



# **NCR OVERVIEW OF THE ANNUAL PERFORMANCE PLAN AND COMMITTED BUDGET 2024/25**

**Presentation to the Portfolio Committee on Trade, Industry and Competition**

**11 September 2024, 09h00 – 13h00**

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# 1. Vision, Mission and Legislative Mandate

VISION	MISSION	LEGISLATIVE MANDATE
<p>To promote a South African consumer credit market that is fair, transparent, accessible and dynamic.</p>	<p>To support the social and economic advancement of South Africans, by:</p> <ul style="list-style-type: none"><li>• regulating for a fair and non-discriminatory market for access to consumer credit; and</li><li>• promoting responsible credit granting, use and effective redress.</li></ul>	<ul style="list-style-type: none"><li>• Promote a fair &amp; non-discriminatory marketplace for access to consumer credit.</li><li>• Provide for general regulation of consumer credit &amp; improved standards of consumer information.</li><li>• Prohibit certain unfair credit and credit marketing practices.</li><li>• Promote responsible credit granting and use.</li><li>• Prohibit reckless credit granting.</li><li>• Provide for debt re-structuring in cases of over-indebtedness.</li><li>• Regulate credit information; and</li><li>• Promote a consistent enforcement framework relating to consumer credit.</li></ul>

## 2. Credit Landscape: Registrants



**7 321**  
total number of  
registered  
Credit Providers



**6** Hosting Credit Bureaus  
**4** Niche Credit Bureaus  
**45** Reseller Credit Bureaus



**4** total number of  
registered Payment  
Distribution Agents

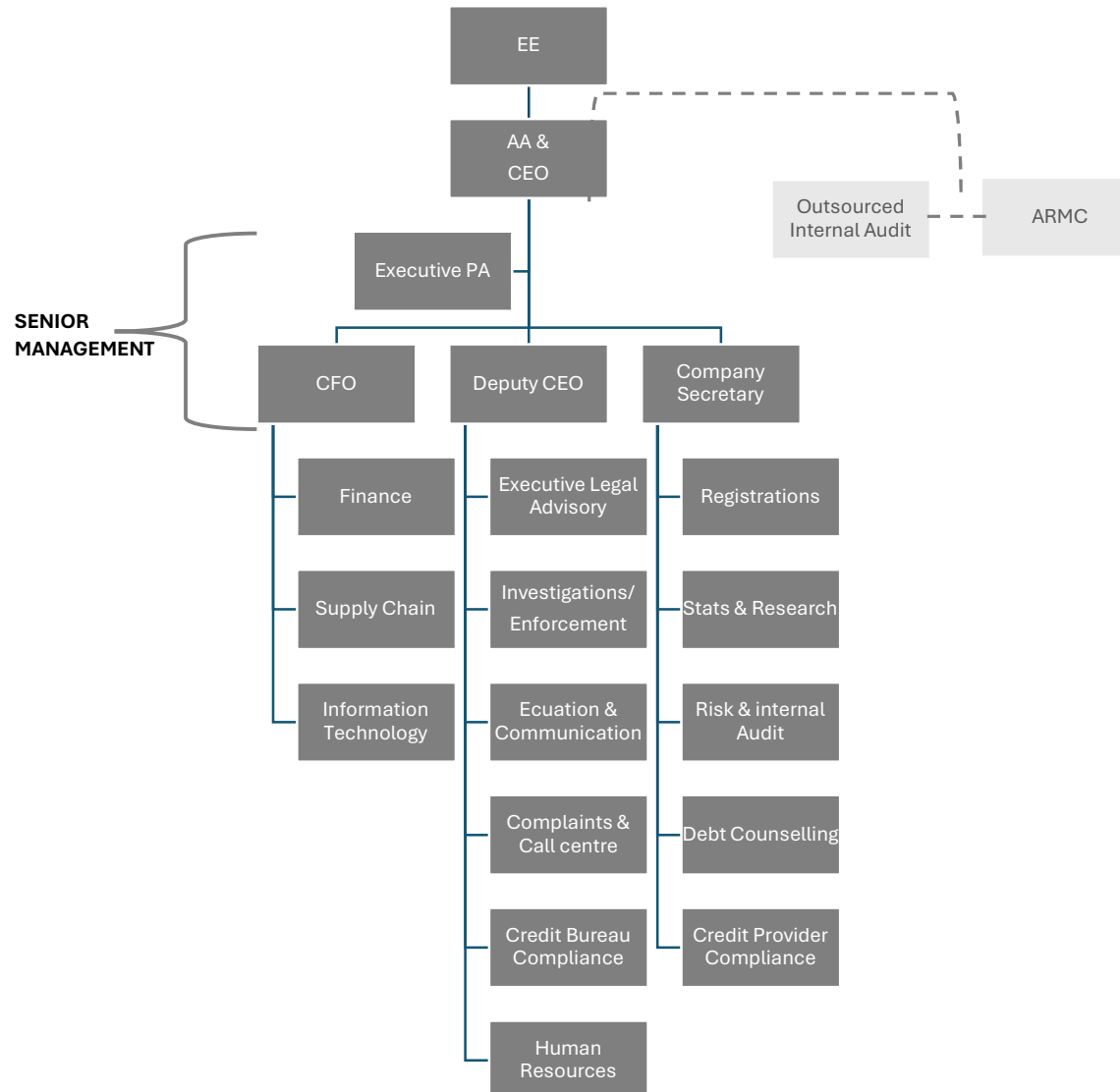


**7** total number of  
registered Alternative  
Dispute Resolution  
Agents



**1 556** total number  
of registered Debt  
Counsellors

### 3. Governance Structure & Departmental Oversight



#### EE (Executive Authority):

The dtic exercises oversight on the NCR through the shareholders compact, which is designed to enhance the governance of the NCR. The oversight is founded on the public goal of promoting integrity and good governance in the conduct of the work and decision making of the NCR whilst subjecting the NCR to policy oversight and strategic direction. The NCR quarterly reports to the dtic on the financial and non-financial performance information in line with Strategic and Annual Performance Plan.

#### AA (Accounting Authority):

The NCR does not have a board and in terms of section 23(3) of the NCA, the CEO is the Accounting Authority of the NCR.

#### ARMC (Audit, Risk, Management Committee) - PFMA:

To uphold good governance principles and support the Accounting Authority, the Audit and Risk Management Committee provides independent oversight of the NCR's financial reporting process, internal control systems, audit process, process for monitoring compliance with laws and regulations, risk management, information and communication technology and effective management.

## 4. Top Strategic Priorities

The NCR activities and outputs contribute to the achievement of the three *dtic* apex outcomes being **INDUSTRIALISATION, TRANSFORMATION** and **CAPABLE STATE**. In addition, some of the institutional programmes contribute towards 2 of the dtic core targets and 7 of the output targets:

- Output 7: R15 Billion support programmes to enterprises in areas outside the 5 main metros.
- Output 8: R8 billion in financial support programmes to SMMEs, and women and youth – empowered businesses.
- Output 10: R900 Million in equity equivalent invest programme agreements agreed or administered.
- Output 16: 10 High-impact outcomes on addressing market concentration at sector or firm level.
- Output 32: 1000 case studies of firms, workers, entrepreneurs, professionals, or communities impacted by the dtic measures, including 12 local films/documentaries telling the SA story.
- Output 33: 52 Community Outreach Programmes by the dtic group.
- Output 36: Oversight of other entities to ensure that at least 95% of planned KPIs are achieved
- Core target 2: Driving R60 billion in additional local output committed or achieved.
- Core target 8: 100 000 Jobs to be created (50 000 full time jobs).

The NCR will focus on the following main strategic priorities for the 2024-25 financial year:

PRIORITY 1	PRIORITY 2
<p>To improve the regulatory environment, promote financial inclusion (i.e. access to credit) and economic growth.</p> <p>This will be achieved through robust educational awareness activities and increased efficiencies (resulting in reduction of red tape) on the NCR's registration process of persons and entities to facilitate creation of employment opportunities.</p>	<p>To promote a fair, responsible and accessible consumer credit market through the enforcement of the NCA which will be implemented by conducting investigations and taking enforcement action against non-compliant registrants.</p>

## 5. Context – “Big Shifts” The APP is Responding to

### *Social and economic advancement of South Africa by:*

Regulating for a fair and non-discriminatory market for access to consumer credit. This is implemented through consumer education and awareness, as well as registration of applications. For the first quarter of 2024/25 financial year,

- **430** consumer education activities were conducted against an annual target of **1400**;
- **91.60%** applications were processed within **6** business days of receipt against annual target of **98%** (the underachievement is due to the system challenges experienced); *and*

Promoting responsible credit granting, use and effective redress. This is implemented through conducting investigations and taking enforcement action on non-compliant registrants. For the first quarter of 2024/25 financial year, the NCR conducted:

- **159** investigations on credit providers relating to contraventions of the NCA, against an annual target of **490**;
- **213** investigations on debt counsellors relating to compliance with the NCA, against a target of **350**;
- Enforcement action is taken on registrants which are found to be non-compliant.





## 6. The NCR at a Glance

### PROGRAMME STRUCTURE



The NCR work is organised in 2 programmes focusing on the improved regulatory environment and enforcement of the National Credit Act.

### KEY PERFORMANCE OUTPUTS AND OUTPUT INDICATORS



The APP sets out 18 Outputs in the 2024/25 reporting period. Operational departments contribute to the delivery of the outputs and have defined indicators and targets at operational level.

### MEDIUM TERM STRATEGIC FRAMEWORK (MTSF) 2024/25 PRIORITIES.



The work of the NCR is closely aligned to MTSF priorities 1 and 7 which cover (i) **A capable, ethical and developmental state**, and (ii) **a better world and Africa**.

### 2024/25 BUDGET ALLOCATION



The total 2024/25 budget allocation of the NCR is **R147 million**. Of the R147 million, **14%** is allocated to Programme 1: Improved regulatory environment and **86%** is allocated to Programme 2: Enforcement of the National Credit Act.

## CAPACITY, EMPLOYMENT EQUITY, SKILLS DEVELOPMENT

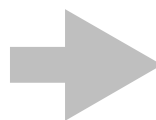


The current **organizational structure** of the NCR provides for **188** approved positions of which **164 (87% occupancy rate)** is filled and **24 (13% vacancy rate)** were vacant as end of July 2024. There are **19** positions (not part of the approved positions for the current year) that have been frozen due to budgetary constraints. Key positions to be prioritized for filling by the dtic are those of the Deputy-CEO and CEO.

**Employment Equity:** **62%** Women, **31%** Youth, and **1.2%** Persons with disabilities employed.

**Skills Development:** NCR has signed a MOA with BankSeta to participate in hosting interns in different departments across the organisation. Interns are trained and upon completion of their internship they are ready for employment in the sector and within NCR. The NCR claims SDL on their ATR (Annual Training Report) and WSP (Workplace Skills Plan) submitted annually to BankSeta and the funds are utilized for identified emerging skills and capacity requirements within the organisation.

## KEY PROJECTS



### **Development of debt counselling course as an occupational qualification:**

The NCR has partnered with BankSeta who approved the facilitation of the developing of the debt counselling course as an occupational qualification. With this project, the NCR aims to provide prospective debt counsellors with in-depth theory and practical training that will prepare them for the debt counselling profession, thereby ultimately improving the service offered to consumers.

**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. The Department of Justice and Constitutional Development indicated that there were some gaps and misalignment between the Maintenance Act and the NCA Regulatory requirements that require

consideration before the listing of maintenance orders can be implemented. The project has since been brought to a halt until the misalignment have been considered and addressed.

**The South Africa Credit Reporting and Financial Inclusion programme (SACRFI)**, a collaboration between the NCR and the IFC (International Finance Corporation), aims to enhance financial inclusion and credit reporting. The key projects undertaken with the IFC includes the following:

- **Research and pilot project on promoting alternative data**, The research project that was conducted in 2020 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 was subsequently introduced to test the theory. The results of the initial pilot project will be shared with the NCR and recommendations considered to scale alternate data pilots to drive credit inclusion of small businesses and marginalized segments. Reports from the various alternative data pilots will provide valuable recommendations for the NCR's consideration for regulatory enablement.
- **Onboarding of smaller credit providers**, a TechSprint and Showcase was held to address compliance and resilience challenges faced by smaller credit providers serving underserved segments of the credit market. Winners of the event is currently in incubation and NCR is hopeful that a developed application could be offered by the winners to assist these providers to onboard their consumer credit data to the credit bureaus that will allow these consumers to be 'visible'.
- **Public Credit Register**, Phase 1 also included the crisis response for credit reporting following the pandemic. Additionally, the scoping for a Public Credit Register to enhance micro and macro prudential supervision was undertaken. The report on the Public Credit Register is

nearing completion and will soon be distributed to stakeholders for comments and feedback prior implementation.

- **Business Credit and Risk Information Sharing Initiative (BusCRI)**, is aimed at enhancing credit information sharing for small to medium business enterprises.
- **Additional activities**, include automation of the NCR and several knowledge pieces on topics such as gender access and cross border information sharing will be implemented to further expand financial inclusion and reduction of red tape.



## 7. Performance Information Report

DTIC Outputs and Core targets are only applicable to Programme 1: Improved Regulatory Environment

Outputs	Output indicators	2024/25 Annual Target	1st Quarter milestones	Actual Achievement	Reason for Variance	Corrective Action
<b>Programme: Improved regulatory environment</b>						
Education and awareness campaigns activities conducted.	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	<b><u>Exceeded</u></b> <b>430</b>	Received collaborations from stakeholders, and the weekly media briefs on NCA topics generated greater interest from the media houses for interviews.	
NCR's success stories profiled.	Number of NCR's success stories profiled	Profile 50 NCR's success stories	13	<b><u>Exceeded</u></b> 17 success stories profiled	Joint collaboration between the NCR and the Hawks in seizing retained consumer instruments before elections.	
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.	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.	<b><u>Achieved</u></b> One evaluation report on consolidated activities relating to educational awareness, investigations, complaints evaluations, compliance monitoring, debt counselling and enforcement.		

Outputs	Output indicators	2024/25 Annual Target	1st Quarter milestones	Actual Achievement	Reason for Variance	Corrective Action
<b>Programme: Improved regulatory environment</b>						
Workshops in areas outside the 5 main metros conducted.	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	<b>Exceeded 10</b>	Received more invitations to conduct workshops for SMMEs.	
New persons and entities registered within the set timelines.	% of new persons and entities registered in the consumer credit market within a number of business days of receipt of signed proposed conditions and payment of registration fees.	Register 98% of 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.	<b>Substantially Achieved 91,60%</b> of persons and entities in the consumer credit market were registered within 6 business days of receipt of signed proposed conditions and payment of registration fees.	The NCR experienced system challenges in April resulting in delays to process applications.	The challenges have been escalated to ICT Department to assist.
Circulars/ guidelines in relation to Sec 16 (1) (b) of the NCA issued. <b>Linked to dtic Output 33</b>	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	<b>Achieved</b> One circular and/or guidelines issued in relation to Sec 16 (1) (b) of the NCA.		
Reports on market concentration produced. <b>Linked to dtic Output 33</b>	Number of reports on market concentration.	Two reports on market concentration.	N/A	<b>Not due in Q1</b>		
Procurement spent on SMMEs, inclusive of women and youth. <b>Linked to dtic Output 2 and Core target 2</b>	% of procurement spent on SMMEs, inclusive of women and youth.	25% of Procurement spent on SMMEs, inclusive of women and youth.	25% of Procurement spent on SMMEs, inclusive of women and youth.	<b>Exceeded 100%</b> procurement spent on SMMEs which includes women (51.80%) and youth (12.62%)	The qualifying and awarded bidders falls under the SMMEs.	

Outputs	Output indicators	2024/25 Annual Target	1st Quarter milestones	Actual Achievement	Reason for Variance	Corrective Action
<b>Programme: Enforcement of the National Credit Act</b>						
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 <b>the dtic</b> .	Conduct an impact study on regulations on limitations on fees and interest rates together with credit life regulations and submit report to <b>the dtic</b>	Draft terms of reference for the impact study.	<b>Achieved</b> Terms of reference for the impact study drafted.		
Investigations on credit providers conducted.	Number of investigations conducted on credit providers relating to NCA.	Conduct 490 investigations on credit providers relating to NCA.	124	<b>Exceeded</b> <b>159</b>	The NCR received adequate number of credit provider complaints.  Effective communication with credit providers and additional capacity enabling timeous attendance to matters.	
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.	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.	N/A	<b>Not due in Q1</b>		
Investigations on debt counsellors conducted.	Number of investigations conducted on debt counsellors relating to compliance with the NCA.	Conduct 350 investigations conducted on debt counsellors relating to compliance with the NCA.	90	<b>Exceeded</b> <b>213</b>	The NCR received a high volume of debt counselling complaints and more desktop investigations were conducted because of increased capacity.	
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.	Take enforcement action on 80% of investigations which identified non-compliance with the NCA by debt counsellors by the end of the financial year.	N/A	<b>Not due in Q1</b>		

Outputs	Output indicators	2024/25 Annual Target	1st Quarter milestones	Actual Achievement	Reason for Variance	Corrective Action
<b>Programme: Enforcement of the National Credit Act</b>						
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	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.	N/A	<b>Not due in Q1</b>		
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.	Take enforcement action on 85% of investigations, which identified non-compliance by credit bureaus by the end of the financial year.	N/A	<b>Not due in Q1</b>		
Compliance reports evaluated.	% 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 the 2023 financial year.	Evaluate 100% annual compliance reports certified by an independent auditor submitted by registered credit bureaus for their 2023 financial year	<b>Achieved</b> Evaluated 100% annual compliance reports certified by an independent auditor submitted by registered credit bureaus for their 2023 financial year.		
Enforcement action taken on non-compliance identified.	Enforcement action taken on a by the end of 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 2025.	N/A	<b>Not due in Q1</b>		
Reports on the impact of enforcements 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.	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	<b>Achieved</b> 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		

## 8. Complaints evaluation, Compliance monitoring, Enforcement

### **Enforcement of the NCA is done through:**

- referrals to the National Consumer Tribunal (NCT) and the National Prosecution Authority (NPA),
- compliance notices,
- judgements of the courts and the NCT,
- settlement orders, and
- imposition of administrative fines.

During Q1, the following enforcement actions were taken against registrants for various contraventions:

- Two (2) referrals to the NCT of registrants found to have contravened the NCA.
- Two (2) settlements agreement were concluded with registrants for non-compliance with the Act.
- Two (2) judgments were imposed with administrative fines in the amount of R90 000 on registrants found to have contravened the NCA.

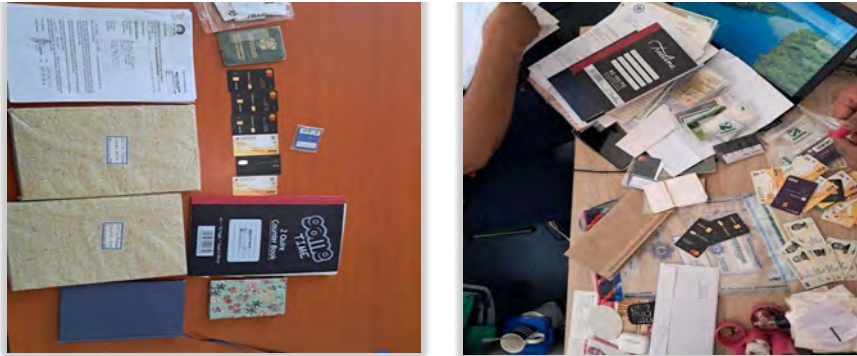
### **Complaints evaluation and Compliance monitoring:**

Refunds and credit account balance adjustments of over R80 million were made to consumers as a result of complaints evaluations and compliance monitoring.



### Northern Cape Raid Operation – Pamperstad

Numerous consumer instruments as shown on the below pictures were seized during the raid operation and a criminal case opened (CAS 26/12/2-23).



The NCR conducted and completed 4 raid operations during which numerous consumer instruments were recovered.

The NCR was featured on Mpumalanga citizen's article for its work, for raiding several alleged illegal loan sharks in Mbombela. They confiscated thousands of bank cards, SASSA cards and ID books. Six loan sharks were arrested during the raid.

### Limpopo Zebediela

Numerous consumer instruments as shown on the below pictures were seized during the raid operation and a criminal case opened (CAS 60/5/2024).



## 9. Research & Statistical Report

**The NCR has a department for Statistics and Research.**

**The department publishes Consumer Credit Market Reports (CCMR) and Credit Bureau Monitor Reports (CBM) on a quarterly basis. In addition, the department conducts research into prevailing market conditions and emerging trends in line with sections 13 and 16 of the NCA.**

In the current FY, the NCR has planned research projects on the Enhancement and review of Form 45 (Synoptic Report by Insurer) and Periodic Review of Limitations on Fees, Interest Rates, and Credit Life Insurance Regulations.

The NCR published the Consumer Credit Market Report (CCMR) and the Credit Bureau Monitor (CBM), which are based on data submitted by the registered credit providers and credit bureaus respectively. The latest edition of the reports covers credit market information from December 2023 to March 2024.

The total value of new credit granted decreased from R148.10 billion to R132.53 billion for the quarter ended March 2024, a decrease of 10.51% when compared to the previous quarter and a decrease of 6.53% year-on-year. The number of applications for credit decreased from 16.95 million to 16.55 million in March 2024, representing a decrease of 2.39% for the quarter. The rejection rate for applications was 67.27%

Credit bureaus held records for 27.72 million credit-active consumers, which was an increase of 1.69% when compared to the 27.46 million in the previous quarter. Consumers classified in good standing increased by 273,581 to 17.83 million. This amounts to 63.88% of the total number of credit-active consumers. The number of credit-active accounts increased from 94.33 million to 95.18 million in the quarter ended March 2024. The number of impaired accounts has decreased from 19.62 million (20.80%) to 19.54 million (20.53%) in March 2024.

# 10. Financial Report

## Allocated budget

Expenditure	2024/25 annum R-million	Budget quarter 1 R-million	Actuals quarter 1 R-million	Variance quarter 1 R-million	Variance quarter 1 %
Baseline	147 954	39 445	33 949	5 496	14%

## Budget per programme

Programme	2024/25 annum R-million	Budget quarter 1 R-million	Actuals quarter 1 R-million	Variance quarter 1 R-million	Variance quarter 1 %
Administration *	46 022	12 879	7 513	5 366	42%
Improved regulatory environment	17 828	4 757	4 708	49	1%
Enforcement of the NCA	84 104	21 809	21 729	81	0%
<b>Total</b>	<b>147 954</b>	<b>39 445</b>	<b>33 949</b>	<b>5 496</b>	<b>14%</b>

## Budget per economic classification

Economic class	2024/25 annum R-million	Budget quarter 1 R-million	Actuals quarter 1 R-million	Variance quarter 1 R-million	Variance quarter 1 %
Compensation of employees	87 233	21 808	21 829	(21)	0%
Goods and services	52 370	13 330	11 898	1 431	11%
Purchase of capital assets	8 350	4 307	221	4 086	95%
<b>Total</b>	<b>147 954</b>	<b>39 445</b>	<b>33 949</b>	<b>5 496</b>	<b>14%</b>

### Administration cost

**Capex** - Procurement for laptops (**R0,6m**) were slightly delayed and to be finalised in Q2. Microsoft and Trend Micro licences budgeted for in Q1, but payment only due in Q2 (**R3,4m**). The cost for these licences were budgeted for in Quarter 1 as the invoices were in the previous periods received during the month of June. In the current financial year, invoices were received in July from the service provider.

**Goods & Services** - Procurement for diesel for generator was not required for Q1 as no loadshedding was implemented with only a few power outages experienced (**R0,1m**). Some maintenances were postponed to Q2 which reflected as a saving reported for Q1 (**R0,9m**). Procurement of IT hosting services (**R0,4**) were slightly delayed and to be finalised in Q2.

**Budget per revenue classification**

Revenue class	2024/25 annum R-million	Budget quarter 1 R-million	Actuals quarter 1 R-million	Variance quarter 1 R-million	Variance quarter 1 %
Fees from Registrants	46 903	604	492	113	19%
Transfer	79 051	47 431	47 431	(0)	0%
Bank Interest	8 000	2 480	1 251	1 229	50%
PDA Interest income	14 000	-	-	-	0%
Other income	-	-	14	(14)	0%
Total	147 954	50 515	49 188	1 327	3%

**Fees from registrants**

The variance is due to a slight decrease in applications from new registrants, replacement certificates and additional branches in the first quarter than anticipated.

**Transfer**

A transfer from dtic of R47million was received in April 2024.

**Interest Received**

Interest received was budgeted for based on the full dtic transfer expected in Q1, as was the case in prior years. However, the transfer is now paid in two tranches and therefore 60% was received in April. As a result, the bank balances are lower than expected for Q1 with a resulting lower interest earnings. During the mid-term budget review period in October, this revenue class will be reviewed again.