TransUnion



REPORT

SA Consumer Credit Index

H2 2025

Executive Summary

Credit health recovery is slowing

The TransUnion® SA Consumer Credit Index (CCI) remained above the 'neutral' 50 mark in the second half of 2025 but is presenting signs of a slowdown in recovery. The data also showed early signs of borrower stress, a trend to monitor particularly in the unlikely event the South African Reserve Bank (SARB) doesn't reduce interest rates further in 2026.

- The TransUnion South Africa Consumer Credit Index (CCI) remained above the neutral 50 level throughout the second half of 2025, signalling continued improvement in household financial conditions. In fact, the index reached its highest level since 2022, peaking at 56 in Q3, primarily supported by improvements in macroeconomic factors, including lower price rises and relative stability in borrowing conditions. However, the momentum faded toward year-end. By December 2025, the CCI had moderated to 52. While this still reflects a marginal improvement in average household finances during the fourth quarter, it represents a notable four-point decline from the Q3 peak. This cooling signals the pace of recovery is slowing and warrants closer attention.
- A divergence in key underlying components drove the moderation. Three-month default rates edged higher in Q4, pointing to early signs of financial stress among some borrowers. At the same time, the positive contribution from the debt service cost component diminished, and household cash flow measures provided less support than earlier in the year.

These shifts suggest while conditions remain relatively stable, financial pressures are beginning to re-emerge beneath the surface. South African consumers remain constrained by subdued economic growth, persistent structural weaknesses in the broader economy and low levels of business investment. Lenders may begin adopting a more conservative approach to new credit extension in 2026. While all expectations are skewed toward further SARB rate cuts, it should be noted interest rates are unlikely to fall much further from here.

- Compounding this dynamic is the SARB's recent shift to a lower inflation target. While the long-term goal is lower, more stable inflation, and ultimately, lower interest rates, the transition period could mean rates remain elevated for longer than they might under the previous framework. This reinforces the case for greater caution in lending and borrowing decisions. While inflation is low, it also suggests wage increases will be more constrained in 2026 than prior years, keeping debt burdens higher.
- For households, it would be prudent to borrow only when necessary — as interest rates are unlikely to fall aggressively in the medium term. Lower inflation will constrain wage increases, necessitating budgeting and expense rationalisation. Lenders should take note of the rise in the three-month default rate, which, if sustained, could lead to reduced profitability.

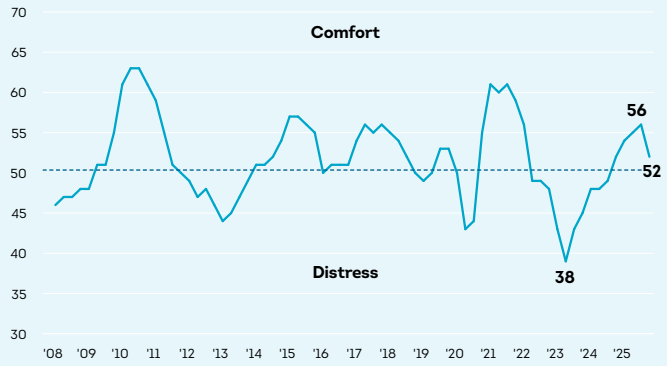
Index: 50.0 = break-even



Key Charts Reflecting the TransUnion Consumer Credit Index

TransUnion CCI, Quarterly Reading

Above 50 = improving conditions, below 50 = deterioration in conditions



No. of consumer accounts measured: **64.89 million**

No. of accounts three months in arrears: **978,696**

Value of revolving credit measured: **R248.3 billion**

Estimated H2 2025 non-discretionary consumer price inflation (NDCPI): **+3.4% y/y (H1: +2.1% YoY)**

Estimated H2 2024 NDCPI-adjusted disposable income growth: **0.8% YoY (H1: 1.5% YoY)**

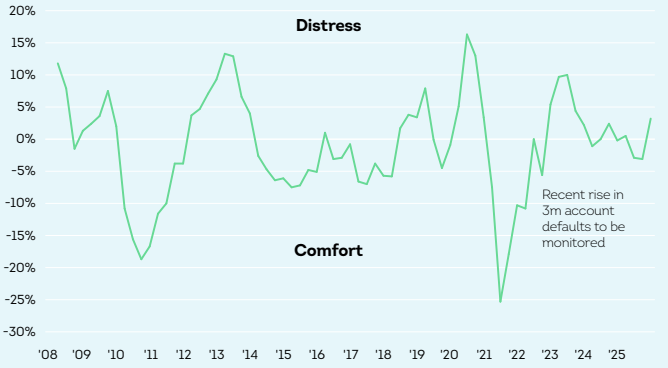
Estimated aggregate, annual household disposable income: **3.63 trillion (H1: R3.49 trillion)**

Estimated national household bank debt as a percentage of disposable income: **61.6%**[1]

Prime overdraft rate at end H2 2025: **10.25%**

TransUnion: Accounts in Default

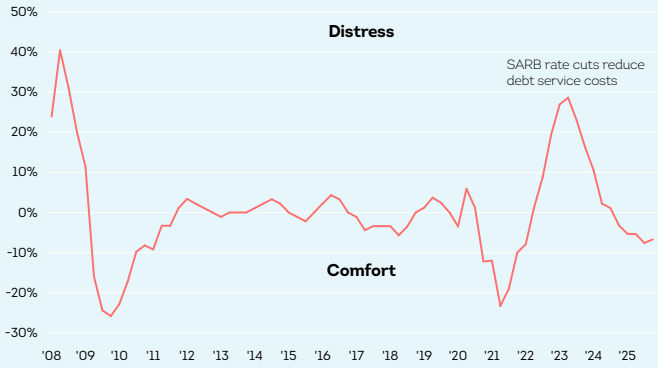
3m arrear accounts/total accounts, y/y % change



TransUnion, ETM, Macro Advisors, Macrobond

ETM: Household Debt Service Cost

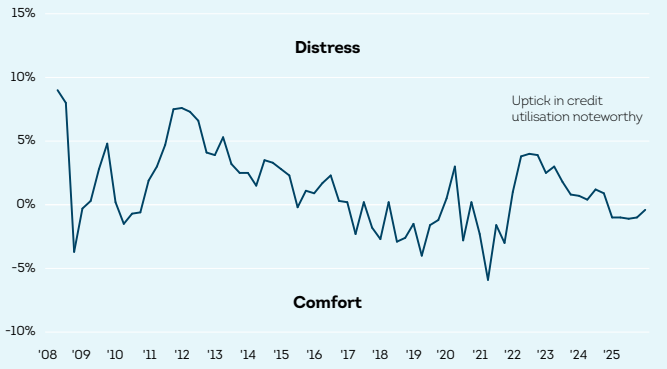
Debt service cost: disposable ratio, y/y % change



TransUnion, ETM, Macro Advisors, Macrobond

TransUnion: Revolving Credit Utilisation

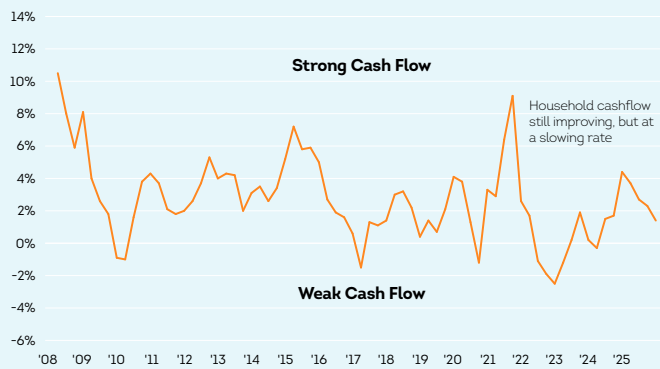
Revolving credit current/opening balance, y/y % change



TransUnion, ETM, Macro Advisors, Macrobond

ETM: Household Cash Flow

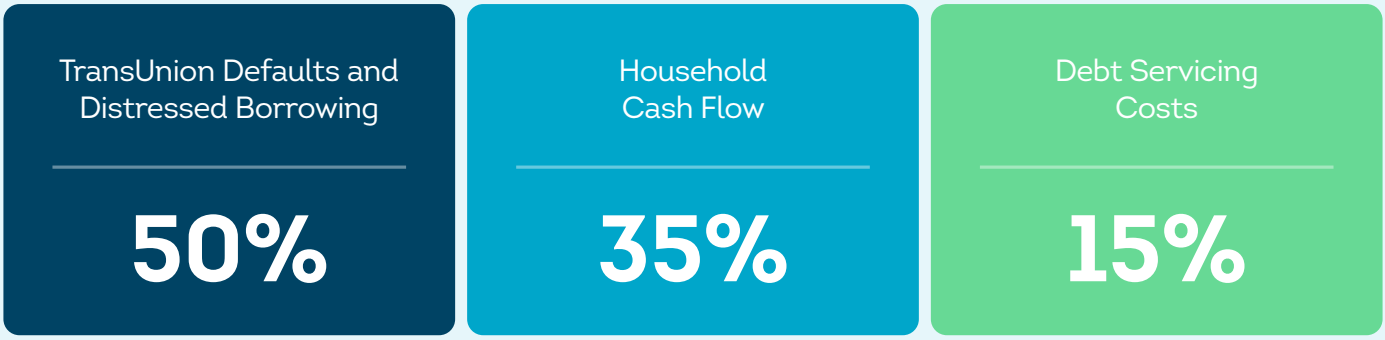
NDCPI-adj. household deposits & disposable income, average y/y % change



TransUnion, ETM, Macro Advisors, Macrobond

[1] Data for Q3 2025, SARB.

Data Weighting in the TransUnion CCI



Unpacking the H2 2025 SA Consumer Credit Index

Household credit behaviour

1. Credit defaults

Over H2, credit accounts increased by approximately 10% YoY. However, the three-month account default rate rose at a faster pace, accelerating to around 14% YoY in Q4 2025. This contributed to a deterioration in the credit-defaults component, suggesting households experienced balance sheet pressure. This adds some caution to the consumer recovery narrative and warrants lender caution as 2026 progresses.

2. Distressed borrowing

The indicator measures distressed borrowing by calculating the percentage of available credit the sample population is using. While credit utilisation rates relative to opening balances are still contracting YoY, underlying data suggest households are utilising more credit in nominal terms. This would stand to reason given household cash flow grew at a slowing pace, rising just 1.4% YoY in real terms in Q4.

Household cash flow (HCF)

Household cash flow continued to improve in H2, but the benefit of lower credit costs is starting to erode. Household purchasing power will have improved and could continue if interest rates see further declines, helping debt serviceability.

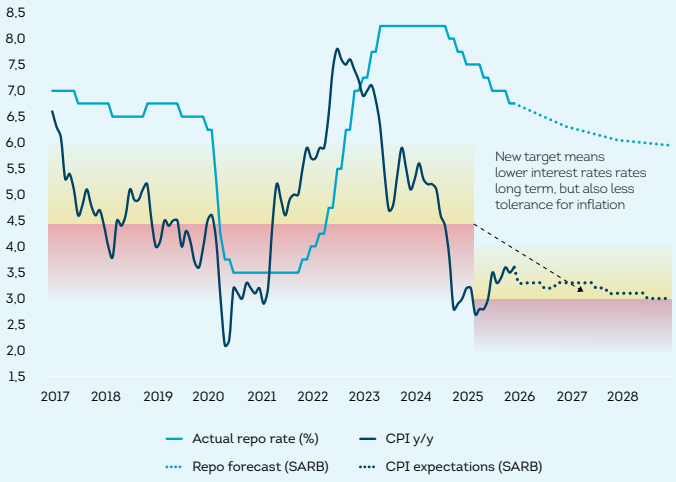
Household debt serviceability

With the repo rate trending lower over the last few months, the average household will be in a better financial position, albeit after significant distress in 2023 and 2024. CCI data suggests households' real cash balances are rising but at a declining rate. Debt service costs have trended lower — yet that can only do so much amid weak overall economic growth in South Africa.

Further insight: What does the "new dawn" in SARB policy mean for the average person?

There has been a lot of discussion in the financial news about changes to SA's monetary policy. The SARB has reduced its inflation target (a mandated rate) from a range of 3%–6%, with a target of 4.5%, to a range of 2%–4%, with a target of 3%. But what does this mean for everyday South Africans?

New SARB policy band targets lower inflation



ETM, SARB, TransUnion

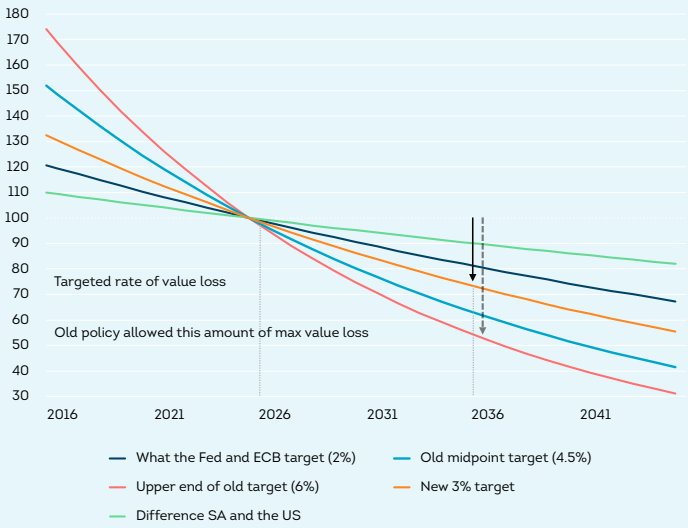
Back in May 2025, the SARB released a working paper titled "Less risk and more reward: revising South Africa's inflation target." The paper explained South Africa allowed inflation (price increases) to range between 3% and 6%, raising interest rates whenever the inflation rate exceeded this target band to constrain spending and boost savings growth. This range was higher than country peers, increasing exchange rate risks. Because inflation was relatively high, investors required higher interest rates. That made loans, mortgages and government borrowing costly. The SARB argued if the country clearly aimed for 3% inflation, prices would rise more slowly and predictably.

Over time, interest rates would fall, the government would spend less money on debt interest, businesses would i nvest more and the economy would grow a bit faster. The government agreed to reduce the inflation target. Now, the SARB will raise interest rates more quickly to control prices, but investor confidence has improved.

Notably, the paper argued poor households would benefit the most. High inflation acts as a hidden tax on people with grants, pensions or low wages because their money loses value faster.

Lower inflation would protect their buying power and help their incomes stretch further. Over time, stronger growth could also lead to better job opportunities, particularly if business investment increases.

Effect of different inflation rates on R100 over time



ETM, TransUnion

Consider a practical example. The chart shows how different inflation rates reduce the purchasing power of R100 over time. While a few percentage points may seem small each year, they compound dramatically: At 6% inflation, R100 would be worth about R56 in 10 years compared to roughly R74 at 3% inflation. Even the old 4.5% target results in significant erosion, with R100 in today's money buying R64 worth of goods.

Lower inflation, therefore, protects long-term financial well-being, especially for savers, by preserving purchasing ability and creating a more stable environment for planning and investment. Ultimately, the "new dawn" in SARB policy is about tighter discipline for greater economic stability in the future. It also means the SARB will be forced to hike interest rates sooner than would have been the case under the old regime, which requires discipline amongst borrowers. It's essential to keep this in mind when borrowing as debt burdens will remain higher in real terms over time.

A preference for lower inflation also suggests interest rates will remain higher for longer, which will constrain household budgets and necessitate expense rationalisation during the 'transition' period. Lenders and households alike should keep in mind wage increases are likely to be lower than in the past — while the SARB will be quicker to deliver rate hikes if prices rise by more than 4%.

The TransUnion SA Consumer Credit Index: Key Information

What is the Consumer Credit Index?

The TransUnion SA Consumer Credit Index is an indicator **of consumer credit health** compiled by **TransUnion, a global leader in risk and information solutions**, with technical support from **ETM Macro Advisors** and released bi-annually.

It measures the aggregate consumer loan repayment record; tracks the use of revolving consumer credit facilities as an indicator of distressed borrowing; estimates household cash flow as a means of determining financial pressure/relief; and quantifies the relative cost of servicing outstanding debt.

The indicator combines actual consumer borrowing and repayment behaviour with key macroeconomic variables impacting household finances.

A 'diffusion' index

The index is designed to fluctuate within the set logical minimum and maximum of 0 to 100, with 50.0 as the so-called 'break-even' point. **Levels above 50.0** are associated with higher rates of loan repayment, lower credit card utilisation, improving household cash flow, lower interest rates and credit deleveraging — and vice versa for **levels below 50.0**.

- 50–60/40–50: **moderate** improvement/deterioration
- 60–70/30–40: **strong** improvement/deterioration
- 70–90/10–30: **extreme/unusual** improvement/deterioration
- 90–100/0–10: **highly improbable** improvement/deterioration

The data

The index has three main data components:

- TransUnion Credit Bureau data[2]
- Official public domain statistics
- Proprietary analytics of public domain statistics

TransUnion Credit Bureau
Consumer credit card utilisation[3]; number of consumer credit accounts in arrears (TransUnion).

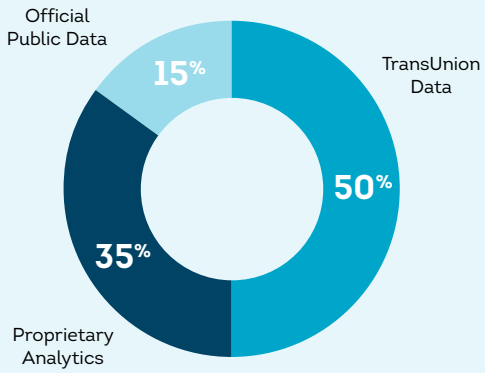
Official public domain statistics
Prime interest rate; household debt to disposable income ratio (SARB).

Proprietary analytics of public domain statistics
Non-discretionary CPI derived from the official Consumer Price Index, 'Alternative Money Supply' derived from official money supply, and credit data (ETM Analytics; SARB, Stats SA).

Real-world application

The index may be considered a credible indicator of macroeconomic events and growth cycles for sectors affected by consumer finances and credit behaviours. The index continues to point to a fragile consumer market. The subcomponents of the index provide valuable business insights which can be used to evaluate consumer behaviours, financial distress, household cash flow and budget dynamics.

Data Weighting in the TransUnion CCI



[2] Incorporating SACRRA data [3] As supplied by SACRRA members

Consumer Credit Report

Information is a powerful thing. As a credit bureau, we provide credit data which credit lenders use to evaluate your credit history when you apply for loans and credit. Your credit report gives you a view of all your debt and payments in the last 24 months.

Methodology

As part of TransUnion Africa's commitment to delivering high-quality data and analysis, we've updated certain elements of our account-data methodology. These updates have resulted in some backward revisions to index scores dating back to 2020. While the adjustments improve measurement accuracy, they do not materially change the core insights reflected in the timeseries.

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CONTACT US

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