

# ANALYSIS INTO THE IMPACT OF IMPLEMENTED AND PROPOSED POLICY INTERVENTIONS

FEBRUARY 2018



# AGENDA

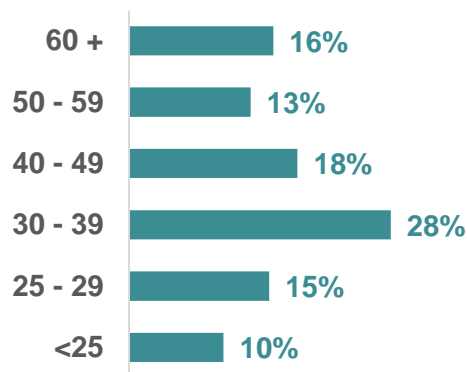
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***FOCUS ON BORROWERS WITH AN INCOME OF R1,500 OR LESS***

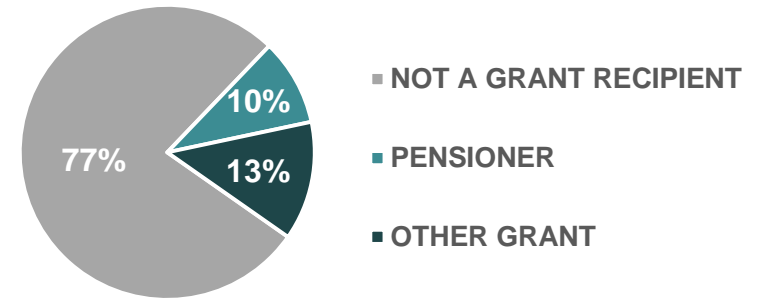
There are approximately 1.6 million borrowers with an income of R1,500 or less. The majority are female (72%), just under a quarter appear to be grant recipients\*, this may be understated

## BORROWERS WITH AN INCOME OF R1,500 OR LESS: 1.6 MILLION BORROWERS

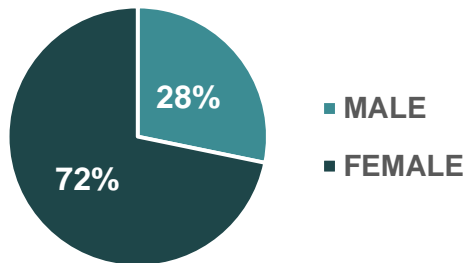
AGE GROUP



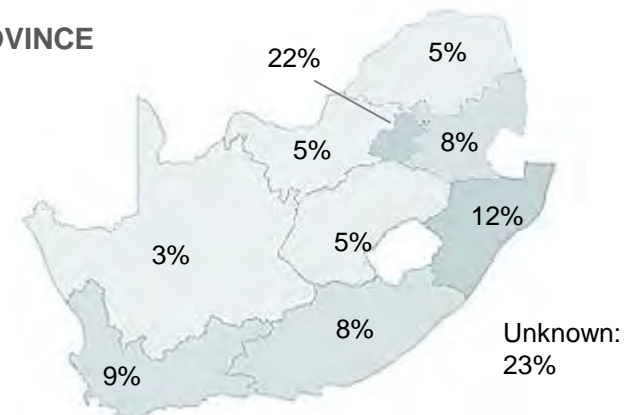
POTENTIAL GRANT RECIPIENTS\*



GENDER



PROVINCE

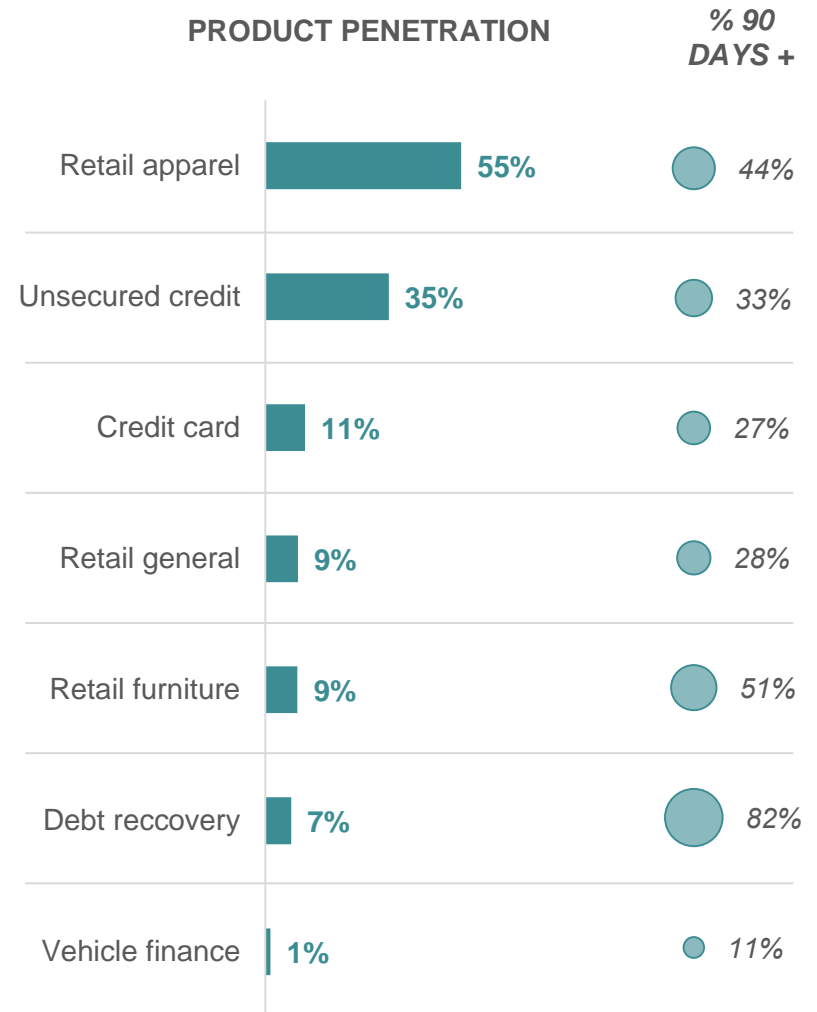
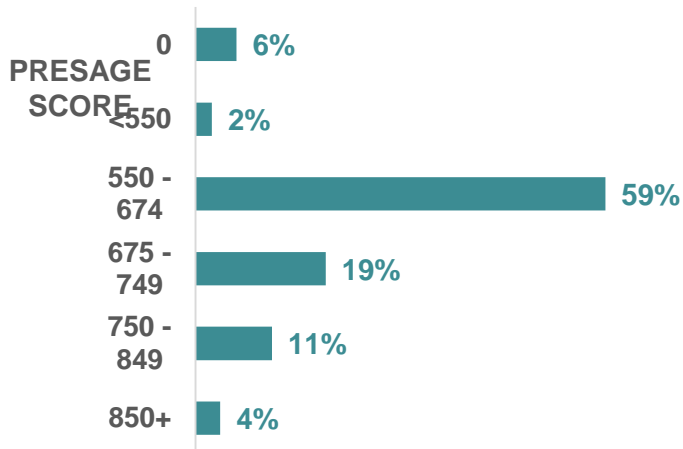
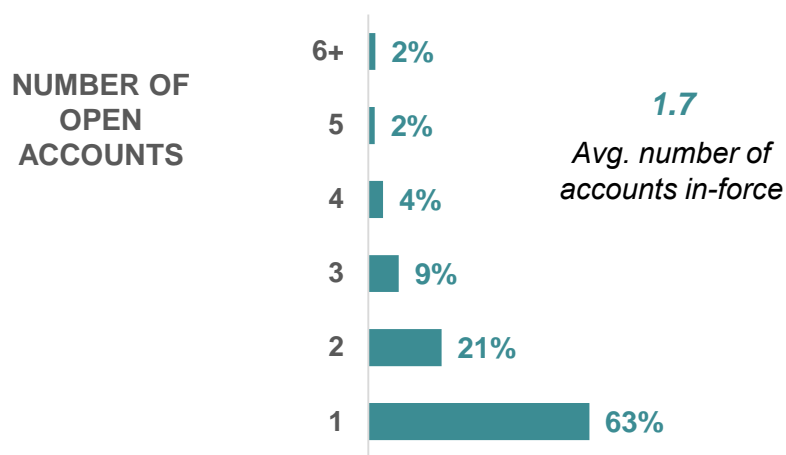


Source: Based on a random sample of borrowers and scaled up to total population

Note: Income estimates based on data received from seven participating banks and augmented with XDS predicted income

Note\* Potential grant recipients are likely understated, based on an analysis of the employer data field and by identifying loans granted by Net 1 subsidiaries

# Over 60% of borrowers with an income of R1,500 or less have just one open account. Retail apparel accounts and unsecured loans dominate

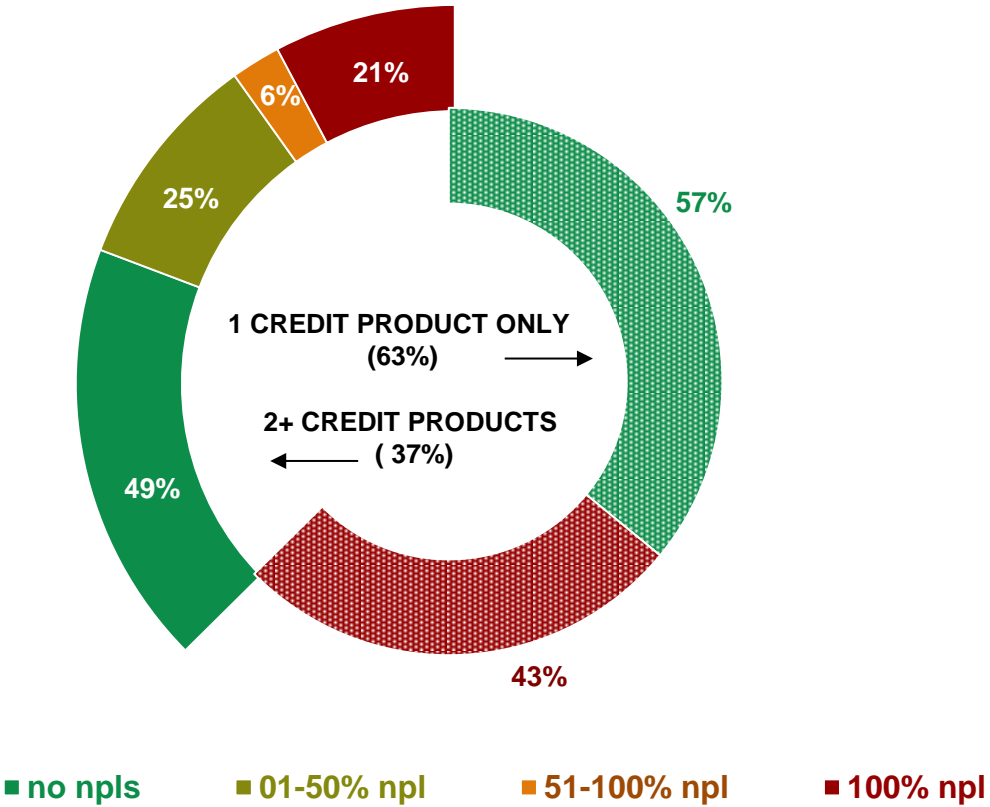


For borrowers in the segment with just one open account, 57% are current on the account (less than three months in arrears). For borrowers with two or more accounts, just under half (49%) are current on all of their accounts, 21% are in arrears on all their account, and the remaining 31% are current on some of their accounts

**PROPORTION OF LOANS IN ARREARS (3 MONTHS OR MORE)**

(12,150 sampled borrowers with an income of R1,500 or less. Approximately 1.6 million borrowers in the total population)

*In total, an estimated 735,000 borrowers have an income of R1,500 or less and have at least one loan that is three months or more in arrears*

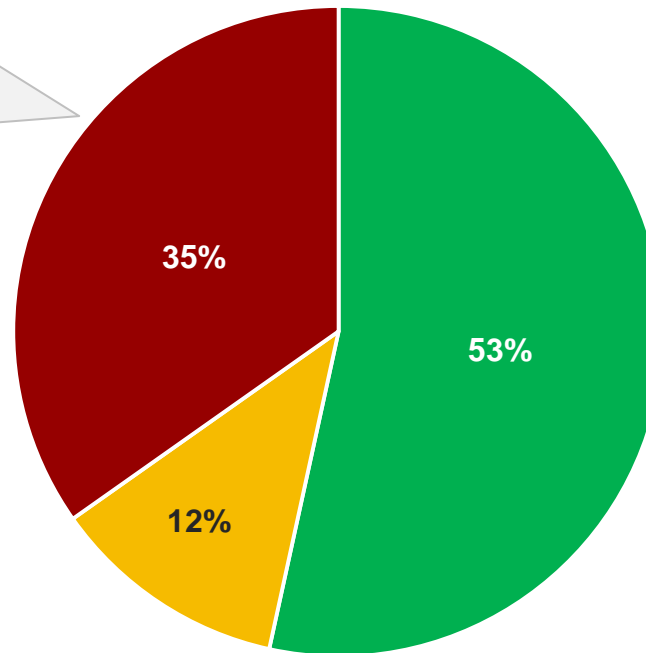


In total borrowers with an income of R1,500 or less have around 2.75 million open credit accounts. Thirty five per cent of these loans (~ 956,000) are three months or more in arrears

## LOANS HELD BY BORROWERS WITH AN INCOME OF R1,500 OR LESS

Approximately **956,000 loans** are three months or more in arrears

*The following slides focus on these loans that are three months or more in arrears*



■ Current loans

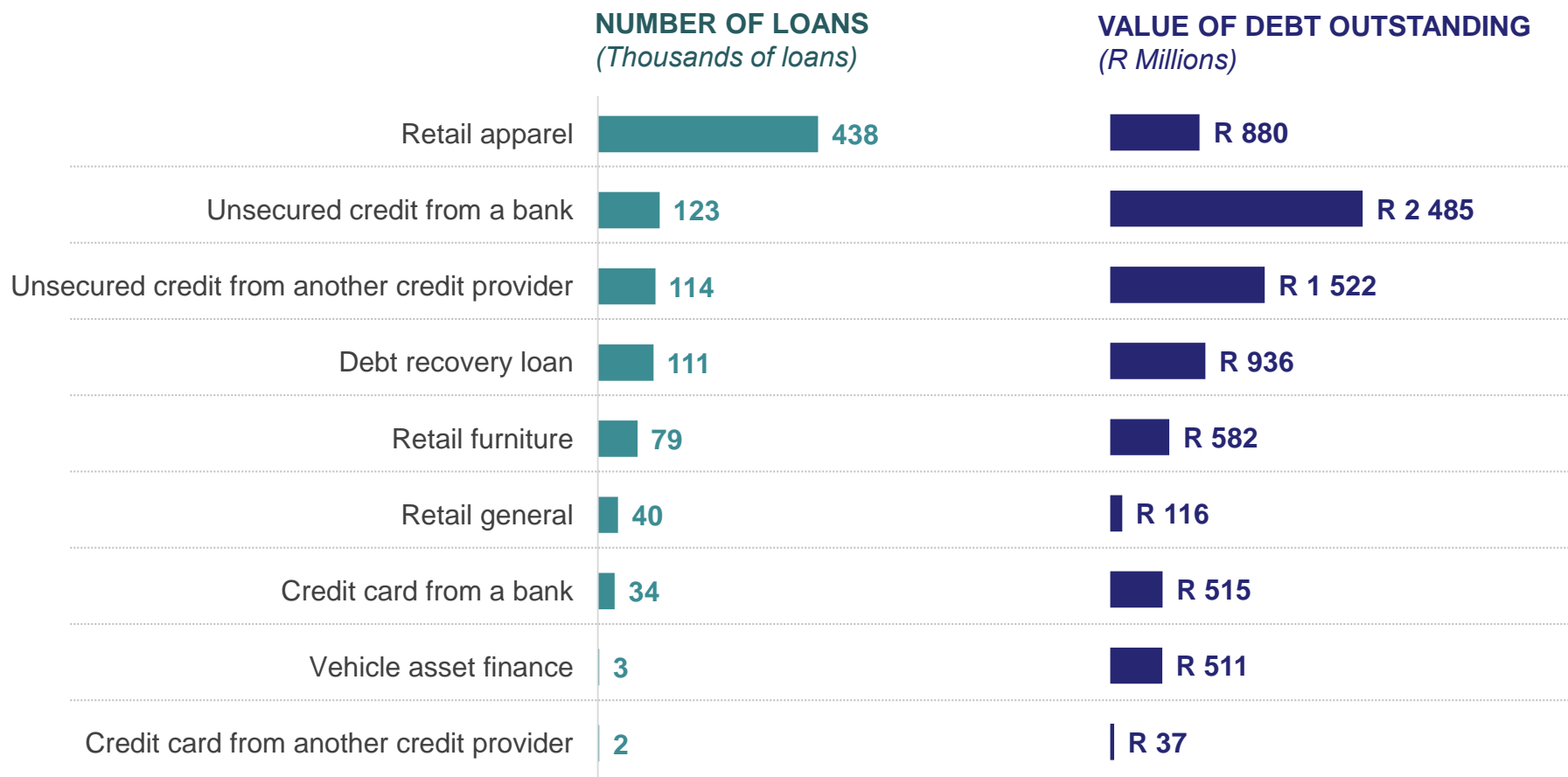
■ One to two months in arrears

■ Three months or more in arrears

There are approximately 956,000 loans that are three months or more in arrears belonging to borrowers with an income of R1,500 or less. The total outstanding balance on these loans is around R7.6 billion. Retail apparel accounts dominate by number (438,000), while unsecured credit from a bank dominates by value (R2.5 billion)

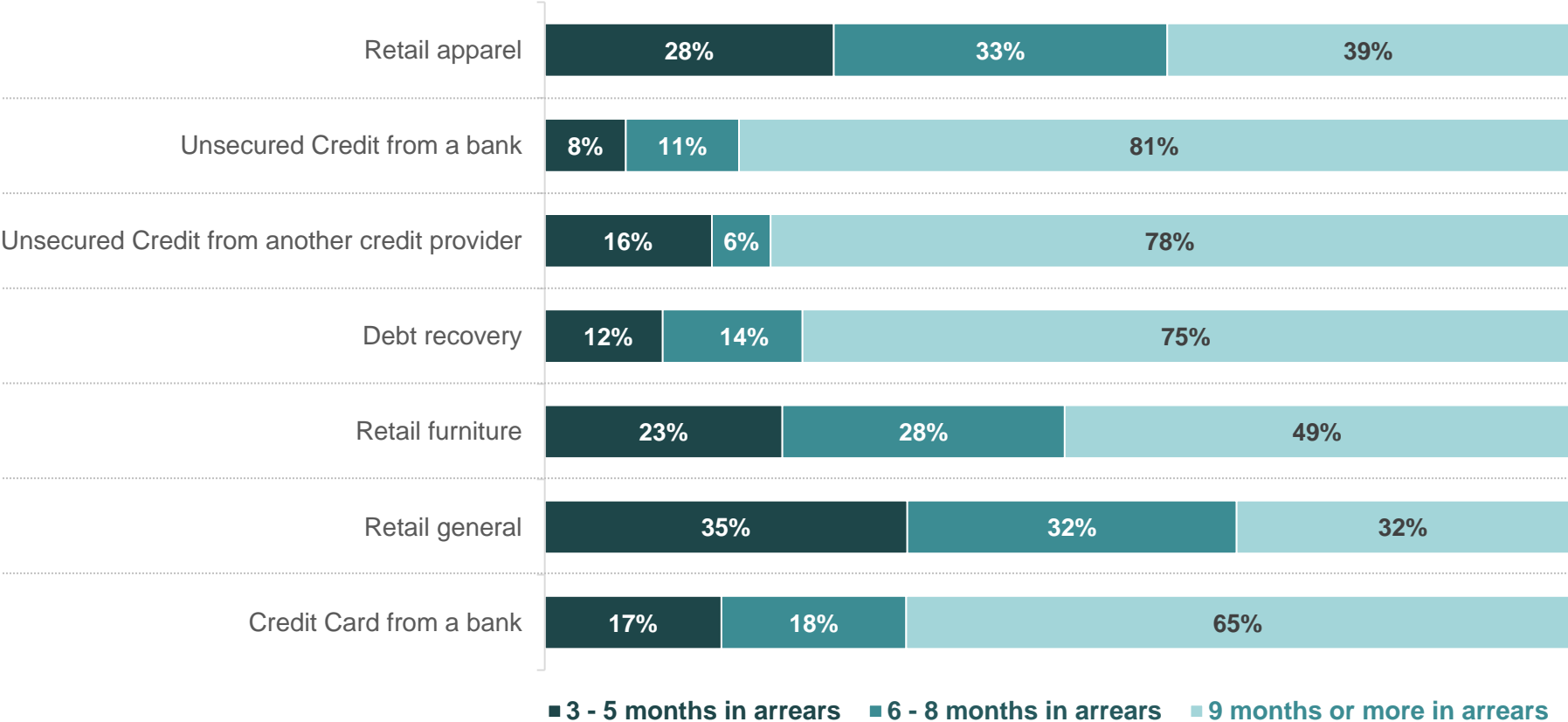
### LOANS THAT ARE 3 MONTHS OR MORE IN ARREARS

(Approximately 956,000 loans that are three months or more in arrears)



# A substantial portion of loans in arrears are nine months or more in arrears. Of unsecured loans owned by a bank that are three months or more in arrears, 81% are actually nine months or more in arrears

**AGE OF CREDIT FOR LOANS THAT ARE 3 MONTHS OR MORE IN ARREARS**  
*(Approximately 956,000 loans that are three months or more in arrears)*



*Note: lenders often stop updating the arrears status after nine months, hence the broad category of '9 months or more'*



Source: Based on a random sample of borrowers and scaled up to total population  
 Note: Income estimates based on data received from seven participating banks and augmented with XDS predicted income