

SA's credit spending increases, new Consumer Credit Market Report out

The National Credit Regulator (NCR) has released its 'Consumer Credit Market Report', based on data submitted to it by registered credit providers covering credit market information from September 2009 up to September 2010.

Gabriel Davel, CEO of the NCR, said that its statistics indicate a 40.23% increase in consumer credit granted when compared to September 2009. The report drew attention to the rapid growth in unsecured lending which has seen a year-on-year growth of 59.85%.

The total value of new credit granted increased from R67,55 billion for the quarter ended June 2010 to R75,14 billion for the quarter ended September 2010, an increase of 11.23% when compared to the previous quarter, but 40.23% higher than a year ago.

The number of applications received for credit increased by 333,350 from 6.54 million in June 2010 to 6.87 million in September 2010 representing an increase of 5.10% (an increase of 18.22% when compared to the same period last year). The rejection rate of applications by credit providers reduced from 40.26% for the quarter ended June 2010 to 39.13% for the quarter ended September 2010.

Significant trends

The following significant trends were observed for the quarter ended September 2010:

- The value of new mortgages granted increased by 11.54% quarter-on-quarter from R23,61 billion to R26,34 billion;
- Secured credit which is dominated by vehicle finance, showed a increase from R23,02 billion for June 2010 to R25,20 billion for September 2010 (a quarter-on-quarter increase of 9.47%);
- Unsecured credit increased from R11,75 billion for June 2010 to R13,38 billion for September 2010 (a quarter-on-quarter increase of 13.89 %);
- Credit facilities which mainly consists of credit cards, store cards and bank overdrafts increased by 12.82% quarter-on-quarter from R7,81 billion to R8,81 billion;
- Short term credit showed a quarter-on-quarter increase of 3.51% from R1,35 billion to R1,40 billion;
- Individuals who earn gross monthly income of more than R15000 per month received on average 80% of the number of mortgages granted over the period September 2009 to September 2010.

As at September 2010, the total outstanding consumer credit balances (or gross debtors' book) was R1,17 trillion representing a quarter on quarter growth of 1.06%. The breakdown was as follows:

- Mortgages accounted for R755,39 billion (64.71%);
- Secured credit agreements was R215,34 billion (18.45%);
- Credit facilities were R129,69 billion (11.11%);
- Unsecured credit was R66,17 billion (5.67%);
- Short-term credit was R688,03 million (0.06%).

Credit providers' share

- Banks' share of the total outstanding consumer credit as at September 2010 was R1,05 trillion (90.07%)
- Retailers at R34,35 billion (2.94%)
- Non-bank vehicle financiers at R38,43 billion (3.29%)
- Other credit providers at R43,15 billion (3.70%) - these consist primarily of pension-backed lenders, insurers, non-

bank mortgage lenders and securitised debt.

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