

# **NATIONAL CREDIT REGULATOR**

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**BRIEFING BY NCR ON THE 4<sup>TH</sup> QUARTER FINANCIAL AND  
NON-FINANCIAL PERFORMANCE FOR THE 2020/21  
FINANCIAL YEAR.**

**PRESENTED BY:**

**CEO: NOMSA MOTSHEGARE**

**Date: 07 September 2021**

# NCR EXECUTIVE TEAM

Chief Executive Officer:	Ms Nomsa Motshegare
Deputy Chief Executive Officer:	Adv. Obed Tongoane
Company Secretary:	Mr Lesiba Mashapa

# OVERVIEW OF THE PRESENTATION

- ❖ Vision & Mission
- ❖ Legislative mandate of the NCR
- ❖ The current credit landscape
- ❖ Revenue budget vs. Actual
- ❖ Expenditure budget vs. Actual
- ❖ Summary of the 4<sup>th</sup> quarter non-financial performance
- ❖ Detailed 4<sup>th</sup> quarter non-financial performance
- ❖ Summary of consumer education initiatives
- ❖ Raids on micro lenders

# VISION & MISSION

## VISION

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

## MISSION

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

- ❖ regulating for a fair and non-discriminatory market for access to consumer credit; and
- ❖ promoting responsible credit granting, use and effective redress.

# LEGISLATIVE MANDATE OF THE NCR

- To promote a fair & non-discriminatory marketplace for access to consumer credit: to provide for general regulation of consumer credit & improved standards of consumer information;
- To prohibit certain unfair credit and credit marketing practices;
- To promote responsible credit granting and use;
- To prohibit reckless credit granting;
- To provide for debt re-organisation in cases of over-indebtedness;
- To regulate credit information; and
- To promote a consistent enforcement framework relating to consumer credit.

# THE CURRENT CREDIT LANDSCAPE

**Credit Providers**



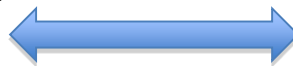
**Credit Providers = 8595**

**Alternative Dispute Resolution Agents = 7**

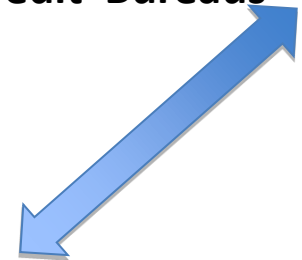
**Credit Bureaus = 44**



**Payment Distribution Agents (PDA) = 4**



**Debt Counsellors = 1632**



# REVENUE BUDGET VS ACTUAL

Revenue	Budget as per APP	Funds returned to Treasury	Revised budget	Actual revenue	Variance
Fee revenue	52 002 273	-	52 002 273	47 383 882	- 4 618 391
Transfer payment	72 981 000	- 1 709 000	71 272 000	71 272 000	-
Interest	2 415 000	-	2 415 000	2 340 066	- 74 934
Other income	32 114 129	-	32 114 129	16 801 763	- 15 312 366
<b>Total income</b>	<b>159 512 402</b>	<b>- 1 709 000</b>	<b>157 803 402</b>	<b>137 797 711</b>	<b>- 20 005 691</b>

## Notes:

- The reduction in fee revenue is due to Financial Institutions closing physical branches and the closing down of other registrants (e.g. Debt Counsellors).
- The R1,709,000 was returned to National Treasury in line with the baseline reduction instruction.
- Other income is a claim back from the Payment Distribution Agency Account when expenditure relating to consumer education activities are incurred. With the Lockdown, less expenditure was incurred on physical activities with the move to digital platforms translating into savings in expenditure.

# EXPENDITURE BUDGET VS ACTUAL

	Budget as per APP	Funds returned to Treasury	Revised budget	Actual expenditure	Variance
<b>Operational expenditure</b>					
Personnel expenditure	92 040 156	- 1 709 000	90 331 156	76 466 554	13 864 602
Communication costs	3 862 442	-	3 862 442	4 005 256	- 142 814
Consumer education and communication	10 606 442	-	10 606 442	10 391 364	215 078
Professional fees	15 743 707	-	15 743 707	8 630 905	7 112 802
General expenses	6 519 015	-	6 519 015	4 110 405	2 408 610
Information technology	3 299 113	-	3 299 113	2 357 712	941 401
Premises and equipment costs	10 272 136	-	10 272 136	7 721 924	2 550 212
Stakeholder communication	563 694	-	563 694	263 107	300 587
Debt counselling initiatives	757 463	-	757 463	677 179	80 284
<b>Total expenditure</b>	<b>143 664 168</b>	<b>- 1 709 000</b>	<b>141 955 168</b>	<b>114 624 406</b>	<b>27 330 762</b>
<b>Capital expenditure</b>					
Property, plant and equipment	10 637 407		10 637 407	5 232 793	5 404 614
Intangible assets	5 210 827		5 210 827	4 657 464	553 363
<b>Total Assets</b>	<b>15 848 234</b>	<b>-</b>	<b>15 848 234</b>	<b>9 890 257</b>	<b>5 957 977</b>
<b>TOTAL EXPENDITURE</b>	<b>159 512 402</b>	<b>- 1 709 000</b>	<b>157 803 402</b>	<b>124 514 663</b>	<b>33 288 739</b>



# EXPENDITURE BUDGET VS ACTUAL (YTD) (CONTINUED)

- ❖ **Overall:** Out of the total savings of R33m, R13m was for personnel costs.
- ❖ **Professional fees:** The savings are due to legal work that was not finalised, postponement of the re-engineering of the Debt Help system, professional services for co-sourcing of Payment Distribution Agencies compliance and impact assessment project.
- ❖ **General expenses:** The savings are due to internal audit work that commenced later than planned and travelling was halted due to COVID-19 restrictions.
- ❖ **Premises and equipment:** The savings are due to delays in procurement of the cleaning and security service providers for additional offices.
- ❖ **Capex expenditure:** The savings are due to the delay in delivery of laptops, procurement of security equipment.
- ❖ **Personnel expenditure:** The savings are as a result of positions which became vacant during the year, as well as the inability to attract ICT and legal skills.

# SUMMARY OF 4<sup>TH</sup> QUARTER NON-FINANCIAL PERFORMANCE

For the quarter ended March 2021, the NCR had 9 performance targets: 5 were exceeded, 2 achieved and 2 were not achieved. The NCR achieved 78% of its quarterly targets.

# DETAILED 4<sup>TH</sup> QUARTER NON-FINANCIAL PERFORMANCE

Outputs	Output indicators	2020/21 Annual Target	4 <sup>th</sup> Quarter milestones	Actual Achievement	Reason for Variance	Corrective Action	Subsequent events
<b>Programme: Improved regulatory environment</b>							
Signed Memorandum of Understanding (MOUs) with relevant stakeholders.	Signed MOU by relevant stakeholders for the establishment of the register.	Sign MOU with SARB, FIC & FSCA regarding the establishment of the register.	Sign MOU with relevant stakeholders.	<b><u>Partially achieved</u></b>	3 of the 4 relevant stakeholders signed the MOU.	The MOU will be signed by all relevant stakeholders in the first quarter of the 2021/22 financial year.	The MOU was signed by all relevant parties in the first quarter of the 2021/22 financial year.

# DETAILED 4<sup>TH</sup> QUARTER NON-FINANCIAL PERFORMANCE (CONTINUED)

Outputs	Output indicators	2020/21 Annual Target	4 <sup>th</sup> Quarter milestones	Actual Achievement	Reason for Variance
<b>Programme: Improved regulatory environment</b>					
Improve efficiency in the registration process of persons and entities.	% of new applications registered in the consumer credit market within a number of business days of receipt of signed proposed conditions and payment of registration fees.	Register 96% of applications within 9 business days of receipt of signed proposed conditions and payment of registration fees.	Register 96% of applications within 9 business days of receipt of signed proposed conditions and payment of registration fees.	<b><u>Exceeded</u></b> 97.66% applicants were registered within 9 business days of receipt of signed proposed conditions and payment of registration fees.	Improved turnaround times as a result of building efficiencies in processing applications.

# DETAILED 4<sup>TH</sup> QUARTER NON-FINANCIAL PERFORMANCE (CONTINUED)

Outputs	Output indicators	2020/21 Annual Target	4 <sup>th</sup> Quarter milestones	Actual Achievement	Reason for Variance
<b>Programme: Enforcement of the National Credit Act</b>					
Improve compliance with regulations pertaining to the total cost of credit (including credit life insurance)	Number of investigations conducted on credit providers relating to total cost of credit (including credit life insurance) to ensure compliance with the regulations.	Conduct 300 investigations on credit providers relating to total cost of credit (including credit life insurance) to ensure compliance with regulations.	100	<b><u>Exceeded</u></b> 129 investigations were conducted by way of complaints evaluations, compliance monitoring and investigations	Additional resources were redirected towards assisting with investigations.

# DETAILED 4<sup>TH</sup> QUARTER NON-FINANCIAL PERFORMANCE (CONTINUED)

Outputs	Output indicators	2020/21 Annual Target	4 <sup>th</sup> Quarter milestones	Actual Achievement	Reason for Variance
<b>Programme: Enforcement of the National Credit Act</b>					
Enforcement action taken where necessary by end of the financial year.	Enforcement action taken on a percentage (%) of investigations conducted on credit providers relating to total cost of credit (including credit life insurance) where necessary by the end of the financial year.	Take enforcement action on 70% of 300 investigations conducted on credit providers relating to total cost of credit (including credit life insurance) where necessary by 31 March 2021.	Take enforcement action on 70% of 300 investigations conducted on credit providers relating to total cost of credit (including credit life insurance) where necessary by 31 March 2021.	<b>Exceeded</b> Enforcement action was taken on <b>87%</b> of investigations on credit providers where contraventions relating to total cost of credit (including credit life insurance) were identified.	Similarities in the nature of contraventions committed by credit providers enabled NCR to adopt an efficient enforcement approach that fast tracked the taking of enforcement action.

# DETAILED 4<sup>TH</sup> QUARTER NON-FINANCIAL PERFORMANCE (CONTINUED)

Outputs	Output indicators	2020/21 Annual Target	4 <sup>th</sup> Quarter milestones	Actual Achievement	Reason for Variance
<b>Programme: Enforcement of the National Credit Act</b>					
Conduct investigations on credit providers relating to reckless lending and/or collection of prescribed debt.	Number of investigations conducted on credit providers relating to reckless lending and/or collection of prescribed debt.	Conduct 300 investigations on credit providers relating to reckless lending and/or collection of prescribed debt.	100	<b><u>Exceeded</u></b> 164 investigations were conducted by way of complaints evaluations, compliance monitoring and investigations.	Additional resources were redirected towards assisting with investigations.

# DETAILED 4<sup>TH</sup> QUARTER NON-FINANCIAL PERFORMANCE (CONTINUED)

Outputs	Output indicators	2020/21 Annual Target	4 <sup>th</sup> Quarter milestones	Actual Achievement	Reason for Variance
<b>Programme: Enforcement of the National Credit Act</b>					
Enforcement action taken where necessary by the end of the financial year.	Enforcement action taken on a percentage (%) of investigations conducted on credit providers relating reckless lending and/or collection of prescribed debt where necessary by end of the financial year.	Take enforcement action on 60% of 300 investigations conducted on credit providers relating to reckless lending and/or collection of prescribed debt where necessary by 31 March 2021.	Take enforcement action on 60% of 300 investigations conducted on credit providers relating to reckless lending and/or collection of prescribed debt where necessary by 31 March 2021.	<b>Exceeded</b> Enforcement action was taken on <b>88%</b> of investigations on credit providers where contraventions relating to reckless lending and/or collection of prescribed debt were identified.	Similarities in the nature of contraventions committed by credit providers enabled NCR to adopt an efficient enforcement approach that fast tracked the taking of enforcement action.



# DETAILED 4<sup>TH</sup> QUARTER NON-FINANCIAL PERFORMANCE (CONTINUED)

Outputs	Output indicators	2020/21 Annual Target	4 <sup>th</sup> Quarter milestones	Actual Achievement
<b>Programme: Enforcement of the National Credit Act</b>				
Conduct consumer education and awareness campaigns and activities regarding deceptive and unfair practices and consumer rights.	Number consumer education and awareness campaigns and activities conducted on deceptive and unfair practices and consumer rights.	Conduct 120 consumer education and awareness campaigns and activities on deceptive and unfair practices and consumer rights.	30	<b><u>Achieved</u></b> 30 consumer education and awareness campaigns and activities were conducted in the form of radio interviews.

# DETAILED 4<sup>TH</sup> QUARTER NON-FINANCIAL PERFORMANCE (CONTINUED)

Outputs	Output indicators	2020/21 Annual Target	4 <sup>th</sup> Quarter milestones	Actual Achievement	Reason for Variance	Corrective Action	Subsequent events
<b>Programme: Enforcement of the National Credit Act</b>							
Improve compliance by credit bureaus in respect of quality, accuracy, the removal of paid judgements and adverse consumer credit information.	Enforcement action taken on a percentage (%) credit bureaus that failed to submit annual compliance reports certified by an independent auditor, by the due date (15 March).	Take enforcement action on 100% credit bureaus that failed to submit annual compliance reports.	Take enforcement action on 100% credit bureaus that failed to submit annual compliance reports.	<b><u>Not achieved</u></b>	Forty-two (42) credit bureaus were registered, 36 submitted annual compliance reports. Six (6) credit bureaus did not submit by the due date. Enforcement action could not be taken due to limited capacity.	Enforcement action will be taken in the new financial year.	Enforcement action on the six (6) credit bureaus was taken in the 1 <sup>st</sup> quarter of the 2021/22 financial year.

# DETAILED 4<sup>TH</sup> QUARTER NON-FINANCIAL PERFORMANCE (CONTINUED)

Outputs	Output indicators	2020/21 Annual Target	4 <sup>th</sup> Quarter milestones	Actual Achievement
<b>Programme: Enforcement of the National Credit Act</b>				
Improve compliance by credit bureaus in respect of quality, accuracy, the removal of paid judgements and adverse consumer credit information.	Enforcement action taken where necessary by end of the financial.	Enforcement action taken where necessary by 31 March 2021.	Take enforcement action on non-compliant credit bureaus relating to contraventions identified on the annual compliance reports and produce a final report.	<b><u>Achieved</u></b> Enforcement action was taken on 2 non-compliant credit bureaus and a final report produced (38 reports were evaluated and 36 were found to be compliant).

# SUMMARY OF CONSUMER EDUCATION INITIATIVES FOR THE PAST 4-YEARS

- ❖ Imbizos (Community Outreach Programmes)
- ❖ Workshops and exhibitions with Government, Municipalities and State Owned Entities
- ❖ Media activities (TV, radio, print and social media)

# IMBIZOS (COMMUNITY OUTREACH PROGRAMMES)

Name of Traditional Authority	Province	Village
Mpisikazi Traditional Council - Nkosi Nhlapho	Mpumalanga	Dun Donald
Barolong Baga Seleke Traditional Council - Kgosi Seleke	Free State	Thaba Nchu
Barolong Boo Ratlou Baga Phoi Traditional Council - Kgosi Phoi	North West	Madibogo
Barolong Boo Ratlou Baga Seitshiro Traditional Council - Kgosi Seitshiro	North West	Khwinana
Mavambe Traditional Authority- Hosi Maanganyi	Limpopo	Malamulele

# IMBIZOS (CONTINUED)

Name of Traditional Authority	Province	Village
Kholweni Traditional Council - Nkosi Dube	KZN	Ntumeni
Khoza Traditional Council- Nkosi Khoza	KZN	KwaKhoza
Danti Traditional Council – Nkosi Dliza Ndabankulu	Eastern Cape	Flagstaff
Bushula Traditional Council - Nkosi Bushula	Eastern Cape	Lusikisiki
Zwaligugi Traditional Council – Prince Sisani	Eastern Cape	Port St Johns
Amandebela AseMoletlane Traditional Council - Kgosi Kekana	Limpopo	Rathoke Marble Hall

# IMBIZOS (CONTINUED)

Name of Traditional Authority	Province	Village
Baga Phadima- Kgosi Dioka	North Cape	Ga Sekgonyela
Tjantjie Traditional Council – Kgosi Tjantjie	North Cape	Tjantjie
Baga Mothlware – Queen Toto	North Cape	Bahlarotse
Dukathole – Constituency of the late Mrs Mantashe MP	Eastern Cape	Aliwal North
Bakgaga Baga Mothapo – Kgosigadi Mothapo	Limpopo	Ga Mothapo

# WORKSHOPS AND EXHIBITIONS WITH GOVERNMENT, MUNICIPALITIES AND STATE OWNED ENTITIES

There were 103 workshops conducted with government departments, municipalities and state owned entities, such as Human Settlement, Economic Development, offices of the premiers, regulators, hospitals and municipalities in the various provinces.





# MEDIA ACTIVITIES

## **National and regional radio stations:**

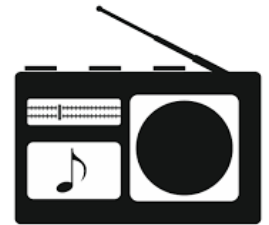
Inanda FM, Ikwewezi, Lesedi, Motswedding, Phalaphala, Ukhozi, Radio Pulpit, SA FM, Mungana Lonene, Jacaranda, Ligwalagwala, Thobela, Umhlobo wenene, Riverside and Radio Sonder Granse (RSG).

## **Community radio stations:**

Hlanganani, Masemola (Mascom), Naledi, Qwa Qwa, Vaalter, Radio Turf, Giyani, Mala (Malamulela), Ratlou, Mosupatsela, Radio Bushbuckridge, Dihlabeng, XK FM (San language), Alfred Nzo and Khwezi FM

## **Television:**

SABC 1, 2, 3 and DSTV



# RAIDS ON MICRO LENDERS (MASHONISAS)

- ❖ More than 40 raids were conducted on micro lenders in all the provinces in the past two years, in collaboration with South African Police Service and South African Social Security Agency (SASSA).
- ❖ The objective was on the retrieval of ID books, bank cards and SASSA cards.
- ❖ Enforcement action taken include criminal cases opened, arrests and referral to Tribunal for prohibited conduct.



# *Thank You!*



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# Q & A