



REVISED ANNUAL PERFORMANCE PLAN

2024|25 - 2026|27

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List of Abbreviations

AA	Accounting Authority	IFWG	Intergovernmental Fintech Working Group
ACPD	African Consumer Protection Dialogue	KZN	KwaZulu-Natal
ADRA	Alternate Dispute Resolution Agent	MFSA	Microfinance South Africa
APP	Annual Performance Plan	MSME	Micro, Small and Medium Enterprise
ARMC	Audit and Risk Management Committee	MSWSA	Money SMart Week South Africa
B-BBEE	Broad-Based Black Economic Empowerment	MTSF	Medium Term Strategic Framework
BCM	Business Continuity Management	MoU	Memorandum of Understanding
CBM	Credit Bureau Monitor	NAMFISA	Namibian Financial Institutions Supervisory Authority
CCMR	Consumer Credit Market Report	NCA	National Credit Act
CEC	Consumer Education Committee	NCC	National Consumer Commission
CEO	Chief Executive Officer	NCFEC	National Consumer Financial Education Committee
CIF	Credit Industry Forum	NCR	National Credit Regulator
COTII	Council of Trade and Industry Institutions	NCT	National Consumer Tribunal
CPF	Consumer Protection Forum	NPA	National Prosecuting Authority
DC	Debt Councillor	NT	National Treasury
DHS	Debt Help System	OHS	Occupational Health and Safety
DPME	Department of Planning, Monitoring and Evaluation	PA	Prudential Authority
dtic	Department of Trade, Industry and Competition	PDA	Payment Distribution Agent
ERRP	Economic Reconstruction and Recovery Plan	QCTO	Quality Council for Trades and Occupation
EXCO	Executive Committee	QLFS	Quarterly Labour Force Survey
GBS	Global Business Services	PFMA	Public Finance Management Act
GCIS	Government Communications and Information Systems	SARB	South African Reserve Bank
GDP	Gross Domestic Product	SARS	South African REvenue Service
ICCR	International Committee on Credit Reporting	SASSA	South African Social Security Agency
ICT	Information and Communication Technology	SCA	Supreme Court of Appeal
IFC	International Finance Corporation	SMME	Small, Medium and Micro Enterprises
		SP	Strategic Plan
		UFS	University of Free State
		VPN	Virtual Private Network
		4IR	Fourth Industrial Revolution

Definitions used to measure performance

Effective	Successful in producing a desired or intended result
Enhance	Improve the quality of performance
Support	To give assistance
Facilitate	To make an action or process easier

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Mr Parks Tau, MP

Minister of Trade, Industry and Competition

Foreword by the Minister: National Credit Regulator

The 2024/25 Annual Performance Plan (APP) of the National Credit Regulator (NCR) reflects the continued efforts of **the dtic** Group to align our activities around a common purpose; grounded in efforts to support Industrialisation to promote jobs and rising incomes, drive Transformation to build an inclusive economy, and build a Capable State to ensure improved impact of public policies.

The APP contains an ambitious set of targets aimed at realising the vision of the NCR governing legislation and utilising these regulations to meet their purpose of empowering a large number of South Africans to contribute towards our shared prosperity. In the year ahead, the NCR will play a critical role in creating a fair and prosperous South African economy. While companies face a challenging global economic environment, the work of the NCR will help create conditions for sustained growth that are most needed when times are hardest.

Since the start of the Sixth Administration, the Department of Trade, Industry and Competition (dtic) and all entities in the **dtic** Group begun a process of adopting a revised output-driven planning system – grounded in the objective of combining all our efforts towards creating real impact for South Africans. The Annex provides details of the dtic-group targets.

Implementation of this plan must take account of the challenging fiscal environment in which government is operating.

The APP 2024/25 is hereby submitted in accordance with the Framework on Strategic and Annual Performance Plans.

Mr Parks Tau, MP

Minister of Trade, Industry and Competition



Ms Lynette De Beer CA(SA)

Acting Accounting Authority and Acting Chief Executive Officer

Accounting Officer Statement

OVERVIEW OF THE NCR AND ITS VISION

The NCR is mandated to promote a fair and non-discriminatory marketplace for access to consumer credit, as well as promote responsible credit granting, prohibit reckless credit granting and protect consumers through enforcement of the National Credit Act, No. 34 of 2005 (NCA).

The NCR is driven by the imperatives of advancing the social and economic welfare of South Africans in the consumer credit industry.

Overall focus during the previous planning period

The strategic focus during the previous planning period was on improving the regulatory environment and ensuring the enforcement of the NCA.

To achieve these objectives, the regulator focused on:

Programme: Improved regulatory environment

- Purpose of the programme: To promote financial inclusion (access to credit), economic growth through educational awareness and facilitation of job creation. The impact that the NCR sought to achieve was an improved regulatory environment, which promotes economic growth by ensuring an accessible, fair, transparent, and competitive credit market.

Programme: Enforcement of the NCA

- Purpose of the programme: To promote a fair, responsible, and accessible consumer credit market through the enforcement of the NCA. This was implemented by conducting investigations and taking enforcement action on non-compliant registrants.

In this period, a new approach was introduced to shift from activities to impact targets. The objective was to combine all the **dtic's** and its entities' efforts towards creating real impact for South Africans. The **dtic** introduced 10 core output targets and the NCR will make a contribution to 5 of these outputs.

These focus areas were aligned to the three strategic priorities introduced by the **dtic**: Inclusive growth and job creation; reduced poverty and tackle the high cost of living and building a capable, ethical and developmental state.

Key accomplishments during previous planning period

Key accomplishments during the 2022/23 financial year include the following:

- **Good corporate governance**

The NCR obtained a clean audit report for the 2023/24 financial year. The NCR has never obtained a qualified audit opinion since its inception in 2007 as prudent financial management and corporate governance is practised.

- **Registration**

By 30 September 2023, 7030 credit providers (40 680 branches); 55 credit bureaus, 1621 debt counsellors, 4 payment distribution agents, and 7 alternate dispute resolution agents (ADRAs) were registered.

About 98% of persons and entities in the consumer credit market were registered within 7 days, which exceeds the NCR's target. This illustrates the continuous improvement in building

efficiencies in the registration process to contribute to job creation and economic growth.

- **Consumer education and community outreach**

The NCR partnered and engaged with the following key stakeholders in the form of both digital/virtual platforms and face-to-face, in disseminating credit information to consumers: Consumer Protection Forum (CPF); Consumer Education Committee (CEC); National Consumer Financial Education Committee (NCFEC); Money Smart Week South Africa (MSWSA), Government Communications and Information Systems (GCIS), KwaZulu-Natal (KZN) office of the Premier, Cosmo City Multisectoral Forum, Greater Giyani Municipality, Northern Cape Department of Education, University of Free State (UFS), Pikitup, Regulatory Cluster (regulators reporting to the **dtic**), Sol Plaatjie Local Municipality, Gauteng Office of Consumer Affairs.

In terms of community outreach programmes, the NCR reached out to all the district municipalities through a number of initiatives to provide education and raise awareness in line with the provisions of the NCA. This is aligned to economic transformation.

- **Statistics and research**

The NCR publishes statistics and conducts research to increase knowledge of the nature and dynamics of the consumer credit market and industry. During the year, the NCR published the Consumer Credit Market Report (CCMR) and Credit Bureau Monitor (CBM).

The value of the outstanding gross debtors book increased by R13.84 billion (0.60%) for the quarter ended September 2023. The value of credit granted to consumers increased by R267.89 million (0.19%) from R141.99 billion to R142.26 billion for the quarter ended September 2023.

- **Credit granted**

The value of consumer credit granted for the quarter ended September 2023 increased by R267.89 million (0.19%) when compared to the quarter ended June 2023. On a year-on-year basis the value of credit granted decreased by R25.85 billion (15.38%).

- **Credit-active consumers**

Credit bureaus held records for 27.41 million credit-active consumers at the of September 2023, which was an increase of 1.33% when compared to the 27.05 million in the previous quarter. Consumers classified in good standing increased by 445 170 to 17.47 million, representing 63.74% of the total number of credit-active consumers. The number of credit-active accounts increased from 90.21 million to 91.94 million in the quarter ended September 2023. The number of impaired accounts increased from 19.29 million (21.38%) to 19.36 million (21.05%) in September 2023, an increase of 66 588 quarter-on-quarter and 182 465 year-on-year.

- **Enforcement of the Act**

The NCR is responsible for investigating alleged contraventions of the Act and conditions of registration and takes enforcement action where non-compliance is identified.

Enforcement action takes various forms such as referrals to the Tribunal or the courts, issuance of compliance notices, as well as negotiated consent orders. In matters referred to the Tribunal, NCR's prayers could include cancellation of registration, imposition of fines or refunds to consumers.

- **Referrals and fines**

The NCR referred two cases to the National Consumer Tribunal (NCT). Three judgments were handed down to registrants found to have contravened the NCA, and administrative fines in the amount of R265 000 were imposed.

An amount of R10 000 was paid into the National Revenue Fund in the reporting period in respect of administrative fines imposed by the NCT.

The NCR was advised of two successful prosecutions involving two directors of entities. Having entered into plea bargains with the National Prosecuting Authority (NPA), the individuals were found guilty of contravening Section 133 of the NCA by the Atamelang Magistrates Court on 17 July 2023. They each paid a R10 000 admission of guilt fine.

Two debt counsellors' registrations were cancelled by the NCT, and 1 debt counsellor's registration was suspended for 2 years.

- **Raid operations**

The NCR conducted 8 raid operations in 5 provinces (Gauteng, Limpopo, North West, Northern Cape and Western Cape). Over 800 consumer instruments were seized during these operations. Subsequently, criminal cases were opened against the individuals found in possession of these instruments and the NCR is awaiting the outcome of the proceedings from the NPA.

The NCR conducted and completed 1 raid operation organised by the Serious Commercial Crime Unit in 1 province (Kimberley – Northern Cape) during which operation 6 consumer instruments and 3 loan books were recovered.

The NCR also took part in joint sting operations organised by the South African Social Security Agency (SASSA) in North West (Bloemhof, Hoopstad and Wolmaranstad). This was a joint operation between SASSA, NCR, SAPS and Postbank to prevent abuse of SASSA recipients and unlawful enforcement methods. During this operation a total of 18 individuals were arrested at various ATMs withdrawing monies directly from consumers' accounts. A total of R85 452 was confiscated and a total of 457 consumer instruments i.e., SASSA/bank cards were seized. Various criminal cases were opened, and the NCR is awaiting status updates from the NPA.

Refunds and credit account balance adjustments to consumers

Refunds and credit account balance adjustments of over R2.7 million were made to consumers as a result of complaints evaluations, compliance monitoring and investigations.

Debt counselling and payment distribution agents

Payment distribution agents (PDAs) are tasked with collecting money from consumers under debt review and distributing this to credit providers in accordance with restructuring agreements. A total of R7.58 billion was distributed in this period to credit providers by the 4 registered PDAs on behalf of consumers under debt counselling.

Collaboration and cooperation

The NCR had regular engagements with large registrants and industry associations, the media, Portfolio Committee on Trade, Industry and Competition, **the dtic**, National Treasury, registrants, Consumer Protection Offices, SASSA, Directorate of Priority Crimes Unit (Hawks), local regulators, International Finance Corporation, academia, Ombuds Council. The NCR hosted the following regional regulators and banks: Uganda Microfinance Regulatory Authority, Bank of Uganda and Bank of Tanzania, Namibia Financial Institutions Supervisory Authority (NAMFISA) and Bank of Namibia.

Strategic focus for the period ahead

In preparing the NCR's Annual Performance Plan (APP) 2024/25-2026/27, the NCR used the Revised Framework for Strategic Plans (SP) and Annual Performance Plans issued by the Department of Planning, Monitoring and Evaluation (DPME).

The NCR/DPME APP 2024/25–2026/27, together with the SP 2024/25–2028/29, institutionalises the national priorities as summarised in the executive authority statement.

For the period ahead, the main strategic focus for the NCR will be in the area of employment facilitation for job creation through registration of new registrants and support to livelihoods. Focus on employment will encourage enhanced inclusive growth and thereby reduce poverty as envisaged in the Medium-Term Development Plan (MTDP) **Priority 1: Inclusive growth and job creation and Priority 2: Reduce poverty and tackle the high cost of living.**

In a more indirect way, the NCR will also contribute to **MTDP Priority 3: Building a capable, ethical and developmental state.** It will continue to ensure it is capacitated with professional, ethical and meritocratic staff members and that high levels of ethical behaviour and corporate governance are maintained.

The NCR will also continue to nurture and forge strategic relationships that have positive impact for the African continent and the world. It already collaborates extensively and hosts delegations from various countries.

To achieve the desired results in relation to its strategic focus, the NCR continues to contribute towards 5 of the 10 core output targets of the **dtic**. The NCR achieves this through its two institutional programmes and various projects carried out in collaboration with other stakeholders in the credit industry. The NCR will continue to prioritise women, youth and persons with disabilities.

The NCR team is committed to implementing the APP 2024/25–2026/27.

1. COLLABORATIONS/ KEY PROJECTS

The NCR will be embarking on the following projects in collaboration with and cooperation of industry stakeholders for the year 2024/5:

• Onboarding Project

The NCR as a member of the International Committee on Credit Reporting (CCR), undertook to collaborate with the International Finance Corporation (IFC) on various projects aimed at improving credit information reporting in South Africa. One of these projects is what the NCR and the IFC refer to as the Onboarding Project. In terms of the Onboarding Project, the NCR and the IFC, with the support of the Government of Japan, hosted a virtual Techsprint and a Hackathon Showcase event regarding leveraging technological innovation to improve the resilience and compliance of small credit providers. This is meant to facilitate the development of an affordable application solution that will enable small credit providers to submit data to credit bureaus by complying with Regulation 19(13). These events took place in 2023/24 financial year. The years to follow will see the implementation of this project.

• NCR MoU University of the Free State (UFS)

In recognition of the important role played by academia in the development of consumer protection laws, the NCR and the UFS agreed to forge a relationship that will see the NCR (and the National Consumer Commission) assisting in the development of content for UFS's new Masters module on Consumer and Credit Law/Consumer Protection. The memorandum of understanding (MoU), detailing the terms of the collaboration, was signed on 7 September 2023. The implementation of the above MoU will continue in the following year.

• Establishment of the National Register of Credit Agreements:

The Minister, in exercising his powers in terms of section 69 of the Act, directed the NCR to establish the National Register of Credit Agreements together with the SARB. The register will contain a national public database of all credit agreements concluded in South Africa, assist with efficient implementation of various pieces of legislation and facilitate access to funding for SMMEs. To develop this register, the NCR partnered with the SARB, Prudential Authority (PA), Financial Intelligence Centre (FIC) and the FSCA, with National Treasury and **the dtic** providing support.

A steering committee (SteerCo) chaired by the NCR and SARB was established, which provides strategic direction in terms of the establishment of the register.

At the last SteerCo meeting that was held in late 2022, the SteerCo resolved to run two parallel processes: (1) to develop an interim solution to conduct a thorough stock take of existing data between the Financial Stability Department (Finstab), the NCR, Economic Statistics Department (ESD) of the SARB, the PA's Credit Risk Division and the FSCA. A subject matter expert group, led by the SARB, would be nominated for this task. Once the stock take and gap analysis are completed, the regulators will be approached to determine the extent to which they can close the gaps within their respective existing legislation and mandates. This process will result in a small register being established; 2) the bigger register, which may require the amendment of the various pieces of legislation, will continue to be explored, as this might require a new law to be enacted.

While awaiting the above process to start, the NCR will be embarking on the establishment of the register in relation to the National Register of Credit Agreements in pursuance of section 69 of the NCA.

During 2021, the NCR and the IFC of the World Bank Group concluded a memorandum of cooperation to partner on various projects. One of these projects relates to the support by the IFC in the establishment of the register. The objective of this project is to improve regulatory monitoring of the credit market in South Africa. Under this project, the NCR and the IFC intend assessing the scope and objectives of the register to identify any terms, technical and business requirements relevant to its establishment.

On this basis, the IFC has engaged the services of an international consultant, from the Federal Republic of Germany to conduct this assessment. During the assessment and scoping exercise, the consultant will engage all relevant stakeholders.

The NCR will share the outcome of the assessment with the SARB as well as the SteerCo.

2. COST CONTAINMENT MEASURES INTRODUCED BY NATIONAL TREASURY

The NCR is in the process of reviewing registration and renewal fees to augment its revenue. A proposal with draft regulations will be submitted to **the dtic** in the financial year 2025/26 after an impact assessment and consultation with industry players has taken place. The review of the fees is also in line with the cost containment measures issued by National Treasury in August 2023. The NCR in this regard, will also continue to find ways of introducing further cost cutting measures.

Acknowledgements and appreciation

I would like to thank the NCR executive team, management and personnel for their continued diligence which makes it possible for the NCR to fulfil its mandate and make a difference in the lives of South Africans.



Ms Lynette De Beer CA(SA)

Acting Accounting Officer & Acting Chief
Executive Officer National Credit Regulator

Date: 4 October 2024

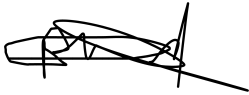
Official sign-off

It is hereby certified that this Annual Performance Plan:

- Was developed by the management of the National Credit Regulator under the guidance of Ms Lynette De Beer CA(SA);
- Takes into account all the relevant policies, legislation and other mandates for which the National Credit Regulator is responsible for; and
- Accurately reflects the outcomes and outputs which the National Credit Regulator will endeavour to achieve over the 2024/25–2026/27 period.



Adv Kedilatile Legodi
Acting Company Secretary



Ms Phillipine Mweli
Acting Chief Financial Officer



Ms Nthupang Magolego
Executive Senior Legal Advisor



Ms Lynette De Beer CA(SA)
Acting Chief Executive Officer



Approved by:
Mr Parks Tau, MP
Minister of Trade, Industry and Competition



PART A

OUR MANDATE

1. Updates to the relevant legislative and policy mandates

In terms of the Public Finance Management Act (PFMA), 1999 (Act No. 01 of 1999), the National Credit Regulator (NCR) is a Schedule 3A public entity. It is tasked with carrying out education, research, policy development, registration of industry participants, investigation of complaints, and ensuring the enforcement of the National Credit Act (NCA), 2005 (Act No. 34 of 2005).

The purpose of the NCA is to:

- Promote a fair and non-discriminatory marketplace for access to consumer credit and for that purpose to provide for the general regulation of consumer credit and improved standards of consumer information;
- Promote black economic empowerment and ownership within the consumer credit industry;
- Prohibit certain unfair credit and credit marketing practices;
- Promote responsible credit granting and use and for that purpose prohibit reckless credit granting;
- Provide for debt reorganisation in cases of over-indebtedness;
- Provide for registration of credit bureaus, credit providers, debt counsellors, payment distribution agents (PDAs) and alternative dispute resolution agents;
- Establish national norms and standards relating to consumer credit;
- Promote a consistent enforcement framework relating to consumer credit;
- Establish the NCR and the NCT; and
- Promote and advance the social and economic welfare of South Africans by promoting a fair, transparent, competitive, sustainable, responsible, efficient, effective and accessible credit market and industry.

The National Credit Regulator enforces the provisions of the NCA by:

- Promoting informal resolution of disputes between consumers and credit providers or credit bureaus;
- Receiving complaints regarding alleged contraventions of the NCA;
- Monitoring the consumer credit market and industry to prevent or detect and prosecute contraventions;
- Investigating and evaluating alleged contraventions of the NCA;
- Issuing and enforcing compliance notices in respect of contraventions;
- Negotiating and concluding undertakings and consent orders as a means of resolving consumer complaints; and
- Referring matters to the NCT for adjudication.

The NCR is also mandated to undertake research on the nature and dynamics of the consumer credit market by:

- Implementing education and information measures to develop public awareness of the provisions of the NCA;
- Providing guidance to the credit market and industry;
- Monitoring socio-economic patterns of consumer credit activity in South Africa;
- Conducting reasonable periodic audits of registered credit providers in respect of historical data relative to credit applications and credit agreements;
- Monitoring trends in the consumer credit market and industry; and
- Reviewing legislation and regulations, and reporting to the Minister of Trade, Industry and Competition concerning matters related to consumer credit.

The NCR promotes public awareness around consumer credit matters by:

- Conducting consumer education and awareness activities.

The NCR is also mandated to advise the Minister of Trade, Industry and Competition on matters of national policy relating to consumer credit and on the determination of national norms and standards regarding consumer protection.

2. Updates to institutional policies and strategies

National Treasury issued an instruction dated 25 February 2022 to suspend all procurement processes based on the Constitutional Court judgement issued on 16 February 2022 in the matter between the Minister of Finance and Afribusiness regarding the 2017 Preferential Procurement Note Regulations. The court declared certain parts of the regulations invalid

and suspended the order of invalidity for one year to give the Minister the opportunity to fix the regulations. This impacted on procurement of goods and services, resulting in delayed service delivery.

In November 2022, the new regulations came into effect which purpose was to comply with section 217 of the Constitution on procurement of goods and services and the Constitutional Judgment regarding the 2017 regulations. In March 2023, National Treasury issued guidelines to assist with the implementation of the 2022 regulations. The NCR will continue to implement the 2022 regulations and has already aligned its relevant institutional policies accordingly.

The following has been added to the institutional strategic focus:

- Impact assessment evaluations for activities conducted relating to educational awareness, investigations, complaints evaluation, compliance monitoring, debt counselling, and enforcement.
- Investigations relating to debt counselling.
- Impact of enforcement action taken on entities and persons that were found to be non-compliant.

3. Updates to relevant court rulings

The rulings and decisions of the high courts and the NCT are taken into account when crafting the NCR strategic plans. Below is a brief summary of recent court decisions and rulings that may have significant, ongoing impact on operations or service delivery obligations.

No.	Matter name	Court & case reference number	Legal issues and status
1.	MFSA vs the Minister of Trade and Industry and the NCR	North Gauteng High Court Case No 59612/17	The MFSA applied to the High Court to review the cost of credit life insurance on short-term loans. The parties are currently engaged in settlement in terms of which the NCR is required to review the regulations. Review of cost of credit life insurance has commenced and presented to the dtic for comments. Matter postponed indefinitely until review is finalised.
2.	Bridge vs NCR	North Gauteng High Court Case No 87768/14	Bridge applied to the High Court for an order declaring sections 55 and 57 of the NCA which grants the NCR powers to issue compliance notices, unconstitutional. Application suspended pending finalisation of a liquidation application filed against Bridge. Liquidation against Bridge dismissed. Notice of set down for the High Court review matter awaited. Parties engaged in settlement negotiations – Bridge submitted settlement for consideration by the NCR – review underway. Bridge subsequently cancelled and we are determining to what extent it affects our settlement – new attorneys on record.
3.	BMW vs NCR	National Consumer Tribunal NCT/93829/2017/56(1) A288/2021	Compliance notice issued for “on the road” fees. BMW objected to the compliance notice by application to the NCT. NCT upheld the objection and set aside the compliance notice on 12 May 2021. NCR launched an appeal against the ruling under case A288/2021. Matter has been consolidated to be heard simultaneously with Mercedes Benz and VW FS matters. Awaiting a hearing date for the 3 consolidated matters. Consolidated matters to be heard 26 October 2022. Judgment was granted against the NCR on 20 January 2023, and the NCR has appealed against the judgment. Leave to appeal awarded in favour of the NCR on 12 June 2023. Appeal filed in SCA and we are awaiting a date of set down in the SCA.
4.	VW vs NCR	National Consumer Tribunal NCT/94937/2017/56(1) Pretoria High Court: A104/19	Compliance notice issued for “on the road” fees. VW objected to the compliance notice. NCR opposed the application. Matter heard in February 2019 and judgement handed down in favor of NCR. VW appealed the decision to the High Court. Matter has been consolidated to be heard simultaneously with Mercedes Benz and BMW which contain similar facts or features. Consolidated matters to be heard on 26 October 2022. Judgment was granted against the NCR on 20 January 2023, and the NCR has appealed against the judgment. Leave to appeal awarded in favor of the NCR on 12 June 2023. Appeal filed in SCA and we are awaiting a date of set down in the SCA.

No.	Matter Name	Court & Case reference number	Legal issues and status
5.	Mercedes Benz vs NCR	National Consumer Tribunal: NCT/107156/2018/56(1)	Compliance notice issued for “on the road” fees. Mercedes Benz objected to the compliance notice and lodged an application to the NCT. NCR opposed the application. Pleadings have closed and hearing date awaited. Judgment in favour of Mercedes Benz, setting aside the compliance notice. NCR launched an appeal to the High Court against the judgment. Matter has been consolidated to be heard simultaneously with BMW and VW FS which contain similar facts or features. Consolidated matters heard on 26 October 2022. Judgment was granted against the NCR on 20 January 2023, and the NCR has appealed against the judgment. Leave to appeal awarded in favour of the NCR on 12 June 2023. Appeal filed in SCA and we are awaiting a date of setdown in the SCA.
6.	CMR Group (Pty) Ltd (In Liquidation) vs NCR	National Consumer Tribunal NCT/119696/2018/57(1) PTA High Court Case number A351/2019 Special Leave to Appeal Case number 9420/2021	Failure to conduct affordability assessments, extending reckless credit; overcharging cost of credit i.e. interest; prohibited charges. Appeal launched in the High Court of Pretoria against NCT judgment NCT/119696/2018/57(1). Appeal to be heard 22 October 2020. Judgment in favour of NCR. Leave to appeal filed and heard 16 March 2021. Leave dismissed with costs. Bill of cost to be compiled and submitted to Respondent for payment to NCR. CMR further appealed to SCA under case nr 9420/2021 - await setdown date. Condonation and leave for oral evidence granted on 05 April 2022. Heads filed 12 September 2022. Matter setdown for 16 March 2023. Order granted in our favour 18 September 2023 with costs. CMR filed appeal to the Constitutional Court and we are opposing same. Case number CCT272-23 has been allocated, we currently await directions of Chief Justice whether the matter will be considered on the papers or whether oral argument must be made.
7.	NCR vs Marylee Govender (DC)	National Consumer Tribunal NCT/122481/2018/138(1)	Settlement agreement concluded with this DC by NCT order on 11 March 2019. DC only partially complied with consent order. NCR appointed a service provider to launch High Court application to compel compliance with the consent order. Letter of demand sent to respondent. Correspondence received from respondent’s attorney objecting to demand.
8.	Xcelsior & another vs NCR	National Consumer Tribunal- NCT/111201/2018/57(1)	NCR launched cancellation application at the NCT based on reckless credit and costs of credit infringements. NCR applied for leave to amend/supplement founding papers which was granted on 12 September 2019. On 22 January 2020, Xcelsior launched review application in the Pretoria High Court, to set aside NCT’s interlocutory judgment granting NCR leave to amend/supplement. Pleadings are closed and notification of set down date awaited. Hearing commenced 02 February 2022, await judgment. Judgment issued on 3 February 2022. NCT order to be reviewed and decided upon afresh by NCT. Cost order imposed against NCR. NCR appealed judgment with record being filed in the SCA. Await new setdown date following filing of complete record. Heads delivered to be on 14 December 2022. Matter heard on 05 September 2023 and judgement against NCR. Matter to be referred to the NCT for setdown. Matter referred back to NCT on 8 January 2024, awaiting setdown date from NCT.
9.	First Group Holdings vs NCR	National Consumer Tribunal NCT/223375/2022/140 Appeal to HC Pretoria: A32/2023	Matter heard on points in limine only. Tribunal provided order in favour of the NCR 18 January 2023. First Group filed an appeal on 08 February 2023. Matter heard in Pretoria High Court and an order was awarded against the NCR on 09 September 2023. NCR filed leave to further appeal on 09 October 2023 in High Court. The leave to appeal will be heard on 28 November 2023 by the High Court. Judgement was reserved and handed down on 30 November 2023. The High Court dismissed the NCR’s application for leave to appeal with costs against the NCR. The NCR is currently considering the prospects of success for an application for leave to appeal in the SCA and budget.
10.	The Loan Company vs NCR	National Consumer Tribunal NCT/140518/2019/140(1) Appeal to HC Pretoria A235/2021	Matter granted in favour of the NCR in the Tribunal on 21 July 2021. The matter further appealed to the High Court of Pretoria and dismissed with costs on 23 January 2023. Leave to appeal further to the SCA filed – NCR submitted notice to abide. Granted on 05 October 2023. The Loan Company has 3 months to file the record to pursue the matter before the SCA (notice to appeal filed within SCA). Awaiting same to proceed with instructions.

The background is a solid orange color with a complex network of thin, light-orange lines and dots. These lines and dots form a circuit-like or network pattern, with some lines connecting to small white circular nodes. There are also some faint, stylized symbols like double chevrons and groups of small circles scattered throughout the background.

PART B

OUR STRATEGIC FOCUS

1. Situational analysis

A high-level assessment was undertaken to identify the most significant developments in the external and internal environment that are likely to influence or impact the NCR over the next few years. A brief synopsis of the state of the South African credit market is provided. In addition, an analysis of the internal and external environments is provided.

a) State of the credit market – statistics relevant to the NCR and the sector

Through its statistics and research, the NCR contributes to the development of knowledge in the field of consumer credit in South Africa. The NCR's research and statistics department compiled the following summary.

The total value of new credit granted increased marginally from R141.99 billion to R142.26 billion for the quarter ended September 2023, an increase of 0.19% when compared to the previous quarter and a decrease of 15.38% year-on-year. The number of applications for credit increased from 15.12 million to 15.51 million in September 2023, representing an increase of 2.54% for the quarter.

The banks' share of total credit granted was R114.37 billion (80.40%), retailers R5.79 billion (4.07%), non-bank financiers R10.62 billion (7.47%) and "other credit providers" R11.48 billion (8.07%). Other credit providers are primarily pension backed lenders, developmental lenders, micro-loan lenders, agricultural lenders, insurers, non-bank mortgage lenders and securitised debt.

The total outstanding gross debtors book of consumer credit for the quarter ended September 2023 was R2.33 trillion, representing a quarter-on-quarter increase of 0.60%. The number of accounts increased by 0.54% for the quarter ended September 2023. The following were some of the most significant trends observed for the quarter ended September 2023:

- The value of mortgages granted decreased by 2.41% quarter-on-quarter from R47.81 billion to R46.66 billion.
- Secured credit granted increased from R44.99 billion for June 2023 to R46.14 billion for September 2023 (a quarter-on-quarter increase of 2.57%).
- Unsecured credit agreements increased from R22.90 billion to R23.25 billion for September 2023 (a quarter-on-quarter increase of 1.57%).
- Credit facilities which consist mainly of credit cards, store cards and bank overdrafts decreased from R22.61 billion to R21.98 billion for September 2023 (a quarter-on-quarter decrease of 2.77%).
- Short-term credit increased quarter-on-quarter by 12.32% from R2.34 billion to R2.63 billion.
- Developmental credit increased quarter-on-quarter by 18.24% from R1.34 billion to R1.59 billion.

Credit bureaus held records for 27.41 million credit-active consumers, an increase of 1.33% (360 072) when compared to the 27.05 million in the previous quarter ended June 2023 and an increase of 2.88% (767 188) year-on-year. Consumers classified in good standing increased by 445 170 to 17.47 million consumers. The number of consumers with impaired records decreased by 85 098 to 9.94 million, this was a decrease of 0.85% quarter-on-quarter and of 1.80% year-on-year. The number of impaired accounts increased from 19.29 million to 19.36 million when compared to the previous quarter, an increase of 66 588 or 0.35% quarter-on-quarter and of 182 465 or 0.95% year-on-year.

b) Challenges that NCR has experienced in the performance environment

The fiscus constraints continue to be a significant contributing factor threatening the NCR's ability to perform to its fullest potential due to reduced funding. Considering the NCR's mandate and the current economic climate not only affecting the NCR registrants but South Africans at large, the need for the NCR to actively execute its mandate has become greater than ever. The economic climate has adversely impacted the NCR's ability to generate revenue from its registrants as some credit providers, debt counsellors and credit bureaus are closing operations and cancelling their registration with the NCR. Furthermore, several credit providers (especially banks) closed branches due to digitisation and cost-cutting needs.

A further challenge that the NCR continues to face is lengthy litigation. This has become a norm within the credit sector and to ensure effective regulation and enforcement the NCR requires sizable funding. Matters referred to the NCT or the High Court are often challenged by either the NCR or industry players.

c) How the NCR addressed and will continue addressing the challenges over the medium-term period

Notwithstanding the funding challenge, the NCR's approach is to ensure achievement of targets set in its strategic and annual performance plans, by ensuring that it has capacity, finding ways of maximizing use of available funds and through

collaboration and cooperation with other regulators locally and internationally to continue being effective in regulating the credit industry.

Furthermore, the NCR continued to operate within the cost containment measures without compromising efficiencies during 2024/2025. This manner of operation proves sustainable to enable the regulator to fulfil its mandate and achieve its targets, in the present, and during the medium-term period ahead.

Examples of innovative measures that the NCR continues to implement to maximize delivery and cut costs include:

- NCR legal advisors defending matters at the NCT;
- Insourcing of work that was previously outsourced;
- Conducting a combination of desk-top and on-site compliance monitoring;
- Using online business communication platforms to disseminate information, conduct meetings and present workshops via webinars; and
- Partnering with other regulators and organisations in the areas of consumer education and enforcement.

Our consumer education programmes will continue using online and digital platforms as well as face-to-face platforms. Given the success of webinars, the NCR will continue using webinars to support and capacitate debt counsellors and educate consumers on debt counselling and other NCA related provisions. We will increase the use of internet platforms to monitor compliance, support and improve communication with debt counsellors, credit providers, credit bureaus, ADRA's and PDAs. We will also work on automating data collection tools and strengthening internal statistics systems.

The NCR will continue looking at alternative ways of increasing its revenue, containing costs and improving efficiencies.

d) **Emerging priorities and opportunities which will be acted on during the medium-term period**

The NCR has prioritized the following for the medium-term period:

1. INNOVATION TO IMPROVE REGULATORY ENVIRONMENT

- **Alternative data sources and data transmission hub:** In response to the Fourth Industrial Revolution (4 IR), the NCR concluded an agreement with the IFC to pilot aspects of the G20 Financial Inclusion Policy Guide on the collection, processing and use of alternative data sources, and the development of digital technologies to enable small and medium-sized credit providers to collect and share data. Through this partnership and for the 2023/24 financial year, the NCR hosted a virtual Techsprint and a Hackathon Showcase event regarding leveraging technological innovation to improve the resilience and compliance of small credit providers. This is meant to facilitate the development of an affordable application/solution that will enable small credit providers to submit data to credit bureaus by complying with Regulation 19(13). The years to follow will see the implementation of this project.
- **Inter-governmental Innovation Hub:** The NCR is part of the inter-governmental Innovation Hub that was launched during 2019 as a collaborative effort among financial sector regulators including the Financial Intelligence Centre (FIC), Financial Sector Conduct Authority (FSCA), NCR, South African Reserve Bank (SARB) and South African Revenue Service (SARS), working together under the IFWG. The purpose of the hub is to demystify the regulatory landscape, by providing a space for safe testing of innovative ideas, and actively advance innovation in financial services. To this end, a test case intended to test the predictive value of rental data for credit assessment is underway. Should this innovative idea be successful, rental data will be considered as part of credit assessment.

2. CRITICAL ONGOING PROJECTS

- **Debt counsellors qualification:** The Debt Counselling Department has engaged the Quality Council for Trades and Occupation (QCTO) and BankSeta to explore the feasibility of developing an occupational qualification for debt counsellors. Given the complexity of the debt review process, the NCR requires that individuals successfully complete an NCR-approved debt counselling course before they can register with the regulator as a debt counsellor. The current qualification is a 10-day short course. With this project, however, the NCR aims to provide prospective debt counsellors with in-depth theory and practical training that will prepare them for the debt counselling profession. As a result, the standard of debt counselling services, the profession itself and, ultimately, the regulatory environment will improve. The project is still in its infancy and will carry over to the next financial year.
- **Enforcing and listing maintenance court orders:** The NCR is collaborating with the Department of Women, Youth and Persons with Disabilities, as well as the Department of Justice and Constitutional Development to find ways of enforcing and listing maintenance orders at the registered credit bureaus, made in favour of minor children. To achieve

this, the NCR will engage with the Department of Justice and Correctional Services under which the maintenance courts fall, together with **the dtic**, to ensure that maintenance judgments are reported by court officials to the credit bureau and defaulters are charged for contempt of court.

- **Research and pilot project on promoting alternative data:** The research project was conducted in 2020 and focused predominantly on township-based micro, small and medium enterprises (MSMEs). The resulting study report was shared with key stakeholders, including **the dtic** and National Treasury. A pilot project was subsequently introduced to test the theory. The results of the pilot project will be shared with the NCR and recommendations considered.

3. STRATEGIC COLLABORATION AND COOPERATION

- **Existing relationships:** One of the critical lessons the NCR took from the pandemic is that through collective cooperation, all entities can enjoy better outcomes. The NCR will continue strengthening strategic relations with other regulators as well as its main stakeholders through the Credit Industry Forum (CIF); collaborate with the IFWG and other governmental bodies such as **the dtic's** Regulatory Cluster; and participate in relevant international events. The NCR is a member of the World Bank's International Committee on Credit Reporting (ICCR) and participates in its activities as well as in the African Consumer Protection Dialogue.
- **MoU with NAMFISA:** Through the MoU that the NCR entered into with NAMFISA for information sharing and capacity building purposes, the NCR is currently conducting a peer review of the Namibian Credit Bill.
- **MoUs with the UFS and University of Stellenbosch Law Clinic:** In recognition of the important role played by academia in the development of consumer protection laws, the NCR entered into MoUs with the UFS and University of Stellenbosch Law Clinic to forge a relationship that will strengthen consumer protection through collaborative work. The implementation of the above MoUs will continue in the following year.

2. External environment analysis

Looking at the key issues in the NCR's working environment, the following points are relevant in informing the institution's strategy:

a) Focus on economic recovery and reconstruction

The focus has shifted from dealing with the COVID-19 pandemic to recovering from the pandemic's after-effects – and mitigating the impacts of the ongoing Russia/Ukraine war. Given the ongoing impact of the Russia/Ukraine war, the SA government continues to focus on the imperatives of growth, investment, and employment, guided by the Economic Recovery and Reconstruction Plan (ERRP) tabled in Parliament in 2020. The NCR will contribute to this plan (within its mandate) by increasing its efficiency in registration of persons and entities in order to facilitate the creation of job opportunities.

b) Socio-economic conditions

- Stats SA reported in December 2023 that, after two consecutive quarters of growth, South Africa's real gross domestic product (GDP) contracted by 0.2% in the third quarter (July–September) of 2023. On the household front, strained consumers cut back on consumption expenditure for a second consecutive quarter.
- According to the Quarterly Labour Force Survey (QLFS) the **official unemployment rate** decreased by 0.3 of a percentage point from 32.9% in the first quarter of 2023 to 32.6% in the second quarter and decreased further to 31.9% in the third quarter of 2023. Although there was a decrease in Q2, the high rate remains a concern.

The South African Reserve Bank's purpose is to achieve and maintain price stability in the interest of balanced and sustainable economic growth. Against this backdrop, the Monetary Policy Committee decided to keep the repurchase rate unchanged at 8.25% at its November 2023 meeting.

According to Statista (23 Nov. 2023), the growth of the real GDP in South Africa was forecast to increase by 0.5 percentage points between 2023 and 2028.

An article by Hannah Marais, associate director, SA economic advisory leader and acting chief economist, published in Deloitte Insights in November 2023 states that: "South Africa's National Treasury revised down the country's growth outlook from 0.9% for 2023 (as per its estimate in February 2023) to 0.8%. This figure remains slightly higher than the growth expectation of many analysts and commentators. Also, the growth outlook for the coming years has been revised downwards, from 1.5% in 2024 to 1%, and 1.8% in 2025 to 1.6%, and now it is expected to average only 1.4% over the 2024 to 2026 period.

"This does not compare well with the 4% projection for emerging and developing economies, and notably even falls below advanced economies' growth outlook of 1.7% over the same three-year period, as projected by the International Monetary Fund (IMF).

"This is driven in part by lower household expenditure. Households continue to struggle with finances in an environment of high interest rates, elevated inflation (particularly food and fuel inflation), the impacts of loadshedding on the cost of living, lower real disposable incomes, and higher household debt. While some measures of consumer confidence, including Deloitte's ConsumerSignals, show some signs of recovering confidence, the increased willingness of consumers to spend is not matched by households' financial health and ability to spend." (Source: Article by Hannah Marais Associate Director, SA Economic Advisory Leader, Acting Chief Economist; South Africa Economic Outlook; Deloitte Insights - Nov. 2023).

- **Loadshedding** in South Africa continues to disrupt the everyday life of all South Africans and threaten their livelihoods. Furthermore, this electricity supply crisis continues to lower productivity and profitability of the country. For the credit sector, the NCR has issued a survey to all its registrants to solicit input on how the power supply failure challenge affects their operations and compliance levels and gauge their preparedness levels should there be an extended electricity supply failure. The NCR will consider the submissions and determine necessary intervening strategies in its strategic planning.
- Against these challenging socio-economic factors coupled with the slow economic growth, the pressure on the average consumer is set to increase and may lead to high levels of over-indebtedness. Some consumers may resort to unscrupulous and unregistered lenders who are readily waiting to take advantage of financially distressed consumers and the demand for the NCR's services will undoubtedly increase both proactively and reactively.

c) **Fourth Industrial Revolution (4IR)**

Digitisation and 4IR bring opportunities (faster processing of information and levelling of the playing field), but also many challenges and risks (cybercrime and protection of personal information) that can affect the work of the NCR.

As technology advances, the pace of (the resultant) change is faster and it becomes imperative for all organisations and individuals to upgrade knowledge, skills, attitudes, efficiencies, systems, processes, and budget.

The NCR must continue monitoring new credit products and their marketing by credit providers, in order to protect consumers against debt traps, especially the most vulnerable groups (women and youth).

d) **Strategic relationships**

Engagement and collaboration with a wide range of local and international industry players and other bodies (private and public) is essential to the NCR's effectiveness and reach, and therefore relevant in informing the institution's strategy. Recently, the NCR concluded MoUs with the UFS and University of Stellenbosch Law Clinic to strengthen consumer protection collaborative efforts.

3. **Internal environment analysis**

Internal institutional factors that influence the NCR's ability to deliver on its mandate are summarized below.

a) **Structure of the NCR and how this affects its ability to achieve desired outcomes**

The organisational structure of the NCR underpins its ability to implement its strategies and achieve desired outcomes. The CEO is the Accounting Authority (AA). The CEO provides strategic leadership, and oversees and ensures the efficient and effective use of NCR's resources and ensures compliance with all its legal requirements and reporting and financial accountability obligations. The NCR's company secretary assists the AA and CEO to ensure sound corporate governance. The company secretary also provides governance knowledge and guidance and ensures organisational integrity. Information on organisational structure, corporate governance and performance is found in the NCR Annual Report 2022/23.

b) **NCR's capacity to deliver on its mandate (including human resources, financial resources, ICT capacity and other factors)**

Financial resources: Adequate funding is a factor that the NCR needs to consider, especially due to the recessionary economic conditions. Due to cost-cutting measures and improved efficiencies [mentioned in point c) under situational analysis], the NCR was able to deliver on its mandate. The regulator needs to continue finding innovative ways to augment the budget and more ways of working smarter to be able to execute our legislative mandate.

Human resources: Having people with the right skills on board is an important factor that determines the success of the NCR. Funding constraints experienced during the past years resulted in the NCR freezing some key positions, losing key personnel to the industry and not being able to attract suitable skills. To increase capacity and boost staff complement, we will continue to recruit interns to assist with ICT and other operational areas.

Occupational health and safety (OHS): NCR is committed to keep its working environment safe for its employees. We have an OHS Committee responsible for implementing the requirements of the OHS Act and ensuring that occupational health and safety training is conducted as and when required. We have also appointed an OHS consultant who is responsible for legal compliance and a working environment that is safe and meets basic health standards.

Digitisation of structure, systems and processes: In order to improve operational efficiencies, the NCR embarked on automating its internal processes. Some of the important projects include the following:

- VPN and firewall set up to improve system security and implement a permanent remote working solution;
- Infrastructure and server upgrade to optimise performance and response time, as well as replace servers that are out of warranty; and
- Enhance various operational systems to improve operational efficiency and responsiveness within NCR.

It remains imperative to continue scanning the environment for developments and to continuously update and innovate our systems and processes and ensure that a robust structure underpins it all.

Knowledge intensity: Operating in a knowledge economy and digitised workplace means the NCR must provide its valued staff with opportunities for training and participation in conferences and similar industry events, albeit online.

c) **Compliance with the Broad-based Black Economic Empowerment (B-BBEE) Act, Act No. 53 of 2003, as amended**

Compliance with B-BBEE legislation and best practice is vital. The NCR issues tenders based on the preferential procurement framework and advertises new tenders on the e-tender portal and the website.

The NCR complies with the 2016 King IV Code of Governance Principles for South Africa (King IV Code) in as far as the Code can be applied to the NCR. The Executive Authority, namely the Minister of Trade, Industry and Competition and Parliament, ensures that the NCR embraces good corporate governance practices.

4. **Description of the planning process**

The first stage begins with Exco initiating the planning process with the aim of creating the organisational strategic direction. **The dtic**, ARMC and internal audit play a pivotal role in that they, review and provide inputs to the process. Workshops are then held between executive members and the management team to develop the departmental operational objectives. Management in turn engages with their respective team members to develop operational objectives which are in line with the business plan of the organisation. Upon approval of the strategic and operational objectives, all employees including executive management conclude performance contracts annually.

The background is a solid orange color with a complex network of thin, light-orange lines and dots. These lines and dots form a circuit-like or network pattern, with some lines connecting to small white circular nodes. There are also some faint, stylized symbols like double chevrons and groups of small circles scattered throughout the background.

PART C

MEASURING OUR
PERFORMANCE

1. Institutional programme performance information

1.1. Programme: Improved regulatory environment

1.1.1. Purpose of the programme

To promote financial inclusion (access to credit), economic growth through educational awareness and facilitation of job creation. The impact that the NCR seeks to achieve, is an improved regulatory environment, which promotes poverty reduction and tackle the high cost of living.

1.1.2. Outcomes, outputs, performance indicators and targets

Outcome	Outputs	Output Indicators	Audited Actual Performance			Estimated Performance	Medium-Term Targets		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Improved consumer protection through education and awareness of the NCA.	Education and awareness campaigns activities conducted.	Number of consumer education, awareness campaigns and activities conducted on the NCA within the 52 district municipalities.	-	1 382 consumer education and awareness campaigns and activities on consumer rights.	Conducted 1 469 consumer education awareness campaigns and activities on consumer rights.	Conduct 1500 consumer education and awareness campaigns and activities on the NCA.	Conduct 1400 consumer education, awareness campaigns and activities on the NCA within the 52 district municipalities.	Conduct 1400 consumer education, awareness campaigns and activities on the NCA within the 52 district municipalities.	Conduct 1400 consumer education, awareness campaigns and activities on the NCA within the 52 district municipalities.
	NCR's success stories profiled.	Number of NCR's success stories profiled.	New Indicator	New indicator	New indicator	Profile 50 NCR's success stories conducted through stakeholder engagements, advertising campaigns and education and awareness activities.	Profile 50 NCR's success stories.	Profile 50 NCR's success stories.	Profile 50 NCR's success stories.
	Consolidated evaluation reports produced.	Number of evaluation reports produced on consolidated activities relating to educational awareness, investigations, complaints evaluations, compliance monitoring, debt counselling and enforcement.	New Indicator	New indicator	New indicator	Four evaluation reports on activities relating to educational awareness, investigations, complaints evaluations, compliance monitoring, debt counselling and enforcement.	Four evaluation reports on consolidated activities relating to educational awareness, investigations, complaints evaluations, compliance monitoring, debt counselling and enforcement.	Conduct an impact study on activities relating to educational awareness, investigations, complaints evaluations, compliance monitoring, debt counselling and enforcement.	Four evaluation reports on consolidated activities educational awareness, investigations, complaints evaluations, compliance monitoring, debt counselling and enforcement
Improved NCA compliance and transformation of the previously excluded because of being outside the metros.	Workshops in areas outside the 5 main metros conducted.	Number of workshops conducted in areas outside the 5 main metros to support SMMEs.	New indicator	New indicator	New indicator	Conduct 20 workshops in areas outside the 5 main metros to support SMMEs.	Conduct 25 workshops in areas outside the 5 main metros to support SMMEs	Conduct 30 workshops in areas outside the 5 main metros to support SMMEs.	Conduct 35 workshops in areas outside the 5 main metros to support SMMEs.
Increased efficiency in registration of persons and entities to facilitate creation of job opportunities (Jobs supported by interventions).	New persons and entities registered within the set timelines.	% of new persons and entities registered in the consumer credit market within 6 business days of receipt of signed proposed conditions and payment of registration fees.	90.19% applications were registered within 9 business days of receipt of signed proposed conditions and payment of registration fees.	98.2% applications were registered within 9 business days of receipt of signed proposed conditions and payment of registration fees.	99.06% of applications were registered 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 7 business days of receipt of signed proposed conditions and payment of registration fees.	Register 98% of new persons and entities in the consumer credit market within 6 business days of receipt of signed proposed conditions and payment of registration fees.	Register 98% of new persons and entities in the consumer credit market within 5 business days of receipt of signed proposed conditions and payment of registration fees.	Register 98% of new persons and entities in the consumer credit market within 4 business days of receipt of signed proposed conditions and payment of registration fees.

Outcome	Outputs	Output Indicators	Audited Actual Performance			Estimate Performance	Medium Term Targets		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Improved regulatory environment.	Circulars/ guidelines in relation to Sec 16 (1) (b) of the NCA issued.	Number of circulars and/or guidelines issued in relation to Sec 16 (1) (b) of the NCA.	New indicator	New indicator	New indicator	New indicator	Four circulars and/or guidelines issued in relation to Sec 16 (1) (b) of the NCA.	Four circulars and/or guidelines issued in relation to Sec 16 (1) (b) of the NCA.	Four circulars and/or guidelines issued in relation to Sec 16 (1) (b) of the NCA.
	Reports on market concentration produced.	Number of reports on market concentration.	New indicator	New indicator	New indicator	Two reports on market concentration.	Two reports on market concentration.	Two reports on market concentration.	Two reports on market concentration.
Improved economic growth and development through procurement of goods and services from SMMEs.	Procurement spent on SMMEs, inclusive of women and youth.	% of procurement spent on SMMEs, inclusive of women and youth.	New indicator	New indicator	New indicator	25% of Procurement spent on SMMEs, inclusive of women and youth.	75% of Procurement spent on SMMEs, inclusive of women and youth.	75% of Procurement spent on SMMEs, inclusive of women and youth.	75% of Procurement spent on SMMEs, inclusive of women and youth.
Improved regulatory environment.	Diagnostic study report produced.	Submit a diagnostic study report on the establishment of business credit and risk reporting in South Africa.	New indicator	New indicator	New indicator	Produce a diagnostic study report on the establishment of business credit and risk reporting in South Africa.	Prepare implementation plan and commence with implementation of recommendations from the diagnostic study report.	Continue implementation of recommendations from the diagnostic report	Launch and monitor business credit and risk reporting in South Africa.
Established Central Credit Register	Report on the feasibility of establishing the register produced.	Submit the report on the feasibility of establishing the central credit register to the dtic.	New indicator	New indicator	New indicator	Produce and Submit the report on the feasibility of establishing the register to the dtic.	Prepare Implementation plan of recommendations from the feasibility study report and commence	Continue Implementation of recommendations from the feasibility study report	Continue implementation and launch Central Credit Register
Facilitation of job creation.	Learners/Interns recruited in partnership with BankSETA	Number of learners/interns recruited in partnership with BankSETA.	New indicator	New indicator	New indicator	Recruit 10 learners/interns through BankSeta	Recruit 10 learners/interns through Bank-Seta	Recruit 10 learners/interns through BankSeta	Recruit 10 learners/interns through BankSeta

1.1.3 Output Indicators: annual and quarterly targets

Output Indicator	Annual Target	Quarterly Milestones			
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Number of consumer education and awareness campaigns and activities conducted on the NCA within the 52 district municipalities.	Conduct 1400 consumer education and awareness campaigns and activities on the NCA within the 52 district municipalities.	350	350	350	350
Number of NCR's success stories profiled.	Profile 50 NCR's success stories.	13	13	12	12
Number of evaluation reports produced on consolidated. Activities relating to educational awareness, investigations, complaints evaluations, compliance monitoring, debt counselling and enforcement.	Four evaluation reports on consolidated activities relating to educational awareness, investigations, complaints evaluations, compliance monitoring, debt counselling and enforcement.	One evaluation report on consolidated activities relating to educational awareness, investigations, complaints evaluations, compliance monitoring, debt counselling and enforcement.	One evaluation report on consolidated activities to educational awareness, investigations, complaints evaluations, compliance monitoring, debt counselling and enforcement.	One evaluation report on consolidated activities relating to educational awareness, investigations, complaints evaluations, compliance monitoring, debt counselling and enforcement.	One evaluation report on consolidated activities relating to educational awareness, investigations, complaints evaluations, compliance monitoring, debt counselling and enforcement.
Number of workshops conducted in areas outside the 5 main metros to support SMMEs.	Conduct 25 workshops in areas outside the 5 main metros to support SMMEs.	6 workshops	7 workshops	6 workshops	6 workshops
% of new persons and entities registered in the consumer credit market within 6 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 6 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 6 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 6 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 6 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 6 business days of receipt of signed proposed conditions and payment of registration fees.
Number of jobs created through registration off SMMEs.	450 jobs created through registration of SMMEs.	N/A	N/A	225	225
Number of circulars and/or guidelines issued in relation to Sec 16 (1) (b) of the NCA.	Four circular and/or guidelines issued in relation to Sec 16 (1) (b) of the NCA.	One circular and/or guidelines issued in relation to Sec 16 (1) (b) of the NCA.	One circular and/or guidelines issued in relation to Sec 16 (1) (b) of the NCA.	One circular and/or guidelines issued in relation to Sec 16 (1) (b) of the NCA.	One circular and/or guidelines issued in relation to Sec 16 (1) (b) of the NCA.
Number of reports on market concentration.	Two reports on market concentration.	N/A	One report	N/A	One report
% of procurement spent on SMMEs, inclusive of women and youth.	75% of Procurement spent on SMMEs, inclusive of women and youth.	75% of Procurement spent on SMMEs, inclusive of women and youth.	75% of Procurement spent on SMMEs, inclusive of women and youth.	75% of Procurement spent on SMMEs, inclusive of women and youth.	75% of Procurement spent on SMMEs, inclusive of women and youth.
Submit a diagnostic study report on the establishment of business credit and risk reporting in South Africa.	Submit a diagnostic study report on the establishment of business credit and risk reporting in South Africa.	N/A	N/A	Conduct a diagnostic study on the establishment of business credit and risk reporting in South Africa and produce a draft report.	Finalise the diagnostic study on the establishment of business credit and risk reporting in South Africa, produce a final report.
Submit the report on the feasibility of establishing the central credit register to the dtic.	Submit the report on the feasibility of establishing the central credit register to the dtic.	N/A	N/A	Review draft report and sought comments from stakeholders	Produce and Submit the report on the feasibility of establishing the central credit register to the dtic.
Number of learners/interns recruited in partnership with BankSETA.	Recruit 10 learners/interns through BankSeta	N/A	N/A	Recruit 10 learners/interns through BankSeta	N/A

*Based on the estimated annual performance targets for 2023/24 financial year.

1.1.4 Explanation of planned performance over the medium-term period

- a) To promote financial inclusion (access to credit), economic growth through educational awareness and facilitation of job creation. The impact seeks to achieve an improved regulatory environment, which promotes poverty reduction and tackle the high cost of living.
- b) Efficient registration processes and profiling of success stories conducted through stakeholder engagements lead to reduction in red tape.
- c) Activities conducted under this programme are linked and in support of the following five of the ten dtic core outputs:
 - **Output 3:** SMME supported.
 - **Output 5:** Work experience.
 - **Output 6:** Subsistence farmers.
 - **Output 7:** Transformation.
 - **Output 9:** Red tape reduction.

1.1.5 Programme resource considerations

Economic classification	Audited Actual Expenditure outcome			Estimated expenditure	Medium-Term Expenditure Estimate		
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Personnel costs	R11.17m	R12.25m	R13.00m	R13.21m	R13,67m	R14,35m	R15,07m
Goods and services	R12.85m	R9.78m	R7.03m	R9.84m	R6,58m	R6,91m	R7,26m
Total	R24.02m	R22.03m	R20.94m	R23.05m	R20,25m	R21,27m	R22,33m

1.2 Programme: Enforcement of the National Credit Act

1.2.1 Purpose of the programme

To promote a fair, responsible and accessible consumer credit market through the enforcement of the NCA. This will be implemented by conducting investigations and taking enforcement action on non-compliant registrants.

1.2.2. Outcomes, outputs, performance indicators and targets

Outcome	Outputs	Output Indicators	Audited Actual Performance			Estimated Performance	Medium-Term Targets		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Improved compliance through enforcement of the NCA.	Impact Study report produced.	Impact study report on the effect of total cost of credit and credit life insurance regulations on consumers and submit a final report to the dtic.	-	**Conduct an impact study of limitations on fees and interest rates and credit life regulations and submit a final report to the dtic.	-	-	Conduct an impact study on regulations on limitations on fees and interest rates together with credit life regulations and submit report to the dtic.	-	-
Improved compliance through enforcement of the NCA.	Investigations on credit providers conducted.	Number of investigations conducted on credit providers relating to the NCA.	378 investigations were conducted by way of complaints evaluations, compliance monitoring and investigations.	490 investigations on credit providers were conducted by way of complaints evaluations, compliance monitoring and investigations.	444 investigations on credit providers were conducted by way of complaints evaluations, compliance monitoring and investigations.	Conduct 410 investigations on credit providers relating to reckless lending.	Conduct 490 investigations on credit providers relating to the NCA.	Conduct 500 investigations on credit providers relating to the NCA.	Conduct 510 investigations on credit providers relating to the NCA.
Improved compliance through enforcement of the NCA.	Enforcement action taken on non-compliance identified.	Enforcement action taken by the end of the financial year on a percentage (%) of investigations which identified non-compliance relating to the NCA by credit providers.	Enforcement action was taken on 88% of investigations on credit providers where contraventions relating to reckless lending and/or collection of prescribed debt were identified.	Enforcement action was taken on 96% of investigations on credit providers where contraventions relating to reckless lending were identified.	Enforcement action was taken on 96% of investigations on credit providers where contravention relating to total cost of credit were identified.	Take enforcement action on 78% of investigations which identified non-compliance with regulations relating to reckless lending by credit providers by the end of the financial year.	Take enforcement action on 80% of investigations which identified non-compliance with the NCA by credit providers by the end of the financial year.	Take enforcement action on 85% of investigations which identified non-compliance with the NCA by credit providers by the end of the financial year.	Take enforcement action on 90% of investigations which identified non-compliance with the NCA by credit providers by the end of the financial year.
Improved compliance through enforcement of the NCA.	Investigations on debt counsellors conducted.	Number of investigations conducted on debt counsellors relating to compliance with the NCA.	New indicator	New indicator	New indicator	Conduct 200 investigations on debt counsellors relating to compliance with the NCA.	Conduct 350 investigations on debt counsellors relating to compliance with the NCA.	Conduct 400 investigations on debt counsellors relating to compliance with the NCA.	Conduct 450 investigations on debt counsellors relating to compliance with the NCA.
	Enforcement action taken on non-compliance identified.	Enforcement action taken by the end of the financial year on a percentage (%) of investigations which identified non-compliance with the NCA by debt counsellors.	New indicator	New indicator	New indicator	Take enforcement action on 75% of investigations which identified non-compliance with the NCA by debt counsellors by the end of the financial year.	Take enforcement action on 80% of investigations which identified non-compliance with the NCA by debt counsellors by the end of the financial year.	Take enforcement action on 80% of investigations which identified non-compliance with the NCA by debt counsellors by the end of the financial year.	Take enforcement action on 85% of investigations which identified non-compliance with the NCA by debt counsellors by the end of the financial year.

Outcome	Outputs	Output Indicators	Audited Actual Performance			Estimated Performance	Medium-Term Targets		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Improved compliance through enforcement of the NCA.	Investigations on credit bureaus conducted.	Percentage of investigations conducted on hosting credit bureaus in respect of credit reports issued for employment purposes in terms of the NCA, removal of adverse consumer credit information and paid-up judgements..	6 credit bureaus were monitored.	3 investigations on hosting credit bureaus were conducted by way of compliance monitoring.	5 hosting credit bureau investigations were conducted by way of compliance monitoring.	***Conduct 5 investigations on hosting credit bureaus in respect of credit reports issued for employment purposes in terms of the NCA, removal of adverse consumer credit information and paid-up judgements.	Conduct 83% of investigations on hosting credit bureaus in respect of credit reports issued for employment purposes in terms of the NCA, removal of Adverse consumer credit information and paid-up judgements.	Conduct 85% of investigations on hosting credit bureaus in respect of credit reports issued for employment purposes in terms of the NCA, removal of adverse consumer credit information and paid-up judgements.	Conduct 90% of investigations on hosting credit bureaus in respect of credit reports issued for employment purposes in terms of the NCA, removal of adverse consumer credit information and paid-up judgements.
	Enforcement action taken on non-compliance identified.	Enforcement action taken by the end of the financial year on a percentage (%) of investigations which identified non-compliance by credit bureaus.	-	100% enforcement action was taken. Three credit bureaus were found to be non-compliant and enforcement action was taken on 2. The other credit bureau corrected the non-compliances before the enforcement action could be taken.	All credit bureaus were found to be compliant after monitoring was done.	Take enforcement action on 80% of investigations, which identified non-compliance by credit bureaus by end of the financial year.	Take enforcement action on 85% of investigations, which identified non-compliance by credit bureaus by end of the financial year.	Take enforcement action on 85% of investigations, which identified non-compliance by credit bureaus by end of the financial year.	Take enforcement action on 90% of investigations, which identified non-compliance by credit bureaus by end of the financial year.
Improved compliance through enforcement of the NCA.	Compliance reports evaluated.	% of evaluated credit bureau annual compliance reports certified by an independent auditor for their previous financial year.	Evaluated 100% (38) of registered credit bureau annual compliance reports certified by an independent auditor received from registered credit bureaus.	Evaluated 100% annual compliance reports certified by an independent auditor by registered credit bureaus for their 2020 financial year.	Evaluate 100% annual compliance reports certified by independent auditors, submitted by registered credit bureaus for their 2021 financial year.	Evaluate 100% annual compliance reports certified by an independent auditor submitted by credit bureaus for the 2022 financial year.	Evaluate 100% annual compliance reports certified by an independent Auditor submitted by credit bureaus for the 2023 financial year.	Evaluate 100% annual compliance reports certified by an independent auditor submitted by credit bureaus for the 2024 financial year.	Evaluate 100% annual compliance reports certified by an independent auditor submitted by credit bureaus for the 2025 financial year.

Outcome	Outputs	Output Indicators	Audited Actual Performance			Estimated Performance	Medium-Term Targets		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Improved compliance through enforcement of the NCA.	Enforcement action taken on non-compliance identified.	Enforcement action taken by the end of the financial year percentage (%) of credit bureaus which were found to be non-compliant after the evaluation of annual compliance reports certified by an independent auditor for their previous financial year.	Enforcement action was taken on 2 non-compliant credit bureaus by way of instructional letters (38 reports were evaluated and 36 were found to be compliant).	All credit bureaus were found to be compliant after the evaluation of annual compliance reports certified by an independent auditor for their previous financial year by 31 March 2022.	Enforcement action was taken on 100% of investigations on credit bureaus which were found to be non-compliant.	Take enforcement action on 75% of credit bureaus which were found to be non-compliant after the evaluation of annual compliance reports certified by an independent auditor for their previous financial year by 31 March 2023.	Take enforcement action on 80% of credit bureaus which were found to be non-compliant after the evaluation of annual compliance reports certified by an independent auditor for their previous financial year by 31 March 2024.	Take enforcement action on 83% of credit bureaus which were found to be non-compliant after the evaluation of annual compliance reports certified by an independent auditor for their previous financial year by 31 March 2025.	Take enforcement action on 86% of credit bureaus which were found to be non-compliant after the evaluation of annual compliance reports certified by an independent auditor for their previous financial year by 31 March 2026.
Improved compliance with the NCA.	Reports on the impact of enforcement produced.	Number of reports produced on the impact of enforcement action taken on entities and persons that were found to be non-compliant in the previous financial year.	New indicator	New indicator	New indicator	New indicator	Three progress reports and one final report on the impact of enforcement action taken on entities and persons that were found to be non-compliant in the previous financial year.	Three progress reports and one final report on the impact of enforcement action taken on entities and persons that were found to be non-compliant in the previous financial year.	Impact study on the enforcement action taken on entities and persons that were found to be non-compliant in the previous financial year.

Based on the estimated annual performance targets for 2023/24 financial year.

** The impact study on the effect of total cost of credit and credit life insurance review is conducted at intervals of no more than 3 years, in terms of the NCA.

*** Hosting credit bureau is one that receives payment profile information that flows from credit/data providers via the Data Transmission Hub. In addition, they hold a full database of all credit-active consumers in South Africa, whereas the other types of credit bureaus hold partial consumer credit information only. These credit bureaus need extensive IT systems & infrastructure as millions of records flows to and are processed by them daily.

1.2.3 Output indicators, annual and quarterly targets

Output Indicator	Annual Target	Quarterly Milestones			
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Impact study report on the effect of total cost of credit and credit life insurance regulations on consumers and submit a final report to the dtic .	Conduct an impact study on regulations on limitations on fees and interest rates together with credit life regulations and submit report to the dtic .	Draft terms of reference for the impact study.	Commence with an impact study and produce a progress report.	Continue with an impact study and produce a draft report.	Finalize the impact study, produce a final report with recommendations and submit to the dtic .
Number of investigations conducted on credit providers relating to the NCA.	Conduct 490 investigations on credit providers relating to the NCA.	124	122	122	122
Enforcement action taken by the end of the financial year on a percentage (%) of investigations which identified non-compliance relating to the NCA by credit providers.	Take enforcement action on 80% of investigations which identified non-compliance with regulations relating to the NCA by credit providers by the end of the financial year.	-	-	-	Take enforcement action on 80% of investigations which identified non-compliance with the NCA by credit providers by the end of the financial year.
Number of investigations conducted on debt counsellors relating to compliance with the NCA.	Conduct 350 investigations on debt counsellors relating to compliance with the NCA.	90	90	80	90
Enforcement action taken by the end of the financial year on a percentage (%) of investigations which identified non-compliance with the NCA by debt counsellors.	Take enforcement action on 80% of investigations which identified non-compliance with the NCA by debt counsellors by the end of the financial year.	-	-	-	Take enforcement action on 80% of investigations which identified non-compliance with the NCA by debt counsellors by the end of the financial year.
Percentage of investigations conducted on hosting credit bureaus in respect of credit reports issued for employment purposes in terms of the NCA, removal of adverse consumer credit information and paid-up judgements.	Conduct 83% investigations on hosting credit bureaus in respect of credit reports issued for employment purposes in terms of the NCA, removal of adverse consumer credit information and paid-up judgements.	-	-	-	Conduct 83% investigations on hosting credit bureaus in respect of credit reports issued for employment purposes in terms of the NCA, removal of adverse consumer credit information and paid-up judgements.
Enforcement action taken by the end of the financial year on a percentage (%) of investigations which identified non-compliance by credit bureaus.	Take enforcement action on 85% of investigations, which identified non-compliance by credit bureaus by end of the financial year.	-	-	-	Take enforcement action on 85% of investigations, which identified non-compliance by credit bureaus by end of the financial year.
% 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 2023 financial year.	Evaluate 100% annual compliance reports certified by an independent auditor submitted by registered credit bureaus for their 2023 financial year.	-	-	-
Enforcement action taken by the end of the financial year on a percentage (%) of credit bureaus which were found to be non-compliant after the evaluation of annual compliance reports certified by an independent auditor for their previous financial year.	Take enforcement action on 80% of credit bureaus which were found to be non-compliant after the evaluation of annual compliance reports certified by an independent auditor for their previous financial year by 31 March 2024.	-	-	-	Take enforcement action on 80% of credit bureaus which were found to be non-compliant after the evaluation of annual compliance reports certified by an independent auditor for their previous financial year by 31 March 2024.

Output Indicator	Annual Target	Quarterly Milestones			
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Number of reports produced on the impact of enforcement action taken on entities and persons that were found to be non-compliant in the previous financial year.	Three progress reports and one final report on the impact of enforcement action taken on entities and persons that were found to be non-compliant in the previous financial year.	One progress report on the impact of enforcement action taken on entities and persons that were found to be non-compliant in the previous financial year.	One progress report on the impact of enforcement action taken on entities and persons that were found to be non-compliant in the previous financial year.	One progress report on the impact of enforcement action taken on entities and persons that were found to be non-compliant in the previous financial year.	One final report on the impact of enforcement action taken on entities and persons that were found to be non-compliant in the previous financial year.

*Based on the estimated annual performance targets for 2023/24 financial year

***Investigation includes amongst others: complaints evaluations/compliance monitoring/audits/raids

1.2.4 Explanation of planned performance over the medium-term period

- Promotion of affordable levels of credit granting, decreased levels of reckless lending and unfair practices and accurate consumer credit information will contribute to economic transformation.
- Investigation includes amongst others: complaints evaluations/compliance monitoring/audits/raids.
- In order to achieve these targets, the NCR requires a well-functioning infrastructure, adequate funding and capacity to enhance its efficiency and effectiveness.

1.2.5 Programme resource considerations

Enforcement of the National Credit Act							
Economic classification	Audited Actual Expenditure outcome			Estimated expenditure	Medium-Term Expenditure Estimate		
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Personnel costs	R65.29m	R54.51m	R66.56m	R68.64m	R73,56m	R77,24m	R81,10m
Goods and Services	R25.29m	R38.30m	R43.70m	R39.84m	R45,79m	R51,05m	R49,68m
Assets	R9.89m	R9.10m	R6.23m	R7.60m	R8,35m	R7,52m	R10,55m
Total	R100.47m	R101.91m	R116.49m	R116.08m	R127,70m	R135,80m	R141,33 m

2. Key strategic risks and mitigations

The risk management policy framework has been approved with Fraud Prevention Plan review currently underway. Refer to Annexure B.

The following table provides a summary of the NCR's key risks, as well as risk mitigation plans to manage the risks.

Outcomes	Key risk	Risk mitigation
<ul style="list-style-type: none"> Improved consumer protection through education and awareness of the NCA. Increased efficiency in registration of persons and entities to facilitate creation of job opportunities. Improved compliance through enforcement of the NCA. 	Inability of the NCR to execute its strategic objectives due to insufficient funding.	<ul style="list-style-type: none"> Amendments of the APP targets in alignment to the budget. Review of the application, registration and renewal fees and submission to the dtic for approval. Benchmarking and impact assessment exercise with other regulators assisted by the IFC on funding model (nationally and internationally). Engage the banks to assist in a potential format to allocate of a dedicated NCR reference number for renewal fees payment. Invoice debt counselors and credit providers by early April 2024 in order to allow timeous payment.
	Inability to provide adequate ICT services in the organisation operations.	<ul style="list-style-type: none"> Acquire additional remote working tools. ICT infrastructure refresh. Recruit additional resources to capacitate the department. ICT strategy & enterprise architecture funding. ICT strategy & enterprise architecture approval. Implementation of phase 1 of the ICT strategy & architecture approval. Acquisition of the backup generator for the old building. Upgrade of the UPS batteries for the old building.
	Fraud and corruption (internal/external fraud).	<ul style="list-style-type: none"> Review and approve the fraud prevention policy and plan. Conduct fraud awareness campaign/workshops. Engage SSA on screening of employees that are vulnerable to fraud. <p>Depending on the outcome, a plan will be developed for implementation.</p>
	Ineffective implementation of business continuity management.	<ul style="list-style-type: none"> Conduct business impact analysis based on potential business incidents. Review and approve the BCM policy and plan. Raise awareness on the business continuity management programme. Conduct BCP test.
	Inadequate and insufficient human resources capacity to execute the NCR mandate.	<ul style="list-style-type: none"> Develop and implement exit interview template/questionnaire for all resignations. Quarterly report to Exco on exit interview to allow improvements. Implement training needs in line with the budget. Review, approve and implement the succession policy and career management policy. Monitor attendance by employees and escalate to the relevant managers. Explore funding opportunities through The Jobs fund (NT) and obtain buy-in from Exco for the NCR to participate.
	Inadequate contract management which may result in financial losses and irregular/fruitless and wasteful expenditure.	<ul style="list-style-type: none"> Continuously review the SLA template as and when there are changes in the Law. Conduct training on new staff on contract management as and when required. Ensure that Project Managers are made aware through appointment letters of their roles and responsibilities towards contract management.

3. Materiality significance framework

Framework has been provided for as **Annexure B**.



PART D

TECHNICAL INDICATOR
DESCRIPTIONS (TIDs)

Items	Guide
Indicator title	Number of consumer education and awareness campaigns and activities conducted on the NCA within the 52 district municipalities.
Definition	A measuring tool relating to the consumer education and awareness activities conducted on NCA.
Source of data	Consumer education and awareness documents (media briefs, clips, email correspondence, link to podcast/interview, activity forms, attendance register, meeting screenshots, minutes, notes, etc.).
Method of calculation or assessment	Quantitative - simple count of consumer educations and awareness activities.
Means of verification	Consumer education and awareness documents (media briefs, clip, email correspondence, link to podcast/interview, activity forms, attendance register, meeting screenshots, minutes, notes, etc.).
Assumptions	Cooperation by stakeholders and consumers in the education and awareness activities.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: N/A • Target for youth: N/A • Target for people with disabilities: N/A
Spatial transformation (where applicable)	<ul style="list-style-type: none"> • Contribution to spatial transformation priorities: N/A • Spatial impact area: N/A
Calculation type	Cumulative (year-end).
Reporting cycle	Quarterly and annually.
Desired performance	To increase the level of public awareness on NCA.
Indicator responsibility	Manager: Education and Communication.

Items	Guide
Indicator title	Number of NCR's success stories profiled.
Definition	A measuring tool relating to the success stories profiled through NCR interventions.
Source of data	Attendance registers, print media, podcasts, media briefs, radio/TV interviews, workshops, raids, stakeholder engagements, advertising campaigns and education and awareness activities.
Method of calculation or assessment	Quantitative - Simple count of success stories profiled.
Means of verification	Profiled stories.
Assumptions	Cooperation by stakeholders and consumers to be profiled.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: N/A • Target for youth: N/A • Target for people with disabilities: N/A
Spatial transformation (where applicable)	<ul style="list-style-type: none"> • Contribution to spatial transformation priorities: N/A • Spatial impact area: N/A
Calculation type	Cumulative (year-to-date).
Reporting cycle	Quarterly and annually.
Desired performance	To increase level of visibility and public awareness on NCA.
Indicator responsibility	Manager: Education & Communication.

Items	Guide
Indicator title	Number of evaluation reports produced on consolidated activities relating to educational awareness, investigations, complaints evaluations, compliance monitoring, debt counselling and enforcement.
Definition	Measuring tool to measure impact on educational awareness, investigations, complaints evaluations, compliance monitoring, debt counselling and enforcement.
Source of data	Surveys, evaluation reports, interview reports, investigation reports.
Method of calculation or assessment	Qualitative
Means of verification	Surveys, evaluation reports, interview reports, investigation reports.
Assumptions	Availability/participations and contribution from internal departments.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: N/A • Target for youth: N/A • Target for people with disabilities: N/A
Spatial transformation (where applicable)	<ul style="list-style-type: none"> • Contribution to spatial transformation priorities: N/A • Spatial impact area: N/A
Calculation type	Cumulative (year-end).
Reporting cycle	Quarterly and annually.
Desired performance	To increase financial inclusion, economic growth, and job creation.
Indicator responsibility	Manager: Education and Communication.

Items	Guide
Indicator title	Number of workshops conducted in areas outside the 5 main metros to support SMMEs.
Definition	A measuring tool relating to workshops conducted in areas outside the 5 main metros to support SMMEs.
Source/collection of data	NCA compliance and support related documents relating to registration requirements, credit information, operation as a newly registered registrant, correspondence with registrants/potential registrants, attendance registers, meeting screenshots, minutes, notes, presentation slides, etc.).
Method of calculation	Quantitative - Simple count of workshops conducted.
Means of verification	Attendance registers, meeting screenshots, minutes, confirmations from the hosts, etc.
Assumptions	Cooperation by stakeholders.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: N/A • Target for youth: N/A • Target for people with disabilities: N/A
Spatial transformation (where applicable)	<ul style="list-style-type: none"> • Contribution to spatial transformation priorities: N/A • Spatial impact area: N/A
Calculation type	Cumulative (year-end).
Reporting cycle	Quarterly and annually.
Desired performance	To improve the level NCA compliance within SMMEs.
Indicator responsibility	Managers: Registration, Credit Bureau Compliance, Credit Provider Compliance, Debt Counselling and Education & Communication.

Items	Guide
Indicator title	% of new persons and entities registered in the consumer credit market within 6 business days of receipt of signed proposed conditions and payment of registration fees.
Definition	Measuring tool to improve efficiency in the registration process of persons and entities.
Source/collection of data	Reports from the registration ICT system, signed imposed conditions of registrations and the finance ICT system.
Method of calculation	Quantitative Total number of persons and entities registered within 6 business days of receipt of signed proposed conditions and payment of registration fees. _____ X 100 Total number of persons and entities registered = Total percentage (%) of new persons and entities registered.
Means of verification	Reports on persons and entities registered (reports include the number of days taken to register), registration certificates and window decals.
Assumptions	An improved and efficient ICT system and/or increased capacity.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for women: N/A Target for youth: N/A Target for people with disabilities: N/A
Spatial transformation (where applicable)	<ul style="list-style-type: none"> Contribution to spatial transformation priorities: N/A Spatial impact area: N/A
Calculation type	Cumulative (year-end).
Reporting cycle	Quarterly and annually.
Desired performance	To improve efficiencies in registration which may lead to the establishment of new SMMEs and job facilitation.
Indicator responsibility	Manager: Registrations.

Items	Guide
Indicator title	Number of jobs created through registration of SMMEs.
Definition	Measuring the number jobs supported through registration of SMMEs
Source of data	Reports from the registration's ICT system, signed proposed conditions of registrations. Designed form requesting number of staff employed.
Method of calculation or assessment	Simple count (Quantitative)
Means of verification	Reports on the number of SMMEs registered and jobs created.
Assumptions	An improved and efficient ICT system and/or increased capacity.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for women: N/A Target for youth: N/A Target for people with disabilities: N/A
Spatial transformation (where applicable)	<ul style="list-style-type: none"> Contribution to spatial transformation priorities: N/A Spatial impact area: N/A
Calculation type	Cumulative (year-end).
Reporting cycle	Quarterly and annually.
Desired performance	To improve efficiencies in registration which may lead to the establishment of new SMMEs and job facilitation.
Indicator responsibility	Manager: Registrations.

Items	Guide
Indicator title	Number of circulars and/or guidelines issued in relation to Sec 16 (1) (b) of the NCA.
Definition	A tool to increase knowledge of the nature and dynamics of the consumer credit market industry.
Source/collection of data	Circular and guidelines
Method of calculation	Simple count (quantitative)
Means of verification	Circular/guidelines publications
Assumptions	Credit industry appetite
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for women: N/A Target for youth: N/A Target for people with disabilities: N/A
Spatial transformation (where applicable)	<ul style="list-style-type: none"> Contribution to spatial transformation priorities: N/A Spatial impact area: N/A
Calculation type	Cumulative (year-end).
Reporting cycle	Quarterly and annually.
Desired performance	Improved regulatory environment.
Indicator responsibility	Senior Legal Advisor: Executive.

Items	Guide
Indicator title	Number of reports on market concentration.
Definition	A measure that quantifies how much of the credit market is shared by companies of various sizes.
Source/collection of data	Number of registrants and consumer credit market report.
Method of calculation	Simple count (Quantitative).
Means of verification	Reports
Assumptions	Availability of data (credit providers and debt counsellors).
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for women: N/A Target for youth: N/A Target for people with disabilities: N/A
Spatial transformation (where applicable)	<ul style="list-style-type: none"> Contribution to spatial transformation priorities: N/A Spatial impact area: N/A
Calculation type	Cumulative (year-end).
Reporting cycle	Quarterly and annually.
Desired performance	Improved regulatory environment.
Indicator responsibility	Senior Legal Advisor: Executive.

Items	Guide
Indicator title	% of procurement spent on SMMEs, inclusive of women and youth.
Definition	Measure of the percentage of expenditure on SMMEs, inclusive of women and youth.
Source/collection of data	Supplier proposal documents and internally created documents.
Method of calculation	<p>Quantitative</p> <p>Total procurement spent on SMMEs, inclusive of women and youth.</p> <p>_____ X 100</p> <p>Total procurement spent.</p> <p>= Total percentage (%) of procurement spent on SMMEs, inclusive of women and youth.</p>
Means of verification	GP purchase orders and sworn affidavits/BBEEE certificates of the awarded suppliers.
Assumptions	There will be bid submissions from suppliers.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for women: N/A Target for youth: N/A Target for people with disabilities: N/A
Spatial transformation (where applicable)	<ul style="list-style-type: none"> Contribution to spatial transformation priorities: N/A Spatial impact area: N/A
Calculation type	Cumulative (year-end).
Reporting cycle	Quarterly and annually.
Desired performance	70% of the annual procurement spent on SMMEs, inclusive of women and youth.
Indicator responsibility	Manager: Supply Chain Management.

Items	Guide
Indicator title	Produce a diagnostic study report on the establishment of business credit and risk reporting in South Africa.
Definition	Conducting a diagnostic study to inform the development of business credit and risk reporting in South Africa
Source of data	Consumer credit market
Method of calculation or assessment	Qualitative
Means of verification	Diagnostic study report
Assumptions	The availability of data to inform the study
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for women: N/A Target for youth: N/A Target for people with disabilities: N/A
Spatial transformation (where applicable)	<ul style="list-style-type: none"> Contribution to spatial transformation priorities: N/A Spatial impact area: N/A
Calculation type	Non-cumulative (year-end).
Reporting cycle	Quarterly and annually.
Desired performance	To improve the regulatory environment
Indicator responsibility	Manager: Credit Bureau Compliance

Items	Guide
Indicator title	Produce and submit the report on the feasibility of establishing the central credit register to the dtic.
Definition	Conducting a study to determine the feasibility of establishing a central credit register and the model that will work for the South African market.
Source of data	Local and international consumer credit markets
Method of calculation or assessment	Qualitative (report)
Means of verification	Feasibility study report
Assumptions	The availability of data to inform the study
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for women: N/A Target for youth: N/A Target for people with disabilities: N/A
Spatial transformation (where applicable)	<ul style="list-style-type: none"> Contribution to spatial transformation priorities: N/A Spatial impact area: N/A
Calculation type	Non-cumulative (year-end).
Reporting cycle	Quarterly and annually.
Desired performance	To improve the regulatory environment
Indicator responsibility	Manager: Credit Bureau Compliance

Items	Guide
Indicator title	Number of learners/interns recruited in partnership with BankSETA.
Definition	Recruitment of interns to facilitate opportunities for job creation.
Source of data	Application documents and proof of qualifications
Method of calculation or assessment	Quantitative (simple count of interns recruited)
Means of verification	Appointment letters
Assumptions	Cooperation from BankSETA
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for women: N/A Target for youth: N/A Target for people with disabilities: N/A
Spatial transformation (where applicable)	<ul style="list-style-type: none"> Contribution to spatial transformation priorities: N/A Spatial impact area: N/A
Calculation type	Non-cumulative (year-end).
Reporting cycle	Quarterly and Annually.
Desired performance	Provide skills and work experience to graduates and learners
Indicator responsibility	Manager: Human Resources

Items	Guide
Indicator title	Conduct an impact study on regulations on limitations on fees and interest rates together with credit life regulations and submit a final report to the dtic .
Definition	A measuring tool to monitor the effects of limitations on fees and interest rates together with credit life regulations.
Source/collection of data	<ul style="list-style-type: none"> • Credit agreements • Investigation reports • Credit insurance policies
Method of calculation	Qualitative (a report on the review conducted).
Means of verification	Impact study report.
Assumptions	There will be sufficient and efficient resources.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: N/A • Target for youth: N/A • Target for people with disabilities: N/A
Spatial transformation (where applicable)	<ul style="list-style-type: none"> • Contribution to spatial transformation priorities: N/A • Spatial impact area: N/A
Calculation type	Cumulative (year-end).
Reporting cycle	Quarterly and annually.
Desired performance	To improve efficiencies in registration which may lead to the establishment of new SMMEs and job facilitation.
Indicator responsibility	Manager: Statistics and Research.

Items	Guide
Indicator title	Number of investigations conducted on credit providers relating to National Credit Act.
Definition	A measuring tool relating to investigations conducted on credit providers pertaining to reckless lending and/or total cost of credit.
Source of data	<ul style="list-style-type: none"> • Compliance monitoring reports; • Investigation reports; • Audit reports; and • Complaints evaluation reports. • Form 29 and credit agreements
Method of calculation	Quantitative (Simple count of total number of investigations conducted).
Means of verification	<ul style="list-style-type: none"> • Investigation reports • Compliance monitoring reports • Audit reports • Complaints evaluation reports • Notice of non-referral
Assumptions	Cooperation from consumers and registrants; and consumer interest to lodge complaints.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: N/A • Target for youth: N/A • Target for people with disabilities: N/A
Spatial transformation (where applicable)	<ul style="list-style-type: none"> • Contribution to spatial transformation priorities: N/A • Spatial impact area: N/A
Calculation type	Cumulative (year-end).
Reporting cycle	Quarterly and annually.
Desired performance	Improved compliance with the NCA and its regulations by credit providers.
Indicator responsibility	Managers: Investigations and Enforcement, Complaints and Credit Provider Compliance.

Items	Guide
Indicator title	Enforcement action taken by the end of the financial year on a percentage (%) of investigations which identified non-compliance relating to National Credit Act by credit providers.
Definition	A measuring tool relating to enforcement action taken against credit providers for non-compliance relating to reckless lending and/or total cost of credit.
Source of data	Enforcement tools (issued compliance notices/instructional letters/referrals to the NCT and courts; and settlements). Copy of the docket, criminal cases
Method of calculation or assessment	Quantitative Total number of enforcement actions taken. _____ X 100 Total number of investigations which identified non-compliance relating to reckless lending and/or total cost of credit = Total percentage (%) of enforcement actions taken.
Means of verification	Enforcement tools (issued compliance notices/instructional letters/ referrals to the NCT and courts). Copy of the docket, criminal cases
Assumptions	There will be sufficient, efficient resources and cooperation from debt counsellors.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: N/A • Target for youth: N/A • Target for people with disabilities: N/A
Spatial transformation (where applicable)	<ul style="list-style-type: none"> • Contribution to spatial transformation priorities: N/A • Spatial impact area: N/A
Calculation type	Cumulative (year-end).
Reporting cycle	Annually
Desired performance	Improved compliance with the NCA, consumer protection and redress.
Indicator responsibility	Managers: Investigations and Enforcement, Complaints and Credit Provider Compliance.

Items	Guide
Indicator title	Number of investigations conducted on debt counsellors relating to compliance with the NCA.
Definition	A measuring tool relating to investigations conducted on debt counsellors regarding compliance with the NCA.
Source of data	<ul style="list-style-type: none"> • Compliance monitoring reports • Investigation reports • Complaints evaluation reports
Method of calculation or assessment	Quantitative (simple count of total number of investigations conducted).
Means of verification	<ul style="list-style-type: none"> • Investigation reports • Compliance monitoring reports • Complaints evaluation reports
Assumptions	Cooperation from consumers and registrants; and consumer interest to lodge complaints.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: N/A • Target for youth: N/A • Target for people with disabilities: N/A
Spatial transformation (where applicable)	<ul style="list-style-type: none"> • Contribution to spatial transformation priorities: N/A • Spatial impact area: N/A
Calculation type	Cumulative (year-end).
Reporting cycle	Quarterly and Annually.
Desired performance	Improved compliance with the NCA and its regulations by debt counsellors.
Indicator responsibility	Managers: Investigations and Enforcement, Complaints and Debt Counselling.

Items	Guide
Indicator title	Enforcement action taken by the end of the financial year on a percentage (%) of investigations which identified non-compliance with the NCA by debt counsellors.
Definition	A measuring tool relating to enforcement action taken against debt counsellors for non-compliance relating to debt counselling.
Source of data	Enforcement tools (issued compliance notices/instructional letters/ referrals to the NCT and courts/settlement agreements).
Method of calculation or assessment	Quantitative $\frac{\text{Total number of enforcement actions taken}}{\text{Total number of investigations which identified non-compliance relating to debt counselling}} \times 100$ = Total percentage (%) of enforcement actions taken.
Means of verification	Enforcement tools (issued compliance notices/instructional letters/referrals to the NCT and courts).
Assumptions	There will be sufficient, efficient resources and cooperation from debt counsellors.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for women: N/A Target for youth: N/A Target for people with disabilities: N/A
Spatial transformation (where applicable)	<ul style="list-style-type: none"> Contribution to spatial transformation priorities: N/A Spatial impact area: N/A
Calculation type	Cumulative (year-end).
Reporting cycle	Annually
Desired performance	Improved compliance with the NCA, consumer protection and redress.
Indicator responsibility	Managers: Investigations and Enforcement, Complaints and Debt Counselling.

Items	Guide
Indicator title	Percentage of investigations conducted on hosting credit bureaus in respect of credit reports issued for employment purposes in terms of the NCA, removal of adverse consumer credit information and paid-up judgments.
Definition	A measuring tool relating to investigations conducted on credit bureaus compliance with the NCA.
Source of data	<ul style="list-style-type: none"> Compliance monitoring reports Investigation reports Audit reports Complaints evaluation reports Form 43
Method of calculation or assessment	Quantitative $\frac{\text{Total number of investigations completed.}}{\text{Total number of planned investigations on hosting CBs}} \times 100$ = Total number of planned investigations on hosting CBs.
Means of verification	<ul style="list-style-type: none"> Compliance monitoring reports Investigation reports Audit reports Complaints evaluation reports (closure letters)
Assumptions	Co-operation and compliance by credit bureaus, credit providers and consumers.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for women: N/A Target for youth: N/A Target for people with disabilities: N/A
Spatial transformation (where applicable)	<ul style="list-style-type: none"> Contribution to spatial transformation priorities: N/A Spatial impact area: N/A
Calculation type	Cumulative (year-to-date).
Reporting cycle	Annually
Desired performance	Improved compliance with the NCA by credit bureaus.
Indicator responsibility	Manager: Credit Bureau Compliance.

Items	Guide
Indicator title	Enforcement action taken by the end of the financial year on a percentage (%) of investigations which identified non-compliance by hosting credit bureaus.
Definition	A measuring tool relating to enforcement action taken against credit bureaus for noncompliance with the NCA.
Source of data	Enforcement tools (issued compliance notices/instructional letters/ referrals to the NCT and courts).
Method of calculation or assessment	Quantitative $\frac{\text{Total number of enforcement actions taken}}{\text{Total number of investigations which identified non-compliance with the NCA}} \times 100$ = Total percentage (%) of enforcement action taken.
Means of verification	Enforcement tools (issued compliance notices/instructional letters/ referrals to the NCT and courts; settlements; letter from registrants confirming corrections of non-compliances).
Assumptions	Co-operation and compliance by credit bureaus, credit providers and consumers.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for women: N/A Target for youth: N/A Target for people with disabilities: N/A
Spatial transformation (where applicable)	<ul style="list-style-type: none"> Contribution to spatial transformation priorities: N/A Spatial impact area: N/A
Calculation type	Cumulative (year-end).
Reporting cycle	Annually
Desired performance	Improved compliance with NCA by credit bureaus.
Indicator responsibility	Manager: Credit Bureau Compliance.

Items	Guide
Indicator title	% of evaluated credit bureau annual compliance reports certified by an independent auditor for their previous financial year.
Definition	A measuring tool relating to the evaluation of credit bureau annual compliance reports certified by an independent auditor for their previous financial year.
Source of data	<ul style="list-style-type: none"> Credit bureau annual compliance reports certified by an independent auditor for the previous financial year. Evaluation reports
Method of calculation or assessment	$\frac{\text{Number of annual compliance reports evaluated}}{\text{Total number of annual compliance reports received}} \times 100$ = Total percentage (%) of evaluated annual compliance reports.
Means of verification	Evaluation reports
Assumptions	Co-operation and compliance by credit bureaus, credit providers and consumers.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for women: N/A Target for youth: N/A Target for people with disabilities: N/A
Spatial transformation (where applicable)	<ul style="list-style-type: none"> Contribution to spatial transformation priorities: N/A Spatial impact area: N/A
Calculation type	Cumulative (year-to-date).
Reporting cycle	Quarterly and annually.
Desired performance	Improved compliance with NCA.
Indicator responsibility	Manager: Credit Bureau Compliance.

Items	Guide
Indicator title	Enforcement action taken on a percentage (%) of credit bureaus which were found to be non-compliant after the evaluation of annual compliance reports certified by an independent auditor for their previous financial year.
Definition	A measuring tool relating to enforcement action taken on credit bureaus which were found to be non-compliant after the evaluation of annual compliance reports certified by an independent auditor for their previous financial year.
Source of data	Enforcement tools (issued compliance notices/instructional letters/ referrals to the NCT and courts; and settlements).
Method of calculation or assessment	$\frac{\text{Number of annual compliance reports evaluated}}{\text{Total number of credit bureaus which were found to be non-compliant}} \times 100$ <p>= Total percentage (%) of enforcement action taken.</p>
Means of verification	Enforcement tools (issued compliance notices/instructional letters/referrals to the NCT and courts; letter from registrants confirming corrections of non-compliances).
Assumptions	Sufficient and efficient resources to evaluate the annual compliance reports.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: N/A • Target for youth: N/A • Target for people with disabilities: N/A
Spatial transformation (where applicable)	<ul style="list-style-type: none"> • Contribution to spatial transformation priorities: N/A • Spatial impact area: N/A
Calculation type	Cumulative (year-end).
Reporting cycle	Annually
Desired performance	Improved compliance with NCA.
Indicator responsibility	Manager: Credit Bureau Compliance.

Items	Guide
Indicator title	Number of reports produced on the impact of enforcement action taken on entities and persons that were found to be non-compliant in the previous financial year.
Definition	A measuring tool for the impact of enforcement action taken.
Source of data	Judgements, letters of undertakings, settlement orders, consent orders, dockets or charge sheets.
Method of calculation or assessment	Qualitative
Means of verification	Judgements, letters of undertakings, settlement orders, consent orders, dockets or charge sheets. Compliance certificates. Written proof of refunds, audit reports evidencing corrective measures implemented.
Assumptions	Sufficient and efficient resources. Enforcement action has been taken.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: N/A • Target for youth: N/A • Target for people with disabilities: N/A
Spatial transformation (where applicable)	<ul style="list-style-type: none"> • Contribution to spatial transformation priorities: N/A • Spatial impact area: N/A
Calculation type	Cumulative (year-to-date).
Reporting cycle	Quarterly and annually.
Desired performance	Improved compliance with NCA.
Indicator responsibility	Manager: Investigation and Enforcement.

Annexure A

1. Risk management and fraud prevention plan

Fraud prevention plan:

The NCR fraud prevention plan has been developed within the context of the risk management framework with the aim to set out and highlight the NCR's policy of zero tolerance towards fraud and corruption, as well as management's commitment to combating all forms of fraud inherent in the NCR's operations.

The Public Finance Management Act, Act No.1 of 1999 (PFMA), as amended, has as its prime objective of the institutions to which the Act applies, to secure transparency, accountability and management of revenue, assets, and liabilities within a spirit of good corporate governance.

The main objectives of the plan include:

- To encourage a culture within the NCR where all employees and stakeholders continuously behave ethically in their dealings with or on behalf of the NCR.
- To improve accountability, efficiency and effective administration within NCR.
- To encourage all employees and other stakeholders to strive towards the prevention and detection of fraud impacting, or having the potential to impact on the NCR.
- To communicate channels and procedures for the reporting of fraud and any other irregularities.
- To take appropriate legal action and apply realistic sanctions where an investigation reveals fraud by ensuring that there is the integration of risk management, ownership of the control environment, investigative and legal skills.
- To use all possible means to seek redress in respect of money and assets lost to fraud by ensuring that the recovery of defrauded money and assets forms an essential part of our overall strategy to ensure that committing fraud does not pay, whatever the legal outcome of an investigation.

The main principles of the fraud prevention plan are:

- Creating a culture which does not tolerate fraud
- Deterrence of fraud
- Preventing fraud which cannot be deterred
- Detection of fraud
- Investigating detected fraud
- Taking appropriate action against fraudsters (e.g. prosecution & disciplinary action)
- Appropriate recovery or the application of a sanction

The NCR's code of conduct contains the fundamental ethical principles, which staff members and those who render services to the NCR on a contract basis must adhere to.

The principles are:

- Professionalism and integrity
- Conduct with others
- Obligations to stakeholders

Basic internal controls to prevent and detect fraud and the training of employees in internal controls and their day-to-day duties are critical to the success of this plan. The systems, policies and procedures of the NCR prescribe various controls, which, if effectively implemented, would limit the risk of fraud. These controls are categorised as:

- Preventative controls:
 - *Authorisation*
All transactions require authorisation or approval by an appropriate responsible person.
The limits of these authorisations are specified in the delegations of the authority of the NCR.

- *Custody of assets*
Involves procedures and security measures designed to ensure that access to assets is limited to authorised personnel and personnel held accountable for the assets.
- Detection controls
 - *Arithmetic and accounting*
Procedures to ensure processed and recorded transactions have been authorised and are accurate and complete. Controls include checking the arithmetical accuracy of records, the maintenance and checking of totals, reconciliations, control accounts and accounting for documents.
 - *Physical*
Relates to the security of records, underpinning arithmetic and accounting controls. Similar to preventative controls, these controls are also designed to limit access.
 - *Supervision*
Relates to supervision by responsible officials over day-to-day transacting and subsequent recording thereof.
 - *Management information*
Relates to the review of management accounts and budgetary control. Exercised by management independent of the processing system.

Detection of fraud and corruption may occur through:

- Internal audit
- Ongoing risk assessment and management
- Fraud detection activities
- Procedure for reporting of alleged fraud and corruption
- Procedure to be followed by an employee if he/she suspects fraud
- Procedure to be followed by a member of the public, customers, service providers or other stakeholders if they suspect fraud

Implementation and maintenance of the fraud prevention plan includes:

- Creating awareness
- Communication
- On-going maintenance and review

The Accounting Authority is ultimately responsible to create an environment that demonstrates the zero tolerance to fraud and corruption as part of the culture of the NCR.

The NCR recognises that the consistent and efficient application of disciplinary measures is an integral component of effective fraud prevention. The NCR will continue to pursue the following steps to expedite the consistent, efficient and speedy application of disciplinary measures:

- Creating awareness among employees of forbidden conduct in terms of the disciplinary code and taking appropriate action against offenders.
- Ongoing and sustained training of managers in the application of disciplinary measures and the disciplinary process.
- Developing a system to facilitate the consistent application of disciplinary measures.
- Regular monitoring and review of the application of discipline to improve weaknesses identified.

In the event that there is merit in the allegations, these must be recorded and reported to the CEO and investigated. If the CEO is involved, the allegation must be referred to the Minister of Trade, Industry and Competition for a decision.

If the person involved is an Exco member, the allegations must be reported to the chairperson of the Audit and Risk Management Committee who must decide on the course of action to be taken.

The above processes ensure that uninvolved parties are not negatively affected by malicious reports and that the intent to cause such damage is dealt with and disciplinary action taken where necessary.



Annexure B

Materiality and significance framework

1. Background

The National Credit Regulator (NCR), as a Schedule 3A public entity is required to prepare a materiality and significance framework for the organisation to give effect to the amended Treasury regulations issued in terms of the Public Finance Management Act.1999, March 2005, whereby the following requirement was placed on public entities:

- Section 28.3.1 – “For purposes of material [section 55(2) of the Act] and significant [section 54(2) of the Act], the accounting authority must develop and agree a framework of acceptable levels of materiality and significance in consultation with the relevant executive authority.”

Matters indicated as material or significant highlight important information that relates to the NCR’s strategy, governance, performance and future prospects, and have the potential to impact the decisions of stakeholders.

The materiality and significance framework enhances the efficiency and effectiveness of decision-making processes and how NCR reports on the outcomes of decisions.

2. Methodology

Materiality and significance should be considered for:

- Non-financial matters (qualitative);
- Financial matters (quantitative); and
- Matters relating to the preparation of financial statements and assessment of appropriate disclosure.

The consideration should include:

- Guidelines issued by National Treasury;
- Nature of the NCR’s business;
- Statutory requirements affecting the NCR; and
- Inherent and control risks associated with the NCR.

In determining if a matter is material or significant, the following matrix is used.

Determination	Interpretation	Reporting requirement
Material	Matters that are critical to the success of the entity’s strategy and to stakeholders.	Matters emphasised in reporting.
Significant (but not material)	Matters related to compliance requirements, operational performance and stakeholder perception.	Reporting on matters required by legislation.
Non-material non-significant	Matters that does not warrant significant action.	No reporting.

In setting parameters for the rand value of determining materiality it should be noted that in terms of Treasury Regulation 28.3.1, the acceptable levels must be agreed with the Executive Authority and in arriving at the acceptable levels of materiality, the following guiding principles should apply:

Element	% range
Total assets	1% - 2%
Total revenue	0.5% - 1%
Profit after tax	2% - 5%

3. Non-financial matters (qualitative)

The non-financial materiality is derived from legislation that requires the NCR to report certain incidents, or requires disclosure in the annual report.

Section 51(1)(g) of the PFMA states that the accounting authority for a public entity must promptly inform National Treasury on any new entity which that public entity intends to establish or in the establishment of which it takes the initiative, and allow National Treasury a reasonable time to submit its decision prior to formal establishment.

Section 54(2) of the PFMA states that the accounting authority for the public entity must inform the relevant treasury and submit relevant particulars to its executive authority for approval in respect of:

- participation in a significant partnership, trust, unincorporated joint venture or similar arrangement [section 54(2)(b)];
- acquisition or disposal of a significant shareholding in a company [section 54(2)(c)];
- acquisition or disposal of a significant asset [section 54(2)(d)];
- commencement or cessation of a significant business activity [section 54(2)(e)]; and
- a significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement [section 54(2)(f)].

Section 55(2)(b)(i) of the PFMA states that the annual report and financial statements must include particulars of any material loss through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year.

Based on the above, the NCR has considered the non-financial matters as significant and the following requires reporting:

- Any transaction that causes any interest (equity or loans) to be taken by the NCR in a company to be established;
- A business activity that falls outside of a NCR's core business;
- The acquisition and disposal of a significant asset;
- All losses in respect of criminal conduct;
- Any irregular, fruitless and wasteful expenditure; and
- Any criminal or disciplinary steps taken as a consequence of losses incurred.

4. Financial matters (quantitative)

In considering the elements as indicated in the methodology, the NCR believes that profit after tax is an inappropriate measurement tool as the intention is to use the funds allocated to the NCR in full in each accounting period.

Total assets are a smaller part of the expenditure budget, however the long-term impact of the use thereof is significant and the NCR will consider this element.

Revenue consists of a large portion of transfer payment received from National Treasury (dtic) which is not naturally within the entity's control. It is the view of the NCR that expenditure is a more appropriate measure, as the amount of revenue recognized is reduced by funds not spent.

In using the parameters, the following results have emerged.

	Total Assets		Total Expenses	
R-value per annual financial statements 2023		R111 955 346		R131 206 993
Parameter (top %)	2%	R2 239 107	1%	R1 312 070
Parameter (bottom %)	1%	R1 199 553	0.5%	R656 035
Materiality rand value per element		R2 239 107		R1 312 070

Materiality for financial matters should be determined within the expenditure parameters of R2 239 107 and R656 035. The NCR obtained a clean audit in the prior financial year, which reduced the risk for future material errors. Therefore, in both elements, it is acceptable to set materiality at the top parameter. Being cautious when making judgements and estimates, the rand value for materiality for financial matters is set at R1 312 070.

The NCR adjusts the annual financial statements for any errors identified during the external audit process, irrespective of the amount. In matters of judgement, where there is disagreement with the external auditors, items exceeding the amounts identified above will be referred to the Executive Committee and the Audit and Risk Management Committee and appropriate disclosure made in the annual financial statements where necessary. This aims to ensure that the financial statements fairly present the financial position and performance of the NCR.

5. Matters relating to the preparation of financial statements and assessment of appropriate disclosure

In preparation of annual financial statements, consideration is given to the nature of the activities of the NCR and the areas where significant judgement is exercised.

The most significant line items in the trial balance of the NCR are revenue and personnel expenditure, including executive emoluments.

Revenue requires judgement as the determination of what portion of the transfer payment should be recognised as revenue and what portion should be surrendered as unused is complex.

Remuneration of employees is influenced by the determination of the amount of the provision for leave pay that requires judgement of the days leave that should be accrued and the rate at which the leave should be accrued.

Remuneration of both executive members and employees are sensitive issues in the public sector and users pay specific attention to it.

Based on this assessment, at least the following accounting policies should be disclosed in the annual report under significant matters within this framework:

- Employee benefits (including leave accrual where applicable)
- Revenue recognition (including surrendering of surplus where applicable)

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www.ncr.org.za



NCR

National Credit Regulator



Company Contact:

127 - 15th Road Randjespark Midrand

NCR Reception: 011 554 2700

NCR Call Centre: 0860 627 627 / 0860 NCR NCR

If you wish to lodge a complaint or an enquiry,
please send your email to complaints@ncr.org.za

www.ncr.org.za