

Credit amnesty offers respite for bad credit

A proposed new credit amnesty could benefit up to two million blacklisted South Africans, the Department of Trade and Industry told MPs on Wednesday (13 February).



"At this stage, research indicates that around two million people could benefit," said deputy director general Zodwa Ntuli.

She spoke after briefing Parliament's portfolio committee on trade and industry.

Ntuli said the department would, within a month, present the committee with final proposals on how to introduce a new amnesty, seven years after the last reprieve.

She said officials were deliberating independent research findings carried out by the Matlotlo Group, commissioned by the National Credit Regulator.

NCR chairman Trevor Bailey said it had shown that the removal of adverse credit information under R10,000 would benefit 86% of people earning less than R15,000, which translated into about two million people.

He said the goal would not be to write off existing debt or to enable people to take on more credit if they could not afford it. Rather, it was to give some of those blacklisted in the past a clean slate so that they could have access to housing and jobs.

"This would stimulate economic growth," he said.

"It cannot be about creating more debt, but done rationally and responsibly, an amnesty can be used to stimulate growth and give people access to accommodation and employment," Ntuli said.

Indications are that the amnesty could help the property market.

Ntuli said the next meeting could result in the department making recommendations about the thresholds and the time-frames for people who qualify for amnesty.

The department argued that if criminals were pardoned and released from prison, it was only fair that those with a poor credit record should also be allowed a second chance.

She said a new amnesty would not alter the National Credit Act.

Source: *Sapa* via I-Net Bridge

For more, visit: <https://www.bizcommunity.com>