



# National Credit Regulator Annual Report: 2015-16 | Summary



## Overview of the National Credit Regulator

The NCR plays a critical role in regulating the credit market, educating consumers and ensuring that consumer rights are protected.

**Mission:** To support the social and economic advancement of South Africa by:

- Regulating for a fair and non-discriminatory market place for access to consumer credit
- Promoting responsible credit-granting and credit use, and effective redress.

**Vision:** To promote a South African consumer credit market that is fair, transparent, accessible and dynamic

**Values:** NCR aims to achieve its vision by adopting following values –

- Service excellence: Strive for service quality that exceeds the expectations of all stakeholders
- Integrity: Committed to honesty and integrity without compromise
- Empowerment: Strive for empowerment in the consumer credit market, and committed to employee empowerment
- Good corporate governance: Strive to be a model of good corporate governance.

## NCR's Strategy and Performance in 2015-16

The NCR's strategy is linked to the Department of Trade and Industry's (DTI) objectives and National Development Plan (NDP) goals. Its strategy is aligned to the DTI's achievement of Outcome 4 – Decent Employment through inclusive growth. NCR's focus areas encapsulate the following programs:

Programs	Purpose	Achievements
Promote responsible credit granting	To reduce levels of consumer over-indebtedness	<b>Planned target:</b> Conduct seven workshops on affordability assessment regulations; visit seven provinces to monitor credit provider compliance <b>Actually achieved:</b> Nine workshops conducted; visited ten provinces
Protect consumers from abuse and unfair practices in the consumer credit market and address over-indebtedness	To decrease the practice of reckless lending by credit providers	<b>Planned target:</b> Investigate 40 credit providers and take appropriate enforcement action <b>Actually achieved:</b> 56 investigations on reckless lending completed, eight matters referred to the tribunal, four matters closed as no violations found
Enhance the quality and accuracy of credit bureau information	To increase compliance by credit bureaus	<b>Planned target:</b> Investigate two credit bureaus and take appropriate enforcement action <b>Actually achieved:</b> Two credit bureaus investigated and instructional letters sent to both the entities
Improve NCR's operational effectiveness	To improve operational efficiency and service delivery	<b>Planned target:</b> 95% of uptime availability of the IT system <b>Actually achieved:</b> On average 99.5% of uptime availability of the IT system
Ensure effective implementation of the National Credit Amendment Act	To ensure improved compliance with the regulations	<b>Planned target:</b> 40 workshops; 40 media awareness campaigns (Radio / TV / Print News); eight outreach programs (roadshows / exhibitions); conduct raids in three provinces and take appropriate enforcement action <b>Actually achieved:</b> 43 workshops; 58 multimedia awareness campaigns; 12 exhibitions conducted in rural areas; three raids conducted in the Western Cape and Limpopo provinces and took enforcement action on two raids

## Regulatory initiatives undertaken in 2015-16

Some of the major regulatory initiatives undertaken by the NCR 2015-16 are mentioned below:

Key regulatory initiatives	Description
<b>Affordability assessment regulations</b>	<ul style="list-style-type: none"> <li>Introduced in September 2015, these regulations make it compulsory for credit providers to standardise the loan affordability assessment process</li> <li>The key parameters considered under these provisions for loan affordability include discretionary income and proper validation of income and expenses</li> <li>The regulations also make it imperative for consumers to report the required information accurately to the credit provider.</li> </ul>
<b>Review of the limitation of fees and interest rates</b>	<ul style="list-style-type: none"> <li>Published on 6th November 2015, this review will allow for marginally increasing the monthly service fees, lowering the maximum interest rate caps, particularly for unsecured and short-term loans</li> <li>This development is likely to assist cash-strapped consumers repay their debt.</li> </ul>

## Upcoming regulatory priorities

Looking ahead in 2017, the NCR has articulated the following priority areas:

- Compliance
- Education and Communication
- Complaints
- Investigations and Enforcements

Each of the above points are discussed below:

Performance area	Future action
<b>Compliance</b>	<ul style="list-style-type: none"> <li>The regulator aims to focus on monitoring compliance with the Affordability Assessment Regulations, the new limitations on interest rates and fees, In Duplum refunds and prescription of debt.</li> </ul>
<b>Education and Communication</b>	<ul style="list-style-type: none"> <li>The regulator plans to roll out various educational programs for consumers to enhance communication and engagement through the most effective and appropriate channels</li> <li>The regulator aims to expand the reach of its educational programs to consumers across the country, particularly those residing in rural areas.</li> </ul>
<b>Complaints</b>	<ul style="list-style-type: none"> <li>The regulator also plans to continue with awareness on how to lodge complaints. It noted an increase in complaints that are being lodged on behalf of consumers without the correct powers of attorney or consent letters being attached</li> <li>Training sessions will be held with Provincial Consumer Courts to improve the referral processes.</li> </ul>
<b>Investigations and Enforcement</b>	<ul style="list-style-type: none"> <li>The NCR is intensifying its effort to detect reckless lending and the retention of consumer bank cards and identity documents.</li> </ul>