



REPORT

SA Consumer Credit Index

H1 2025

Executive Summary

Credit health recovery continues

The TransUnion Africa Consumer Credit Index (CCI) recorded a modest increase to 52 in the first half of 2025, its highest level since 2022. While this may point to a gradual recovery from the record low of 39 in mid-2023, it remains important to interpret the improvement with care. A score above 50 reflects improvement in consumer credit conditions compared to earlier periods.

- This rise in the CCI suggests households experienced financial reprieve in H1 2025, supported by a stabilisation in macroeconomic conditions. However, it's essential to note the CCI is an early warning indicator: It captures three-month default rates only, excluding accounts under prolonged stress. The index thus reflects easing near-term pressure on both new and existing accounts – which may still take time to filter into improved credit-book performance.
- Macroeconomic factors were broadly supportive. Lower inflation and SARB interest rate cuts boosted real household incomes and reduced debt servicing costs. Consumers also exhibited financial discipline. Savings outpaced non-discretionary inflation and credit utilisation remained 51% in Q2 2025. Though still elevated versus pre-COVID norms, that utilisation did not rise suggests credit growth is aligned with inflation, not driven by excessive borrowing.

- These trends were reinforced by improved household liquidity: The purchasing power of deposit balances rose nearly 5% year on year in the first half, forming one of the primary drivers of the CCI's rise. Meanwhile, lower lending volumes helped contain debt accumulation, reinforcing financial resilience. Banks, supported by falling interest rates, could extend larger credit facilities, though overall credit expansion remained measured.
- Three-month defaults remained high in absolute terms but declined as a share of total credit accounts. Growth in the number of active accounts (driven by an 8% YoY increase) helped dilute the weight of defaults in the index. This likely reflects a combination of prudent lending, slower credit growth and improved consumer cash flow.
- Despite an improving index score, the recovery remains fragile. Structural economic weaknesses, political uncertainty and global scrutiny weigh on sentiment. The rise in the CCI signals a modest improvement in household credit health. Households appear to be managing their credit more cautiously, bolstered by improved macroeconomic conditions. If current trends persist, further recovery can be expected.

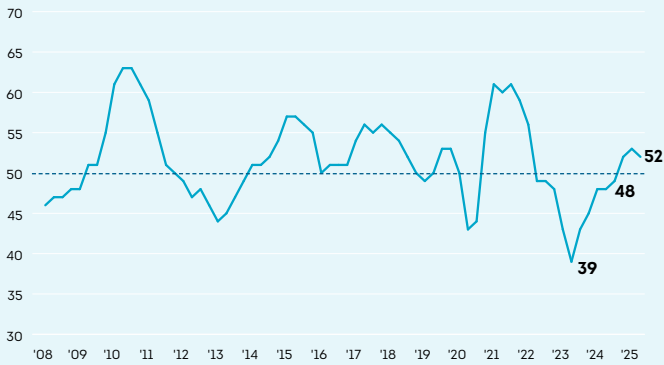
Index: 50.0 = break-even



Key Charts Reflecting the TransUnion Consumer Credit Index

H1 2025 CCI: Key Facts and Figures

TransUnion SA Consumer Credit Index



No. of consumer accounts measured: **61.2 million**

No. of accounts three months in arrears: **983,552**

Value of revolving credit measured: **R260.93 billion**

Estimated H1 2025 non-discretionary consumer price inflation (NDCPI): **+2.1% y/y (H2 2024: +2.5% YoY)**

Estimated H1 2024 NDCPI-adjusted disposable income growth: **4.7% YoY (2024: 3.4%)**

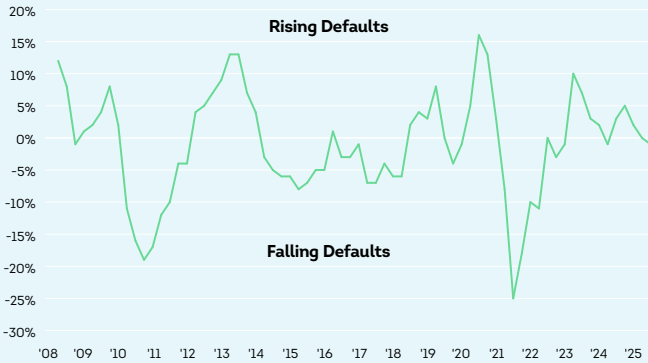
Estimated aggregate, annual household disposable income: **H1 3.56 trillion (H2 2024: R3.49 trillion)**

Estimated national household bank debt as a percentage of disposable income: **62.7%¹**

Prime overdraft rate at end Q2 2025: **10.75%**

TransUnion: Accounts in Default

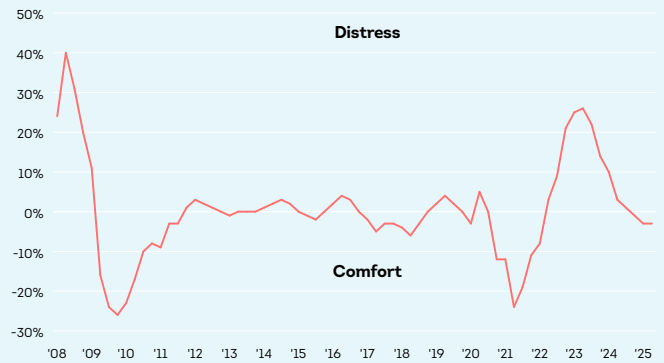
3m arrear accounts/total accounts, y/y % change



TransUnion, ETM, Macro Advisors, Macrobond

ETM: Household Debt Service Cost

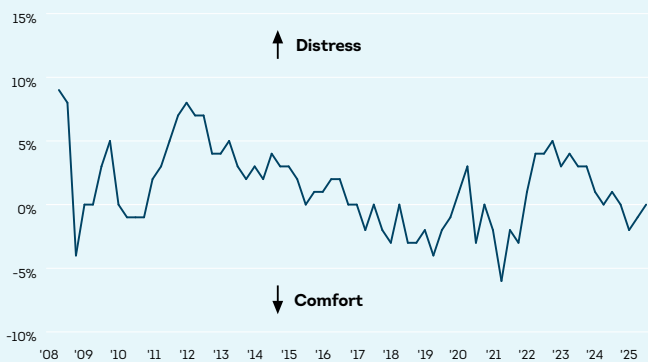
Debt service cost: disposable ratio, y/y % change



TransUnion, ETM, Macro Advisors, Macrobond

TransUnion: Revolving Credit Utilisation

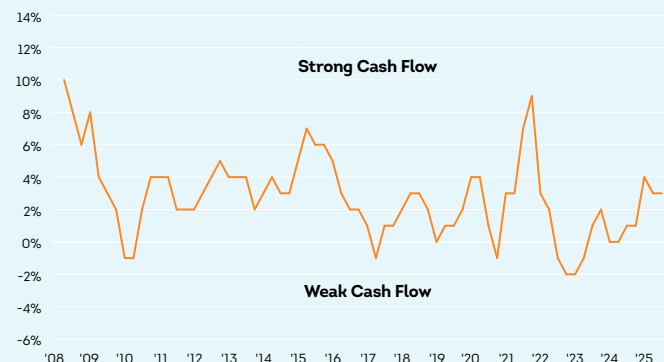
Revolving credit current/opening balance, y/y % change



TransUnion, ETM, Macro Advisors, Macrobond

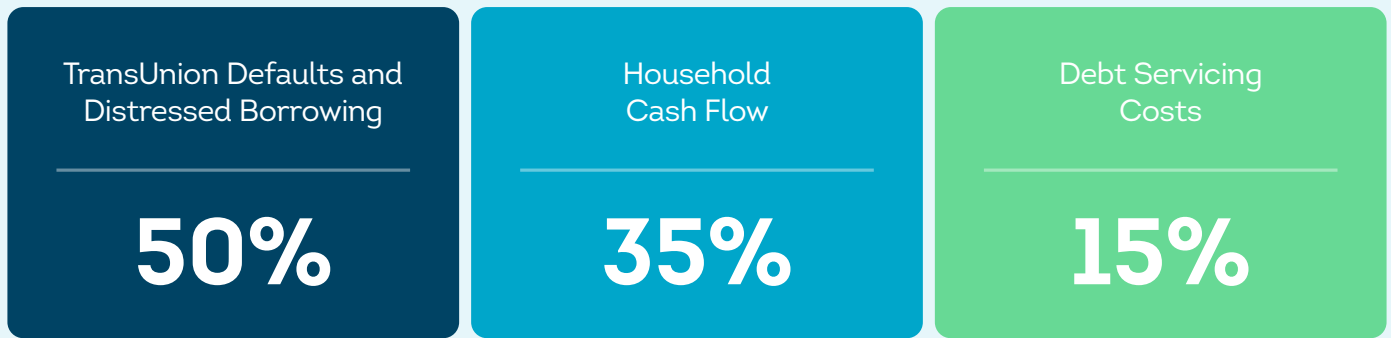
ETM: Household Cash Flow

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



TransUnion, ETM, Macro Advisors, Macrobond

Data Weighting in the TransUnion CCI



Unpacking the H1 2025 SA Consumer Credit Index

Household credit behaviour

1. Credit defaults

Credit markets appear to have stabilised. Neutral to marginally positive readings in distressed borrowing and three-month default components suggest consumer stress is easing. While nearly 1 million defaults still occurred monthly, total active accounts rose by 4.7 million YoY (8.2% from Q2 2024 to Q2 2025). This implies a reduced default ratio and likely reflects more conservative lending criteria, further supported by improved consumer liquidity.

2. Distressed borrowing

Distressed borrowing, captured by credit utilisation, remained steady at 51% in Q2 2025. Although still elevated compared to pre-COVID norms, the lack of upward momentum suggests consumers are better positioned. Rising real incomes, supported by lower inflation and easing rates, appear to be supporting day-to-day spending without relying on increased credit use.

Household cash flow (HCF)

Better household cash flow is a key driver of the CCI's improvement. Real household liquid deposits rose 4.7% YoY in H1 2025, reflecting improved purchasing power. This trend was underpinned by lower inflation, SARB rate reductions and fewer electricity disruptions – each contributing to household cost relief. Aggregate indicators now show a measured but significant recovery in household liquidity.

Household debt serviceability

Debt servicing costs have trended lower in recent months. With the repo rate declining and bank credit growth remaining modest, households are managing existing debt more easily. Real cash balances rose just under 5% YoY in H1. While financial positions have improved, consumer credit behaviour remains conservative, suggesting caution among lenders and consumer balance sheet consolidation are still dominant themes.

Further insight: SARB eyes 3% inflation target as treasury reforms take shape

South Africa's June CPI rose to 3.0% YoY, slightly up from 2.8% in May. Despite the increase, this marks a return to the lower end of the SARB's 3%–6% target band and reflects a broader disinflation trend.

The SARB is now formally advocating a 3% long-term inflation target. It appears the bank can technically implement the framework within existing 3%–6% guidelines in any case – as its latest MPC statement had a 3% long-term forecast for inflation pencilled in. With the repo rate at 7.25%, monetary policy remains restrictive. However, SARB's guidance suggests rate cuts may follow if inflation remains contained in June and despite a subsequent 25bp rate cut in July.

The potential shift to a 3% target would support macroeconomic stability but must be viewed within a broader risk framework. The US has increased tariff threats against BRICs-aligned nations. Analysts warn South Africa may face direct consequences due to its bloc alignment, which would raise the potential tariffs, if enacted, and could weaken trade flows and limit ZAR gains. This suggests economic conditions could change significantly.

The ZAR has been resilient, benefiting from favourable market conditions and a weaker USD. However, geopolitical tensions and reduced US goodwill pose medium-term risks. While the currency currently enjoys momentum, markets remain wary of missteps in SA's foreign policy and their economic consequences.

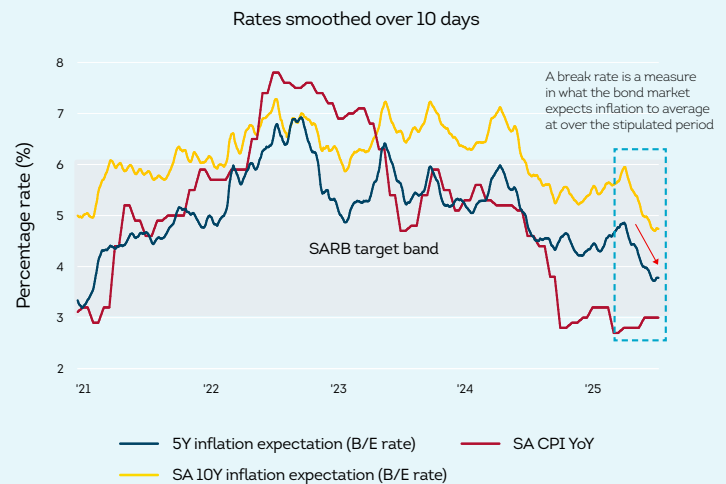
Domestically, the National Treasury is pursuing fiscal reform. The new Targeted and Responsible Savings (TARS) framework aims to reallocate spending from unproductive uses toward investment-led growth. Success will depend on execution and the political will to tackle inefficiencies at the municipal level.

Bonds have responded cautiously. Yield curves remain elevated but are showing early signs of flattening as markets anticipate policy easing. Investor focus has shifted toward execution risk in monetary policy calibration and fiscal discipline, but are ultimately pricing in an improvement in fiscal sentiment.

The SARB's 3% inflation preference is credible and consistent with long-term macroeconomic health, but risks remain asymmetric. Domestic service delivery shortfalls, any failures in governance, and trade diplomacy risks lie ahead. Any combination of the above could significantly stall progress as South Africa prepares for the 2026 municipal election cycle.

If global conditions remain benign and fiscal efforts gain traction, South Africa could enter a more stable monetary environment. However, durable gains require consistent policy signals, geopolitical prudence and credible domestic reform.

Bond market expects long-term reduction in inflation



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 data²
- Official public domain statistics
- Proprietary analytics of public domain statistics

TransUnion Credit Bureau

Consumer credit card utilisation³; number of consumer credit accounts in arrears (TransUnion).

Official public domain statistics

Prime interest rate; household debt to disposable income ratio (SARB).

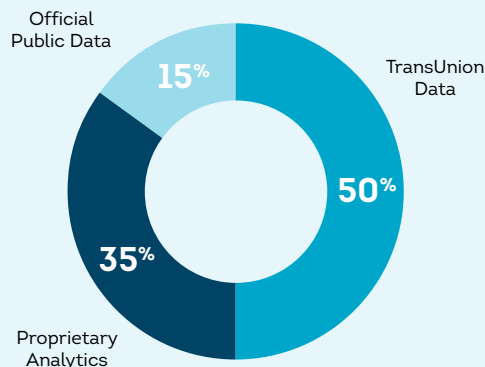
Proprietary analytics of public domain statistics

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



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CONTACT US

TransUnion SA Consumer Credit Index queries can be sent to:
Lizette Swart SA_MkrtComms@transunion.com
or on: **+27 11 214 6000**.



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