

Credit extensions appear to be drying up

Credit extension has shown a marked downturn. This is according to statistics reflected in the *Consumer Credit Market Report (CCMR)* and the *Credit Bureau Monitor (CBM)*.



Source: [Pexels](#)

These were released by the National Credit Regulator (NCR) released on 20 April and reflect data submitted by the registered credit providers and credit bureaus respectively. The latest edition of the reports cover credit market information from October 2022 to December 2022.

The total value of new credit granted decreased by 2.67% quarter-on-quarter from R168.11bn to R163.62bn. The number of credit agreements entered into increased by 6.19% quarter-on-quarter from 4.10 million to 4.36 million.

The following were some of the most significant trends observed in terms of credit granted for the quarter ended December 2022:

- The value of new mortgages granted decreased by R5.07bn (8.05%) quarter-on-quarter and by R4.82bn (7.68%) year-on-year.
- Secured credit which is dominated by vehicle finance, increased by R2.46bn (5.15%) quarter-on-quarter, but decreased by R554.94m (1.10%) year-on-year.
- Credit facilities decreased by R1.13bn (4.36%) quarter-on-quarter and increased by R893.83m (3.76%) year-on-year.
- Unsecured credit decreased by R1.32bn (4.70%) quarter-on-quarter, and by R739.53m (2.68%) year-on-year.
- Short-term credit increased by R296.32m (13.28%) quarter-on-quarter and by R355.66m (16.38%) year-on-year.

The total outstanding consumer credit balances (or gross debtors book) as at December 2022 was R2.26 representing an increase of 1.88% quarter-on-quarter and of 7.19% year-on-year.

The trends for outstanding balances for the quarter ended December 2022 were as follows:

- Mortgages debtors book increased by R18.36bn (1.57%) quarter-on-quarter and by R78.78bn (7.13 year-on-year).
- Secured credit debtors book increased by R8.31bn (1.71%) quarter-on-quarter and by R24.81bn (5.29%) year-on-year.
- Credit facilities debtors book increased by R11.34bn (3.87%) quarter-on-quarter and by R35.47bn (13.20%) year-on-year.
- Unsecured credit debtors book increased by R3.28bn (1.50%) quarter-on-quarter and by R11.60bn (5.53%) year-on-year.
- Short-term credit debtors book increased by R267.21m (13.61%) quarter-on-quarter and by R295.60m (15.28%) year-on-year.

Credit bureaus held records for 26.90 million credit-active consumers, which was an increase of 0.95% when compared to the 26.65 million in the previous quarter. Consumers classified in good standing increased by 304,197 to 17.19 million. This amounts to 63.89% of the total number of credit-active consumers.



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The number of credit-active accounts increased from 86.77 million to 89.37 million in the quarter ended December 2022. The number of impaired accounts has decreased from 19.17 million (22.10%) to 19.09 million (21.36%) in December 2022, a decrease of 87 991 quarter-on-quarter and 458 062 year-on-year.

The cycle of interest rates has been on an upward swing. Consumers with payment obligations are under severe financial pressure because of increased payment towards their obligation.

Assistance for overindebted consumers

The NCR urges consumers to draft monthly budgets to manage their expenses. For those consumers who are battling with their debt repayments, the NCR encourages them to contact their credit providers for assistance with payment re-arrangements.

Consumers must not avoid credit providers when in distress. In the worst-case scenario, consumers are urged to contact their nearest registered debt counsellors to seek help. Debt counselling is intended to assist consumers who are over-indebted.

Over-indebtedness is a state where the consumer's income is not sufficient to cover all financial obligations and living expenses. A registered debt counsellor should be able to assist the consumer with budget advice and debt restructuring, says Nomsa Motshegare, chief executive officer at the NCR.