

NATIONAL CREDIT REGULATOR

**BRIEFING BY NCR ON THE 1ST and 2ND QUARTER FINANCIAL AND NON-FINANCIAL PERFORMANCE FOR THE 2022/23 FINANCIAL YEAR TO
THE PORTFOLIO COMMITTEE ON
TRADE, INDUSTRY AND COMPETITION**

**PRESENTED BY:
CEO: NOMSA MOTSHEGARE
08 MARCH 2023**

NCR TEAM

Chief Executive Officer:	Ms Nomsa Motshegare
Acting Company Secretary:	Ms Kedilatile Legodi
Executive Senior Legal Advisor:	Ms Nthupang Magolego
Acting Manager – Risk & Audit:	Ms Lebogang Lamola
Acting Manager – Finance:	Ms Thabile Mngadi

OVERVIEW OF THE PRESENTATION

- ❖ Vision & Mission
- ❖ Legislative mandate of the NCR
- ❖ The credit landscape
- ❖ Quarter 1 & 2 non-financial performance
- ❖ Progress on ministerial priorities (Joint Key Performance Indicators)
- ❖ Key challenges
- ❖ Case studies
- ❖ International collaborations
- ❖ Quarter 1 & 2 financial performance

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 CREDIT LANDSCAPE

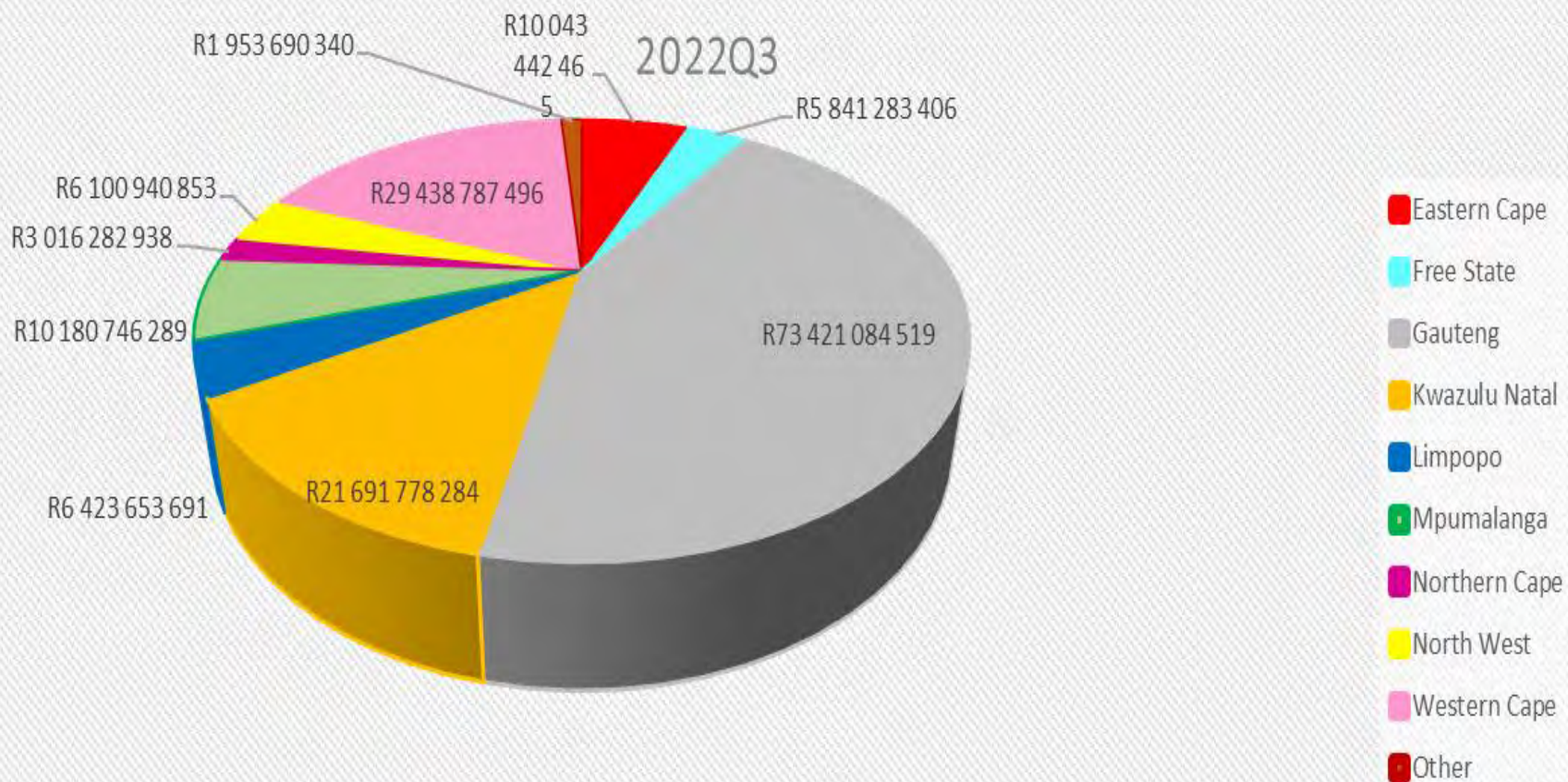


Total gross debtors book was **R2.22 trillion**.
The statistics provided above are as at 30 September 2022.

CREDIT GRANTED: RAND VALUES

Agreements	2021-Q3 R000	2021-Q4 R000	2022-Q1 R000	2022-Q2 R000	2022-Q3 R000	2022-Q3 % Distribution	% Change (Q3/Q2)	% Change (Y/Y)
Mortgages	66,153,370	62,736,197	55,705,855	57,501,161	62,983,755	37.47%	9.53%	-4.79%
Secured credit	45,442,043	50,646,758	47,407,415	45,140,710	47,636,256	28.34%	5.53%	4.83%
Credit facilities	21,273,387	23,765,101	24,712,560	24,270,767	25,784,062	15.34%	6.24%	21.20%
Unsecured credit	22,635,714	27,585,649	26,687,775	26,980,192	28,169,815	16.76%	4.41%	24.45%
Short-term credit	2,115,350	2,171,478	1,992,181	2,188,857	2,230,822	1.33%	1.92%	5.46%
Developmental credit	1,502,787	1,604,506	2,653,813	1,284,329	1,306,980	0.78%	1.76%	-13.03%
Total	159,122,651	168,509,689	159,159,599	157,366,015	168,111,690	100.00%	6.83%	5.65%

PROVINCIAL DISTRIBUTION



DEBTORS BOOK: PER CREDIT TYPE

Agreements	2021-Q3 R000	2021-Q4 R000	2022-Q1 R000	2022-Q2 R000	2022-Q3 R000	2022-Q3 % Distribution	% Change (Q3/Q2)	% Change (Y/Y)
Mortgages	1,085,496,042	1,105,563,016	1,125,045,076	1,143,045,914	1,165,976,857	52.49%	2.01%	7.41%
Secured credit	462,764,115	468,664,509	478,795,068	479,873,181	485,163,785	21.84%	1.10%	4.84%
Credit facilities	265,258,078	268,741,760	282,974,932	286,647,255	292,866,752	13.18%	2.17%	10.41%
Unsecured credit	206,772,215	209,906,557	214,013,059	216,309,347	218,227,222	9.82%	0.89%	5.54%
Short-term credit	1,841,606	1,934,526	1,841,124	1,859,410	1,962,918	0.09%	5.57%	6.59%
Developmental Credit	56,413,602	56,678,462	58,066,007	57,449,472	57,329,307	2.58%	-0.21%	1.62%
Total	2,078,545,657	2,111,488,831	2,160,735,265	2,185,184,580	2,221,526,842	100.00%	1.66%	6.88%

DEBTORS BOOK: PER SECTOR

Industry	2021-Q3 R000	2021-Q4 R000	2022-Q1 R000	2022-Q2 R000	2022-Q3 R000	2022-Q3 % Distribution	% Change (Q3/Q2)	% Change (Y/Y)
Banks	1,742,164,046	1,769,793,540	1,817,674,262	1,842,120,966	1,877,503,038	84.51%	1.92%	7.77%
Retailers	37,901,225	40,252,540	39,781,293	41,505,052	42,858,535	1.93%	3.26%	13.08%
Non-bank vehicle financiers	115,727,739	114,821,070	115,750,026	114,017,583	113,643,654	5.12%	-0.33%	-1.80%
Other credit providers	182,752,646	186,621,681	187,529,684	187,540,979	187,521,615	8.44%	-0.01%	2.61%
Total	2,078,545,657	2,111,488,831	2,160,735,265	2,185,184,580	2,221,526,842	100.00%	1.66%	6.88%

SUMMARY OF PERFORMANCE

- ❖ Total performance targets: 11
- ❖ Achieved performance targets: 2 out of 11 = 18%
- ❖ Exceeded performance targets: 5 out of 11 = 45%
- ❖ Total annual performance targets: 4 out of 11 = 36%

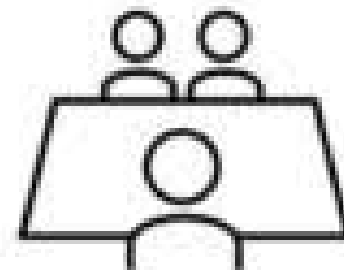
QUARTER 1 & 2 NON-FINANCIAL PERFORMANCE

Outputs	Output indicators	2022/23 Annual Target	1 st & 2 nd Quarter milestones	Actual Achievement	Reason for Variance
Programme: Improved regulatory environment					
Conduct consumer education and awareness campaigns and activities regarding consumer rights.	Number of consumer education and awareness campaigns and activities conducted on consumer rights	Conduct 700 consumer education and awareness campaigns and activities on consumer rights	345	<u>Exceeded</u> 912	The NCR received additional invitations for workshops/exhibitions and radio interviews. More youth activities were conducted during the month of June and the Debt counselling webinar attracted additional workshops.

CONSUMER EDUCATION & AWARENESS ACTIVITIES

Examples of consumer education & awareness activities:

- ❖ Radio interviews
- ❖ Television interviews
- ❖ Workshops
- ❖ Exhibitions
- ❖ Campaigns
- ❖ Webinars
- ❖ Media releases
- ❖ Articles



COMMUNITY OUTREACH AND EXHIBITION



The NCR launched the Mobile Unit in Modderspruit Community in the North West Province on Friday, 23 September 2022.



NCR MOBILE UNIT

Through the mobile unit, the NCR increases its availability, visibility and reach to consumers in all provinces. Areas where the mobile unit has been since the launch: Cosmo City Multipurpose Centre, Phumulani Mall in Tembisa, Chuma Mall in Diepsloot, Vryburg Taxi Rank, Riverwalk Taxi Rank in Potchefstroom.



QUARTER 1 & 2 NON-FINANCIAL PERFORMANCE

Outputs	Output indicators	2022/23 Annual Target	1 st & 2 nd Quarter milestones	Actual Achievement	Reason for Variance
Programme: Improved regulatory environment					
Conduct consumer education and awareness campaigns and activities regarding deceptive and unfair practices.	Number of consumer education and awareness campaigns and activities conducted deceptive and unfair practices.	Conduct 130 consumer education and awareness campaigns and activities on consumer rights	60	<u>Exceeded</u> 69	The NCR received additional requests for radio interviews.

Examples of deceptive and unfair practices amongst others: Blacklisted welcome, no credit checks, loan guaranteed, affordable credit etc.

CAPE TOWN, BISHOP LAVIS AND THE OFFICE OF THE CONSUMER PROTECTION IN MAY 2022 - WORKSHOP



WOMEN'S DAY EVENT IN A CHURCH AT THULAMAHASHE - MPUMALANGA PROVINCE, 6 AUGUST 2022. WORKSHOP



CONSUMER EDUCATION AND AWARENESS CAMPAIGNS AND ACTIVITIES PER PROVINCE & DISTRICT MUNICIPALITY

PROVINCE	MUNICIPALITY	TOTAL
Gauteng	Sedibeng District	60
	West Rand District	16
	City of Ekurhuleni Metropolitan	56
	City of Johannesburg Metropolitan	62
	City of Tshwane Metropolitan	66
Eastern Cape	Alfred Nzo District	14
	Amathole District	61
	Chris Hani District	11
	Joe Gqabi District	30
	OR Tambo District	10
	Sarah Baartman District	13
	Buffalo City Metropolitan	13
	Nelson Mandela Bay Metropolitan	16

PROVINCE	MUNICIPALITY	TOTAL
Northern Cape	Frances Baard District	22
	John Taolo Gaetsewe District	9
	Namakwa District	11
	Pixley Ka Seme District	16
	ZF Mgcawu District	24
Free State	Fezile Dabi District	22
	Lejweleputswa District	10
	Thabo Mofutsanyana District	49
	Xhariep District	9
	Mangaung Metropolitan	10
Mpumalanga	Ehlanzeni District	41
	Gert Sibande District	10
	Nkangala District	57

CONSUMER EDUCATION AND AWARENESS CAMPAIGNS AND ACTIVITIES PER PROVINCE & DISTRICT MUNICIPALITY (cont..)

PROVINCE	MUNICIPALITY	TOTAL
KwaZulu-Natal	Amajuba District	10
	Harry Gwala District	11
	iLembe District	10
	King Cetshwayo District	10
	Ugu District	12
	uMgungundlovu District	11
	uMkhanyakude District	10
	uMzinyathi District	31
	uThukela District	14
	Zululand District	13
	eThekweni Metropolitan	75
North West	Bojanala Platinum District	63
	Dr Kenneth Kaunda District	3
	Dr Ruth Segomotsi Mompati District	53
	Ngaka Modiri Molema District	93

PROVINCE	MUNICIPALITY	TOTAL
Limpopo	Capricorn District	122
	Mopani District	19
	Vhembe District	21
	Waterberg District	13
	Sekhukhune District	13
Western Cape	Cape Winelands District	16
	Central Karoo District	14
	Garden Route District	9
	Overberg District	9
	West Coast District	9
	City of Cape Town Metropolitan	20

QUARTER 1 & 2 NON-FINANCIAL PERFORMANCE

Outputs	Output indicators	2022/23 Annual Target	1 st & 2 nd Quarter milestones	Actual Achievement	Reason for Variance
Programme: Improved regulatory environment					
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 98% of applications within 8 business days of receipt of signed proposed conditions and payment of registration fees.	Register 98% of applications within 8 business days of receipt of signed proposed conditions and payment of registration fees.	<u>Exceeded</u> 98.94% applicants were registered within 8 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.

REGISTRATIONS

- ❖ The NCR was able to register **98.94%** applications within 8 business days, translating into **921** (812 Credit providers, 100 Debt Counsellors, 2 Alternative Distribution Resolution Agent and 7 Credit Bureaus) registration certificates (licences) being issued to registrants in all provinces.
- ❖ Efficient registration of new entrants in the consumer credit market increases the participation of Small Micro Medium Enterprises which then facilitates the creation of job opportunities and ultimately contributes towards economic growth.



NCR REGISTRATION CERTIFICATES & WINDOW DECAL

Examples of
NCR
Registration
certificates &
window
decals



REGISTRATIONS PER PROVINCE & DISTRICT MUNICIPALITY

PROVINCE	MUNICIPALITY	Total
Gauteng	Sedibeng District	17
	West Rand District	10
	City of Ekurhuleni Metropolitan	56
	City of Johannesburg Metropolitan	134
	City of Tshwane Metropolitan	99
Eastern Cape	Alfred Nzo District	3
	Amathole District	3
	Chris Hani District	3
	Joe Gqabi District	4
	OR Tambo District	15
	Sarah Baartman District	10
	Buffalo City Metropolitan	15
	Nelson Mandela Bay Metropolitan	20
KwaZulu-Natal	Amajuba District	3
	Harry Gwala District	3
	iLembe District	4
	King Cetshwayo District	10
	Ugu District	6
	uMgungundlovu District	14
	uMkhanyakude District	5
	uMzinyathi District	7
	uThukela District	6
	Zululand District	7
	eThekweni Metropolitan	78
North West	Bojanala Platinum District	12
	Dr Kenneth Kaunda District	9
	Dr Ruth Segomotsi Mompati District	2
	Ngaka Modiri Molema District	5

PROVINCE	MUNICIPALITY	Total
Northern Cape	Frances Baard District	5
	John Taolo Gaetsewe District	3
	Namakwa District	1
	Pixley Ka Seme District	1
	ZF Mgcawu District	4
Free State	Fezile Dabi District	8
	Lejweleputswa District	8
	Thabo Mofutsanyana District	5
	Xhariep District	1
	Mangaung Metropolitan	21
Mpumalanga	Ehlanzeni District	32
	Gert Sibande District	16
	Nkangala District	25
Limpopo	Capricorn District	26
	Mopani District	30
	Vhembe District	55
	Waterberg District	15
	Sekhukhune District	8
	Cape Winelands District	6
Western Cape	Central Karoo District	0
	Garden Route District	6
	Overberg District	3
	West Coast District	3
	City of Cape Town Metropolitan	79

QUARTER 1 & 2 NON-FINANCIAL PERFORMANCE

Outputs	Output indicators	2022/23 Annual Target	1 st & 2 nd Quarter milestones	Actual Achievement	Reason for Variance
Programme: Enforcement of the National Credit Act					
Improve compliance with regulations pertaining to the total cost of credit.	Number of investigations conducted on credit providers relating to total cost of credit to ensure compliance with the regulations.	Conduct 440 investigations on credit providers relating to total cost of credit to ensure compliance with regulations.	220	<u>Exceeded</u> 246	Staff improvement on product knowledge and additional raids.

QUARTER 1 & 2 NON-FINANCIAL PERFORMANCE

Outputs	Output indicators	2022/23 Annual Target	1 st & 2 nd Quarter milestones	Actual Achievement	Reason for Variance
Programme: Enforcement of the National Credit Act					
Conduct investigations on credit providers relating to reckless lending.	Number of investigations conducted on credit providers relating to reckless lending.	Conduct 400 investigations on credit providers relating to reckless lending.	200	<u>Exceeded</u> 242	Staff improvement on product knowledge and additional raids.

INVESTIGATIONS BY PROVINCE & DISTRICT MUNICIPALITY

PROVINCE	MUNICIPALITY
Gauteng	Sedibeng District
	West Rand District
	City of Ekurhuleni Metropolitan
	City of Johannesburg Metropolitan
	City of Tshwane Metropolitan
Eastern Cape	Alfred Nzo District
	Amathole District
	Joe Gqabi District
	OR Tambo District
	Sarah Baartman District
	Buffalo City Metropolitan
	Nelson Mandela Bay Metropolitan

PROVINCE	MUNICIPALITY
Limpopo	Capricorn District
	Mopani District
	Vhembe District
	Waterberg District
	Sekhukhune District
Mpumalanga	Ehlanzeni District
	Gert Sibande District
	Nkangala District
Free State	Fezile Dabi District
	Lejweleputswa District
	Thabo Mofutsanyana District
	Mangaung Metropolitan

INVESTIGATIONS BY PROVINCE & DISTRICT MUNICIPALITY (cont...)

PROVINCE	MUNICIPALITY
KwaZulu-Natal	Amajuba District
	Harry Gwala District
	iLembe District
	King Cetshwayo District
	Ugu District
	uMgungundlovu District
	uMkhanyakude District
	uMzinyathi District
	uThukela District
	eThekweni Metropolitan
North West	Bojanala Platinum District
	Dr Kenneth Kaunda District
	Dr Ruth Segomotsi Mompati District
	Ngaka Modiri Molema District

PROVINCE	MUNICIPALITY
Northern Cape	Frances Baard District
	John Taolo Gaetsewe District
	Namakwa District
	Pixley Ka Seme District
	ZF Mgcawu District
Western Cape	Cape Winelands District
	Central Karoo District
	Garden Route District
	Overberg District
	West Coast District
	City of Cape Town Metropolitan

RAIDS

NCR conducted 23 raids in 6 provinces for various contraventions of the NCA, such as:

- ❖ Extending credit whilst not being registered;
- ❖ Retention of prohibited consumer instruments;
- ❖ Failure to conduct affordability assessments which results in reckless credit lending; and
- ❖ Overcharging of cost of credit mostly interest.



RAIDS (cont..)

- ❖ The NCR was involved in a joint venture with SASSA and the Hawks which resulted in arrest of 31 suspects in Springs.
- ❖ The unregistered credit providers retained consumers cards in respect of credit extended.



RAIDS PER DISTRICT MUNICIPALITY

NO	PROVINCE	DISTRICT MUNICIPALITY	ENFORCEMENT STATUS
1	Free State	Mangaung	Referrals to National Consumer Tribunal (NCT) and Compliance Notices issued.
		Lejweleputswa	
2	Gauteng	City of Ekurhuleni	
		Tshwane	
3	Mpumalanga	Ehlanzeni	
4	Northern Cape	Frances Baard district	
		Pixley ka Seme district	
5	Limpopo	Vhembe	
6	Western Cape	City of Cape Town	



QUARTER 1 & 2 NON-FINANCIAL PERFORMANCE

Outputs	Output indicators	2022/23 Annual Target	1 st & 2 nd Quarter milestones	Actual Achievement
Programme: Enforcement of the National Credit Act				
Improve compliance by hosting credit bureaus in respect of the removal of paid-up judgements and adverse consumer credit information.	Number of investigations conducted on hosting credit bureaus relating to the removal of paid-up judgements and adverse consumer credit information	Conduct 4 investigations on hosting credit bureaus relating to the removal of paid-up judgements and adverse consumer credit information.	2	<u>Achieved</u> 2

QUARTER 1 & 2 NON-FINANCIAL PERFORMANCE

Outputs	Output indicators	2022/23 Annual Target	1 st & 2 nd Quarter milestones	Actual Achievement
Programme: Enforcement of the National Credit Act				
Improve compliance by hosting credit bureaus in respect of the removal of paid-up judgements and adverse consumer credit information.	% of evaluated credit bureau annual compliance reports certified by an independent auditor for their previous financial year.	Evaluate 100% annual compliance reports certified by an independent auditor submitted by credit bureaus for their 2021 financial year.	Evaluate 100% annual compliance reports certified by an independent auditor submitted by credit bureaus for their 2021 financial year.	<u>Achieved</u> Evaluated 100% annual compliance reports certified by an independent auditor submitted by credit bureaus for their 2021 financial year.

REFUNDS AND BALANCE ADJUSTMENTS

Refunds and credit account balance adjustments of over **R7.8 million** were made to consumers as a result of complaints evaluations, compliance monitoring and investigations.



ENFORCEMENT

- ❖ Five registrants were referred to the NCT.
- ❖ Nineteen settlement orders were concluded between NCR and the affected registrants and 15 judgements (in favour of NCR) were handed down by NCT, including imposition of administrative fines in the amount of over R6.4million on registrants found to have contravened the NCA.

PROGRESS ON MINISTERIAL PRIORITIES (JKPI)

2022/23 Annual Target	1 st & 2 nd Quarter milestones	Actual Achievement
J-KPI 1: Integrated support to drive industrialisation		
80% of the Procurement (awards issued) from South African owned companies (excluding ICT procurement)	80% of the Procurement (awards issued) from South African owned companies (excluding ICT procurement).	<u>Exceeded</u> 100% of the Procurement (awards issued) from South African owned companies (excluding ICT procurement).
Four meetings with NAMFISA regulator for regulatory information sharing, capacity building and to facilitate the opening of market opportunities to registrants.	Two meetings with NAMFISA regulator for regulatory information sharing, capacity building and to facilitate the opening of market opportunities to registrants.	<u>Achieved</u> 2 meetings
A research report with recommendations on regulatory impediments in extending developmental credit.	Draft ToR for the research report. Commence with procurement and appoint a service provider.	<u>Achieved</u>

PROGRESS ON MINISTERIAL PRIORITIES (JKPI)

2022/23 Annual Target	1 st & 2 nd Quarter milestones	Actual Achievement
J-KPI 1: Integrated support to drive industrialisation		
Conduct 4 training sessions for credit providers on Form 39 statistical returns.	2 training session for credit providers on Form 39 statistical returns.	<u>Achieved</u>
J-KPI 2: Actions to promote transformation		
Register 98% of persons and entities in the consumer credit market within 8 business days of receipt of signed proposed conditions and payment of registration fees.	Register 98% of persons and entities in the consumer credit market within 8 business days of receipt of signed proposed conditions and payment of registration fees.	Exceeded 98,94%

Form 39: this a form completed by credit providers and submitted to the NCR, detailing the number and value of loans that have been extended to consumers for the period under reporting.

PROGRESS ON MINISTERIAL PRIORITIES (JKPI)

2022/23 Annual Target	1 st & 2 nd Quarter milestones	Actual Achievement
J-KPI 2: Actions to promote transformation		
Conduct 9 training/courses for employees.	Develop and obtain approval of the training/courses plan and conduct 3 training/courses for employees.	<u>Exceeded</u> 4 training/courses sessions conducted
Appoint 2 interns	Commence recruitment process and appoint one intern.	<u>Achieved</u>
Conduct 3 NCA training sessions to women owned companies.	Develop, obtain approval of the implementation plan & conduct 1 session to women owned companies	<u>Achieved</u>
Conduct 2 NCA educational sessions for youth	Conduct 1 NCA educational session for youth	<u>Achieved</u>
Conduct 4 NCA workshops for consumers/registrants	Conduct 2 NCA workshops for consumers/registrants	<u>Exceeded</u> 3 NCA workshops.

PROGRESS ON MINISTERIAL PRIORITIES (JKPI)

2022/23 Annual Target	1 st & 2 nd Quarter milestones	Actual Achievement
J-KPI 3: Delivery/Capable state		
Register 98% of persons and entities in the consumer credit market within 8 business days of receipt of signed proposed conditions and payment of registration fees.	Register 98% of persons and entities in the consumer credit market within 8 business days of receipt of signed proposed conditions and payment of registration fees.	<u>Exceeded</u> 99,74% of applicants were registered.
Pay 100% of invoices within 30 days of receipt of valid supplier invoices.	Pay 100% of invoices within 30 days of receipt of valid supplier invoices.	<u>Substantially achieved</u> Paid 99.85% of invoices within 30 days.

KEY CHALLENGES

- ❖ **Financial Constraints:** Insufficient funding resulting in the NCR's inability to fully execute strategic objectives. The NCR lose key personnel to the industry and is unable to attract competent skills. **Solution:** The NCR is in the process of reviewing registration fees.
- ❖ **Information Technology:** Compatibility of legacy infrastructure/systems. Digitisation of structures, systems and processes to improve operational efficiency and responsiveness with NCR. **Solution:** The NCR is in the process of addressing the ICT challenges and part of the solution relating to the automation of the NCR's processes is the technical advice that the NCR is getting from the IFC (part of the World Bank Group). NCR will implement some of the ICT solutions in a phased approach, as informed by the availability of funding.

CASE STUDIES FOR ENFORCEMENT

Jacobus Adriaan Schalk Engelbrecht T/A Sizabantu Cash Loans

This enforcement action relates to an Unregistered credit provider that has been referred to the NCT for unlawful advertising; failure to conduct proper affordability assessments; reckless credit; overcharging cost of credit i.e. interest; as well as retention prohibited instruments.

Dragon Cash Loans (Pty) Ltd

This enforcement action relates to a registered credit provider that has been referred to the NCT for unlawful advertising; failure to conduct proper affordability assessments; reckless credit; overcharging cost of credit i.e. interest; as well as retention prohibited instruments

CASE STUDIES FOR ENFORCEMENT (cont...)

Rosaan Holdings (Pty) Ltd

This enforcement action relates to a registered credit provider that has been referred to the NCT for failure to conduct affordability assessments; reckless credit; overcharging on cost of credit as well as retention of prohibited instruments.

CASE STUDIES ON SOME OF THE JUDGEMENTS RECEIVED

Judgement against WQ Prime credit provider: The NCT ruling found the credit provider guilty of committing prohibited conduct by extending credit recklessly, retaining consumers' ID cards and Bank cards, , overcharging interest of 28% on its credit agreements, amongst others. The NCT cancelled the registration of this credit provider with immediate effect. The NCT also imposed an administrative fine of R1 000 000.00 against this credit provider.

Judgement against Vavika credit provider: The NCT ruling found the Credit Provider guilty of committing prohibited conduct by, amongst others, failing to conduct proper affordability assessments, extending credit recklessly, utilising an unlawful credit collection and/or enforcement method by deducting loan instalments directly from consumers' salaries via their employer's payroll whilst not having any authorisation from consumers and whilst there being no default by consumers. The NCT cancelled the credit provider's registration and imposed an administrative fine of R1 000 000.00 against the credit provider. This matter has been appealed to the High Court by the Respondent and we are awaiting the outcome.

INTERNATIONAL COLLABORATIONS

- ❖ The NCR entered into an Memorandum of Understanding (MoU) with Namibia Financial Institutions Supervisory Authority (NAMFISA) for information sharing and capacity building purposes. Meetings have already commenced to implement this MoU.
- ❖ The NCR hosted delegations from Eswatini (January 2023) and Botswana for regulatory information sharing, capacity building and to open market opportunities for registrants.

BANK OF BOTSWANA

- ❖ The NCR hosted a delegation from the Bank of Botswana's Banking Supervision Department for a benchmarking visit to the NCR on the **regulation and supervision of credit bureaus**, from 26 September 2022 to 30 September 2022.
- ❖ The benchmarking visit focussed on the following, which will feed into an appropriate supervisory framework for credit bureaus in Botswana:
 - The nature and structure of the law governing credit bureaus in South Africa;
 - The relationship with other stakeholders in the regulation of credit bureaus, specifically the regulator's involvement with the South African Credit and Risk Reporting Association ("SACRRA"); and
 - Any other relevant information that might be useful for effective supervisory oversight.

BANK OF BOTSWANA

- ❖ The NCR invited TransUnion Credit Bureau (Pty) Ltd and the South African Credit and Risk Reporting Association to be involved in the benchmarking visit.



BANK OF BOTSWANA



REVENUE BUDGET VS ACTUAL

Revenue	YTD Q1-2				PROJECTED Q3-4				2022-2023			
	Budget	Actual	Variance	% Variance	Budget	Projected	Variance	% Variance	Budget	Projected	Variance	% Variance
Fees from registrants	47 076 158	44 458 991	2 617 167	6%	14 040 907	8 190 000	5 850 907	42%	58 499 898	52 648 991	5 850 907	10%
DTIC Transfers	83 241 000	49 945 000	33 296 000	40%	33 296 000	33 296 000	0	0%	83 241 000	83 241 000	0	0%
Other income	3 127 592	2 452 536	675 056	22%	675 056	0	675 056	100%	3 127 592	2 452 536	675 056	22%
Interest received	1 602 032	1 420 175	181 857	11%	1 242 363	1 060 505	181 858	15%	2 662 538	2 480 680	181 858	7%
TOTAL INCOME	135 046 782	98 276 702	36 770 080	27%	49 254 326	42 546 505	6 707 821	14%	147 531 028	140 823 207	6 707 821	5%

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).
- Full payment of the final tranche from **dtic** was received on 4-October-2022.
- Other income has declined due to PDAs reduced interest earned on funds received from consumers under debt review.
- Interest received is less due to reduced bank balances where revenue collection declined.

EXPENDITURE BUDGET VS ACTUAL

Expenditure	YTD Q1-2				PROJECTED Q3-4				2022-2023			
	Budget	Actual	Variance	% Variance	Budget	Projected	Variance	% Variance	Budget	Projected	Variance	% Variance
Personnel costs	42 997 950	38 549 672	4 448 278	10%	45 405 000	40 903 767	4 501 233	10%	88 402 950	79 453 439	8 949 511	10%
Premises and Equipment	6 272 780	5 607 345	665 435	11%	6 442 258	7 107 693	-665 435	-10%	12 715 038	12 715 038	0	0%
Communication	1 091 662	1 081 837	9 825	1%	394 572	404 397	-9 825	-2%	1 486 234	1 486 234	0	0%
Information technology	3 079 985	2 267 272	812 713	26%	3 079 986	3 892 699	-812 713	-26%	6 159 971	6 159 971	0	0%
Professional fees	7 285 758	5 089 693	2 196 065	30%	6 185 343	8 381 408	-2 196 065	-36%	13 471 101	13 471 101	0	0%
Consumer education	895 988	739 349	156 639	17%	4 696 883	4 853 522	-156 639	-3%	5 592 871	5 592 871	0	0%
Stakeholder communication	200 000	246 664	-46 664	-23%	362 000	315 336	46 664	13%	562 000	562 000	0	0%
Debt relief	191 740	251 227	-59 487	-31%	510 260	450 773	59 487	12%	702 000	702 000	0	0%
General expenses	4 678 672	4 863 629	-184 957	-4%	3 288 880	3 103 923	184 957	6%	7 967 552	7 967 552	0	0%
Capital replacement (CAPEX)	8 159 706	2 608 320	5 551 386	-4%	2 311 605	7 862 991	-5 551 386	-240%	10 471 311	10 471 311	0	0%
TOTAL EXPENDITURE	74 854 241	61 305 008	13 549 233	18%	72 676 787	77 276 509	-4 599 722	-6%	147 531 028	138 581 517	8 949 511	6%

EXPENDITURE BUDGET VS ACTUAL (YTD)

(CONTINUED)

- ❖ **Overall:** Out of the total unspent of R13,5m for Q1-2, R9,1m is carried forward to spend in the last half of 2022/23. The remainder of unspent will be set off against the projected decline in revenue.
- ❖ **Personnel cost:** The unspent of R4.4m is due to a high vacancy rate translating into a loss of valuable skilled workforce. This is attributable to the NCR's inability to provide market related salary increments for the past three financial years due to budgetary constraints.
- ❖ **Premises and maintenance cost:** The unspent of R0,7m is due to the late procurement of monthly services for preventative maintenance emanating from the National Treasury Advisory Note that temporarily paused procurement until end of May 2022. This amount will be reapportioned in the next half of the year during the mid-term budget review process.
- ❖ **Information technology cost:** The unspent of R0,8m is due to the ICT utilising State Security Agency vulnerability scanning services which came at no cost to organisation as well as a delay in upgrading of infrastructure line where temporary shortage of skilled staff to monitor the implementation existed.
- ❖ **Professional fees:** The unspent of R2,2m is due to delayed completion of specifications for ICT professional services where shortage of skilled staff temporarily existed.
- ❖ **Capital replacement cost:** The unspent of R5,5m is due to delayed in completion of specifications for ICT license renewals where shortage of skilled staff temporarily existed.

Thank You!



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Q & A