICLE FINANCE PER GENDER**
- 8. PROPOSED INTERVENTIONS**

# PURPOSE OF THE NCA

*“To promote the social and economic welfare of South Africans, promote a fair,...and accessible credit market and industry, and to protect consumers, by:*

- ✓ *Promoting the development of a credit market that is accessible to all South Africans, and in particular to those who have historically been unable to access credit under sustainable market conditions.”*
- ✓ *Access to finance through credit extension – plays a role in the economic emancipation of everyone /economic empowerment.*

## STATISTICAL TRENDS

- *Registration of >7500 registrants with about 42000 branches – access & employment;*
- *Gross debtors book as at 30.09.2016 = R1.6 trillion*
- *89% of Mortgages are granted to individuals with income greater than R15K while 11% is for individuals with income less R15K*
- *57% of Unsecured Credit are granted to individuals with income greater than R15K while 43% is for individuals with income less R15K.*

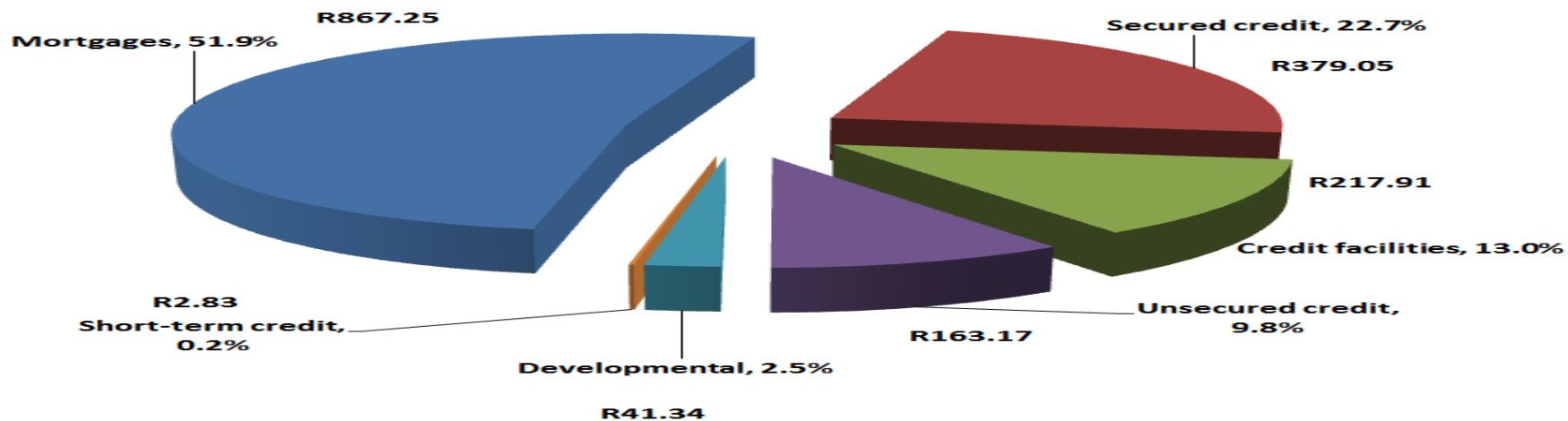
## STATISTICAL TRENDS cont.

- *\*No. of Mortgage and Vehicle Finance accounts opened over a 12 month period by gender:*
  - *In total about 3million accounts were opened - On average, 55% of the accounts for both mortgages and vehicle finance were in favour of Men;*
  - *50% of the Mortgage loans were granted to Females and 50% to Men on average;*
  - *45% of the Vehicle loans were extended to Females and 55% to Men.*

*\*Source: Compuscan, TransUnion, XDS*

# HOW MUCH DO CONSUMERS OWE

Consumer Credit Debtors Book Per Credit Type (Rbn)



Value of Credit Owed by Consumers

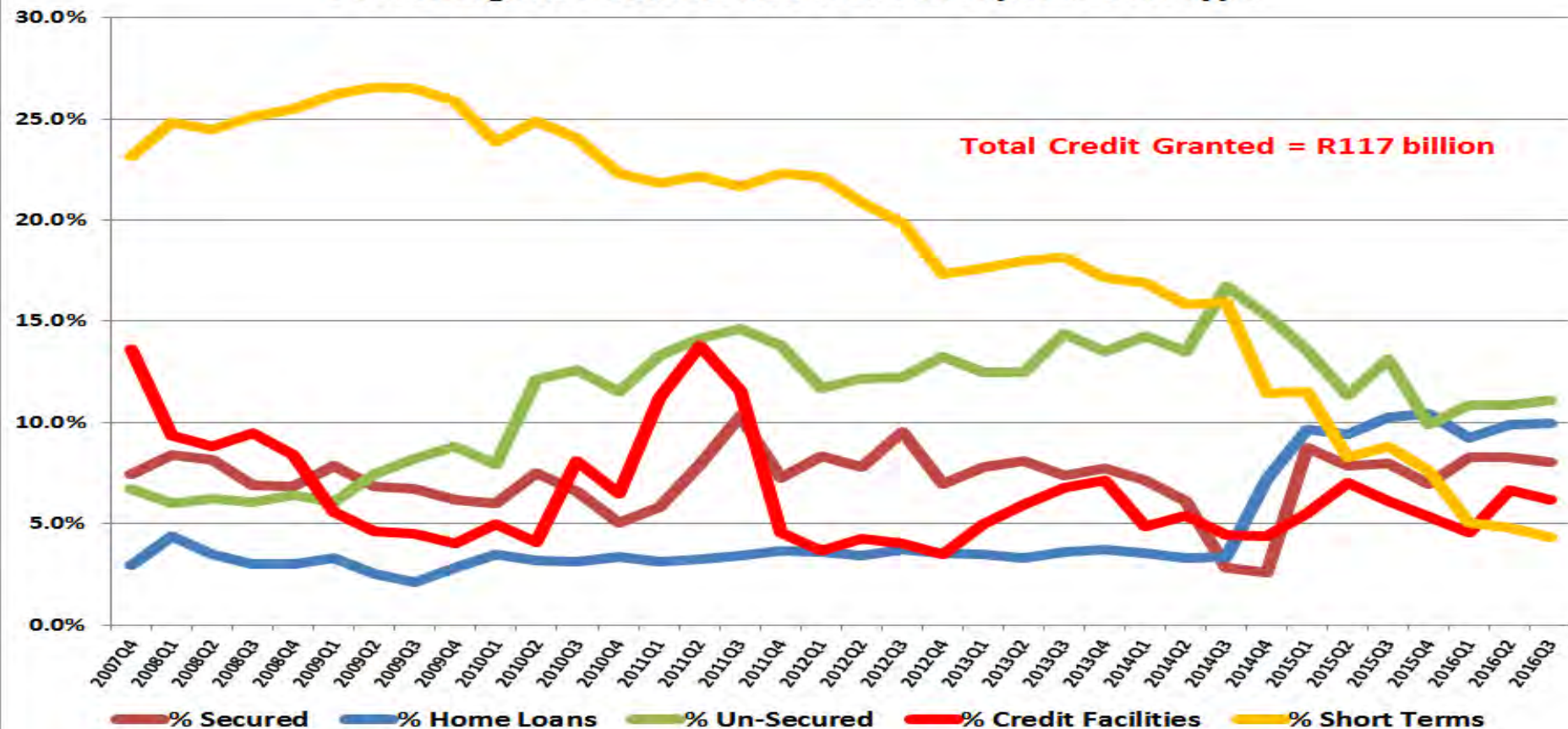
Mortgages	R 867,252,539,679	51.9%
Secured credit	R 379,052,288,914	22.7%
Credit facilities	R 217,909,982,164	13.0%
Unsecured credit	R 163,168,261,701	9.8%
Short-term credit	R 2,828,860,380	0.2%
Developmental	R 41,344,464,624	2.5%
<b>Total</b>	<b>R 1,671,556,397,462</b>	<b>100.0%</b>

Value of Credit Owed by Consumers

Banks	R 1,375,553,446,955	82.3%
Retailers	R 35,895,468,671	2.1%
Non-bank vehicle financiers	R 93,312,822,114	5.6%
Other credit providers	R 166,794,659,722	10.0%
<b>Total</b>	<b>R 1,671,556,397,462</b>	<b>100.0%</b>

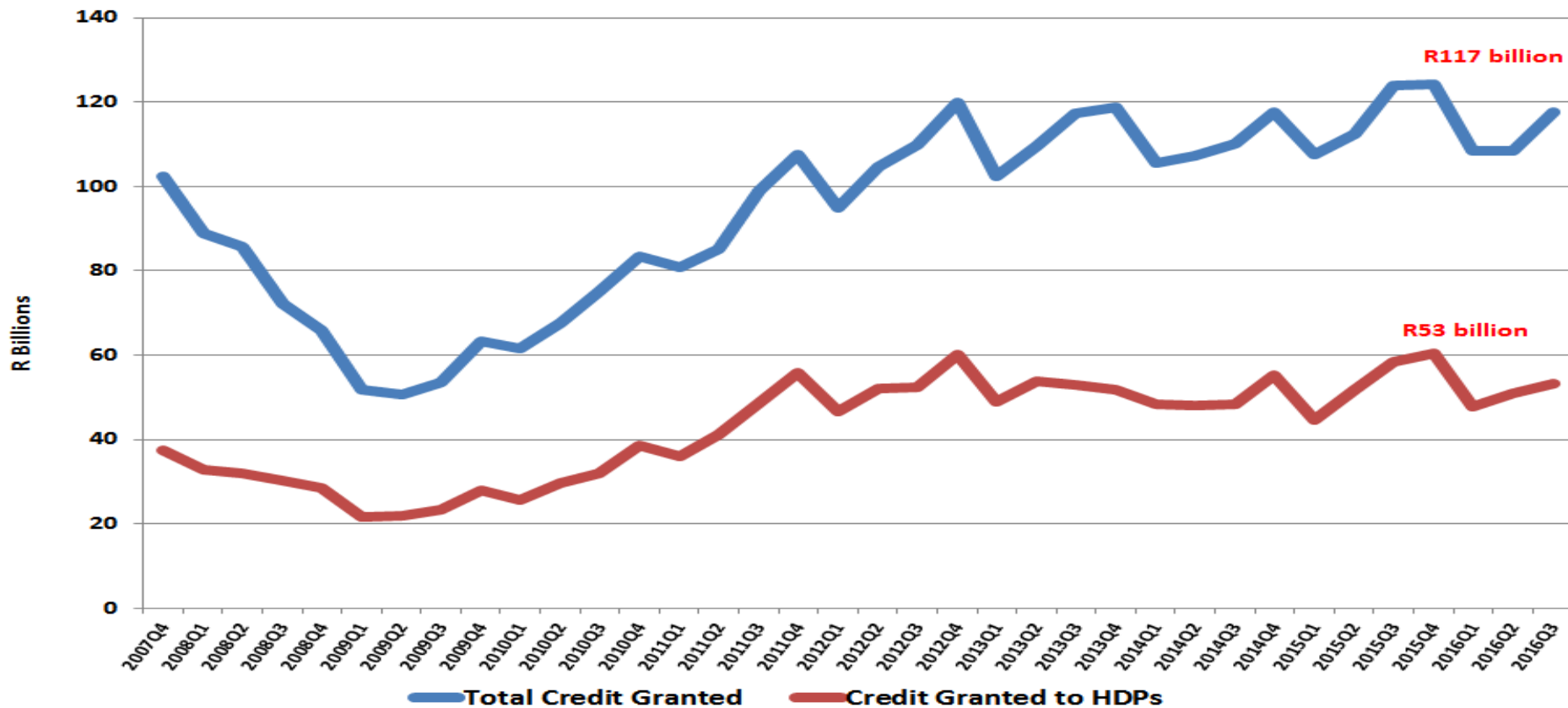
# % OF CREDIT GRANTED TO RURAL AREAS PER CREDIT TYPE

Percentage of Credit Granted to Rural per Credit Type



# TOTAL CREDIT GRANTED VS. CREDIT GRANTED TO HDPS

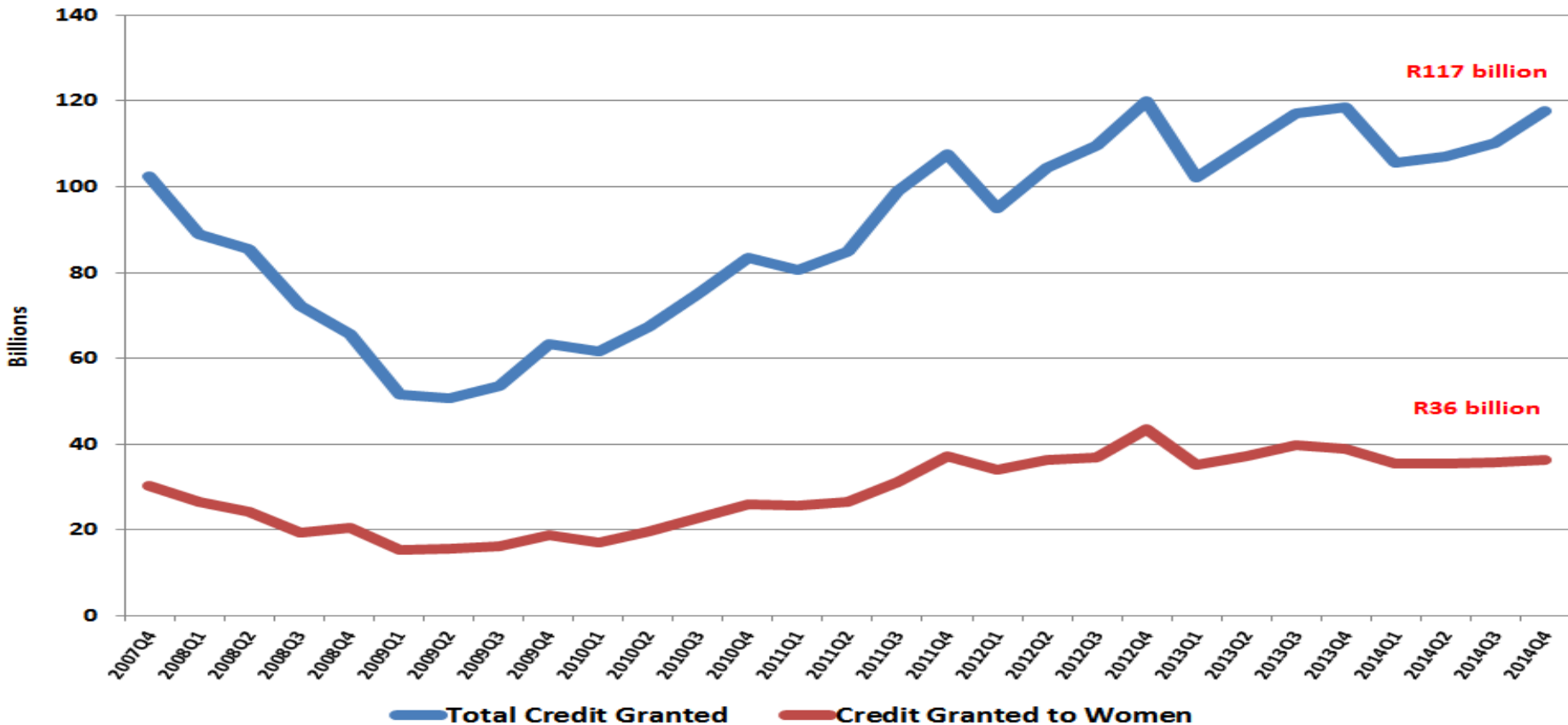
## Total Credit Granted vs. Credit Granted to HDPs



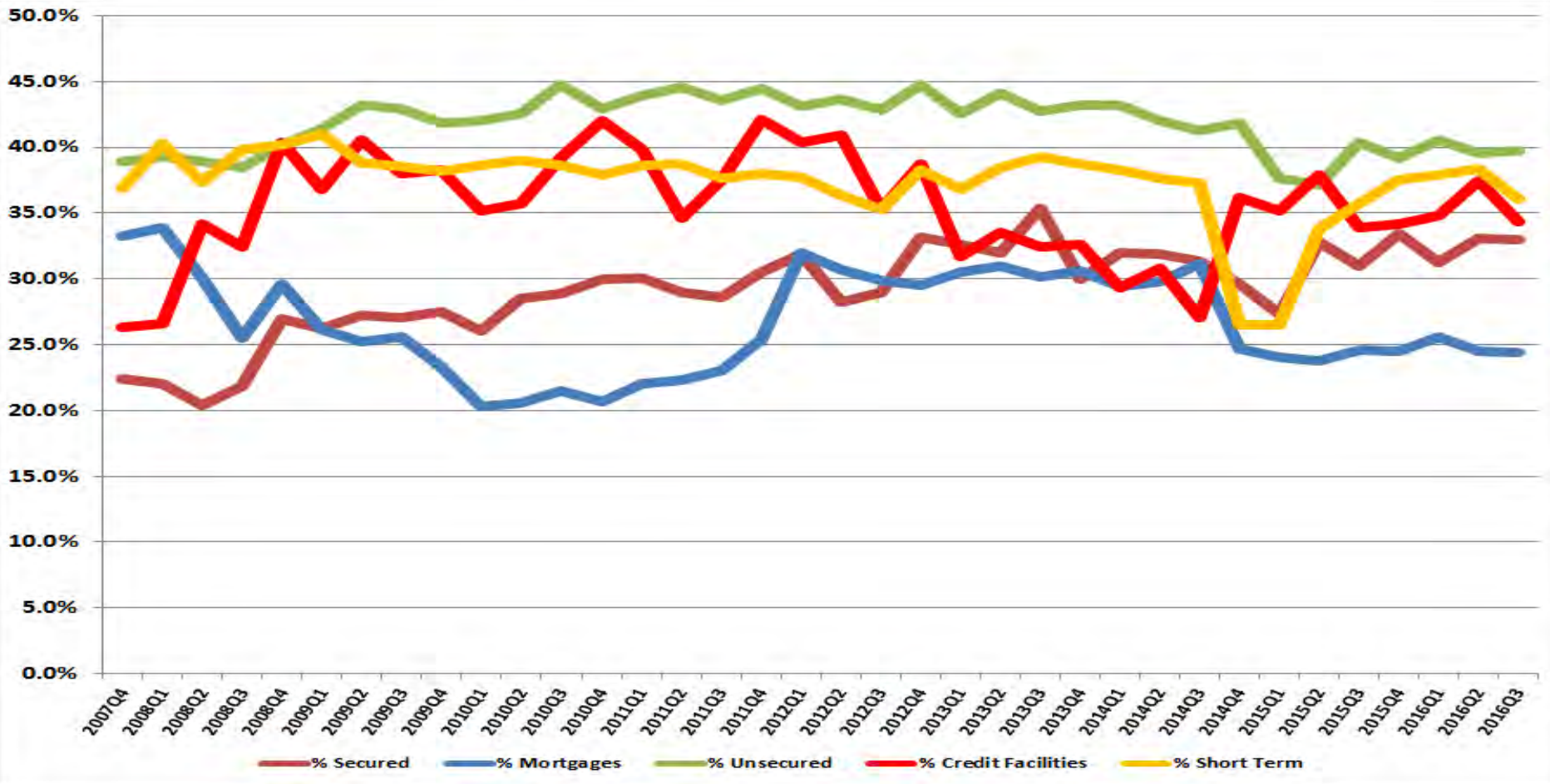


# TOTAL CREDIT GRANTED VS. CREDIT GRANTED TO WOMEN

## Total Credit Granted vs. Credit Granted to Women

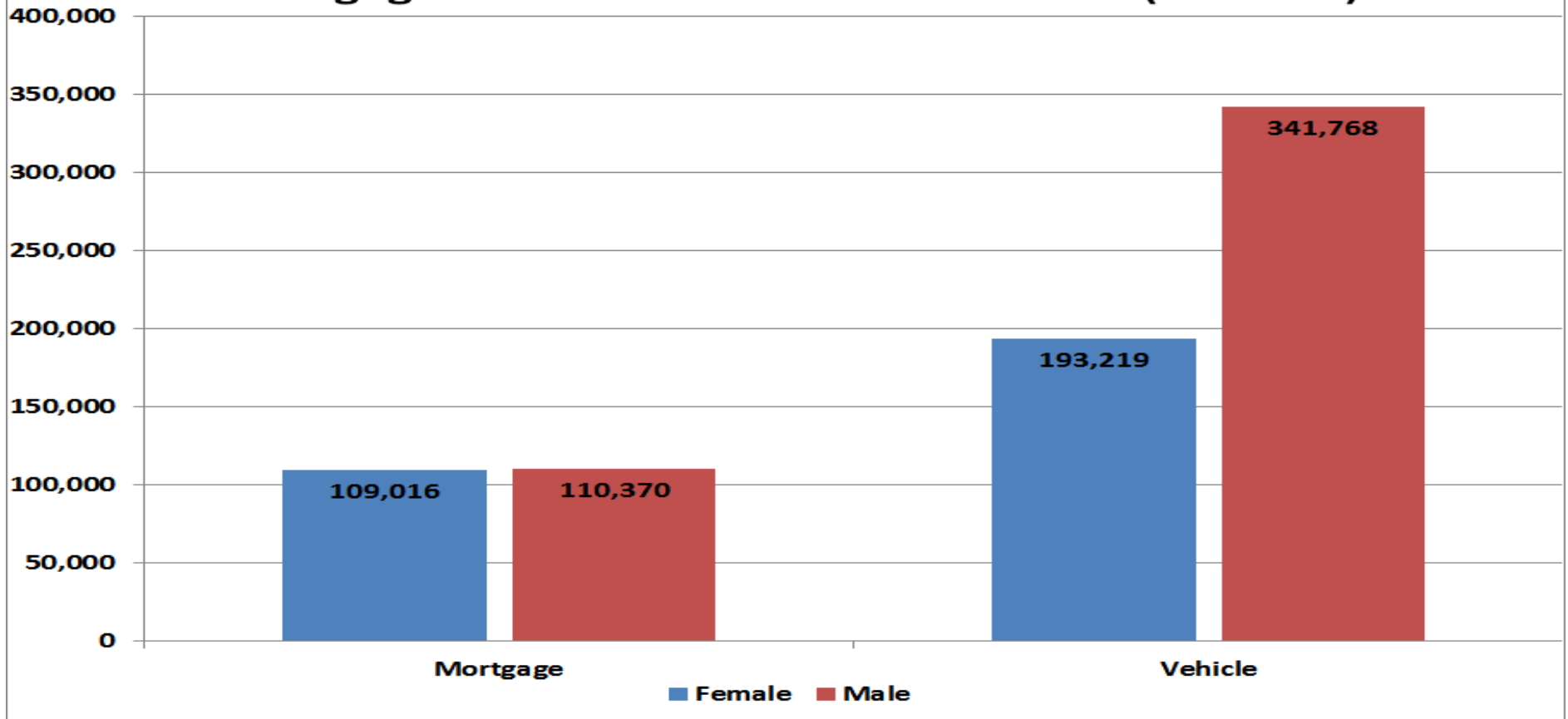


# % OF CREDIT GRANTED TO WOMEN PER CREDIT TYPE



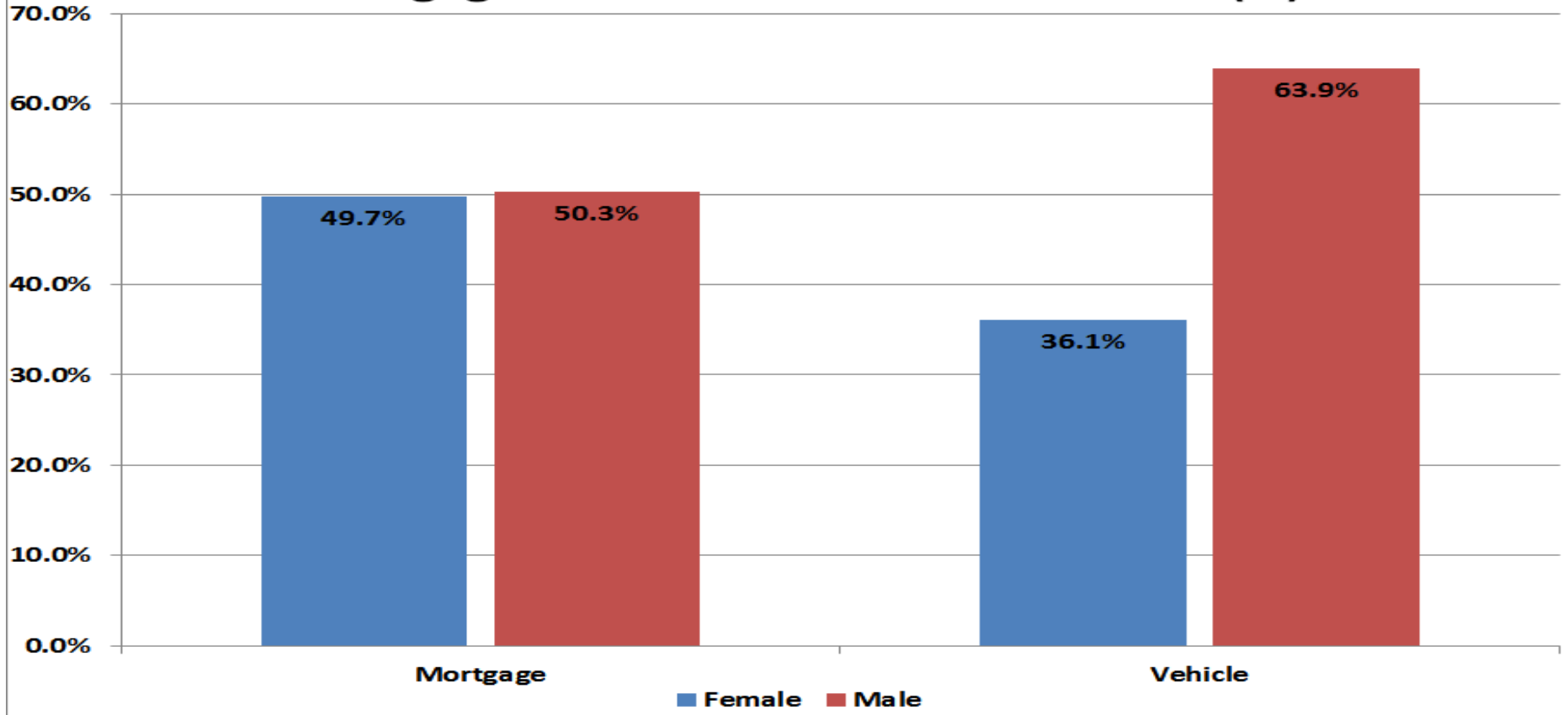
# NUMBER OF MORTGAGES AND VEHICLE FINANCE GRANTED

## Mortgage and Vehicle Finance Accounts (Number)



# % OF MORTGAGES AND VEHICLE FINANCE GRANTED

## Mortgage and Vehicle Finance Accounts (%)



## PROPOSED INTERVENTIONS

- *Credit Providers: new range of products for asset building targeting new customer segments previously excluded e.g. low-income families; micro businesses operating in villages;*
- *Initiatives related to Corporate Social Responsibility (CSR) taken by banks in other countries (e.g. India: Prog. for promoting women owned businesses);*
- *Home loan product for rural areas;*
- *CSR: Credit providers, especially banks and retailers to continue to improve the livelihoods of communities they operate in.*
- *E.g. Funding of schools and clinics in villages – Commercial International Bank in Egypt contributes towards community health;*
- *Credit providers to provide more funding towards consumer education;*
- *Support for establishment of Co-op banks;*
- *Support for the Portfolio Committee's work to investigate measures to address overindebtedness*

# *Thank You!*

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