

# Credit lender supports tighter regulation for industry

While the National Credit Amendment Bill faces strong opposition from many credit lenders, a voice from within the burgeoning payday loan industry is emerging in support of stricter regulation.



wanna loan? is positioning itself as the flag bearer of responsible lending and says that tighter regulation will protect South African consumers from reckless lending that leads to over-indebtedness.

"A well regulated environment will help to rid the industry of unscrupulous lenders who've caused the industry's reputation to become tarnished over the years," says Nathan January, CEO of [wanna loan?](#)

January says he welcomes proposals in the National Credit Amendment Bill which will give consumers more protection, as it will encourage competitiveness within the industry. But that's not to say that there aren't aspects of the Bill that will not adversely affect consumers.

"Should the National Credit Amendment Bill be enacted in its current form, consumers who make use of online lending will no longer enjoy the benefit of automation that this platform provides. Essentially what this means is that innovation will be taken back to an era where customers will be required to submit documentation manually."

There are close to 21 million credit active consumers in South Africa, and 85% of them access credit from banks. wanna loan? markets itself to the balance of the population, mostly customers who are in full-time employment and earn above R10 000 a month.

These customers have access to the internet or a smart phone and can effectively apply 24/7 to wanna loan? for credit of between R500 and R3000 through encrypted web and mobi site. The technology currently allows them to enjoy the benefit of quick turnaround time and instant gratification because the entire loan application process is automated.

## Stringent affordability assessments

However, the proposal to impose more stringent affordability assessments will negatively impact these consumers in three ways: convenience, user experience and turnaround time. This might in fact lead to the unintended consequence of pushing some consumers to informal borrowing, i.e. loan sharks, thereby exposing them to more risk. January suggests that this particular proposal be reviewed, or scrapped.

Overall, January welcomes the spirit of the amendments and adds that the responsibility also lies with the industry to educate consumers and to ensure that it is self-policing in order to protect customers and itself.

At wanna loan? customers undergo a comprehensive application and online credit check which is followed up with personal contact via a telephone call.

"We are the only payday lender in the South African market that calls customers up after each application," says January. "The telephone call serves as verification that the customer understands the costs involved and that they can actually afford the loan. We have also set a cap on number of loans per customer."

He concludes, "We are doing our utmost to avoid becoming complicit in a practice that keeps consumers enslaved to debt. Our business philosophy is to provide access to short term credit for everyday needs and unexpected expenses".

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