TransUnion

REPORT

SA Consumer Credit Index

H1 2026

Executive Summary

Consumer credit health weakens as repayment stress broadens.

The TransUnion® Consumer Credit Index fell 4 points from a marginally upwardly revised reading of 53 at the end of 2025 to 49 in Q2 2026, moving below the neutral 50 level for the first time since Q3 2024.

The index was 7 points below its recent peak of 56 in Q3 2025. The CCI is a diffusion index: Readings above 50 indicate improving conditions, while readings below 50 indicate deterioration.

The weakening was broad-based. A key adverse indicator came from the three-month arrears indicator: YoY growth in the share of accounts at least three months in arrears accelerated to 5.4% in June from 4.6% in March. The share had declined by 3.1% YoY in Q3 2025. This indicates rising near-term repayment stress. The distressed-borrowing component also deteriorated as revolving-credit utilisation began to grow YoY. It appears consumers are using a larger share of available credit to shield against higher living costs.

Survey evidence also points to affordability pressure. In TransUnion's Q2 Consumer Pulse Report, 39% expected to be unable to pay at least one current bill or loan in full, while 36% planned to apply for new credit or refinance within the next 12 months. Among respondents who considered applying for new credit or refinancing existing credit, 45% abandoned their plans, most commonly due to cost, credit history or income and employment constraints.

The household cash flow component turned negative, falling to −0.2% YoY in June 2026 from +2.0% in March and +2.9% a year earlier. Stronger household liquidity had supported the CCI recovery, but that support faded. Lower debt-service costs remained the only supportive component, although the degree of relief was smaller than in late 2025 when the component reached −7.7% YoY.

Lower debt-service pressure therefore continues to support households but no longer offsets higher arrears, renewed distressed borrowing and weaker cash flow. The South African Reserve Bank kept the repo rate unchanged at 7.00% in July. The Bank's baseline model showed rates broadly stable through the remainder of 2026, but upside inflation risks left open the possibility of another increase. Additional interest-rate relief appears unlikely in the near term.

The macroeconomic backdrop remains fragile. Although recent easing in geopolitical tensions has improved near-term oil and inflation prospects, the outlook remains volatile and domestic inflation risks remain skewed upward. Soft labour market conditions are likely to weigh on household spending, credit demand and broader economic activity. South Africa's local government elections on 4 November represent an additional source of near-term political and policy uncertainty.

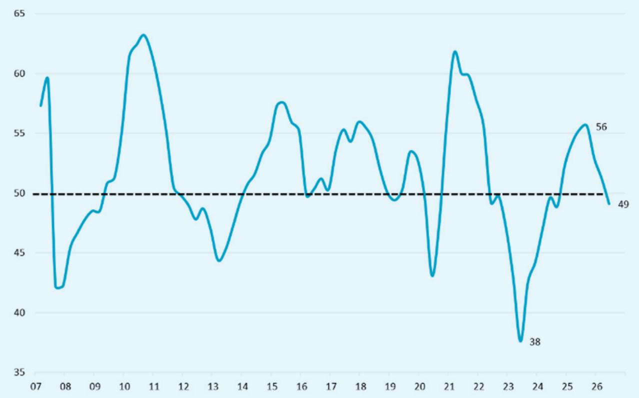
The headline deterioration masks substantial variation across provinces, products and income bands. Overall, the data indicates household budgets tightened during H1 2026 as essential-cost inflation accelerated and real household cash flow declined.

Index: 50.0 = break-even

49	53	55
Q2 2026	Q4 2025	Q2 2025

H1 2026 CCI: Key facts and figures

TransUnion SA Consumer Credit Index



No. of consumer accounts measured: **66.8 million**

No. of accounts three months in arrears: **1,109,634**

Value of revolving credit measured: **R258.63 billion**

Estimated H2 2025 non-discretionary consumer price inflation (NDCPI): **+3.9% YoY (H1 2025: +2.1% YoY)**

Estimated H2 2024 NDCPI-adjusted disposable income growth: **0.9% YoY (H1 2025: 1.7%, revised)**

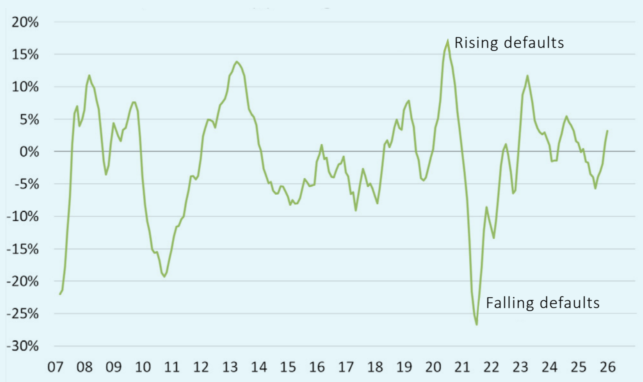
Estimated aggregate, annual household disposable income: **H1 R3.77 trillion (H1 2025: R3.59 trillion, SARB revised)**

Estimated national household bank debt as a percentage of disposable income: **62.2% (Q1 2026)**

Prime overdraft rate at end H2 2025: **10.50%**

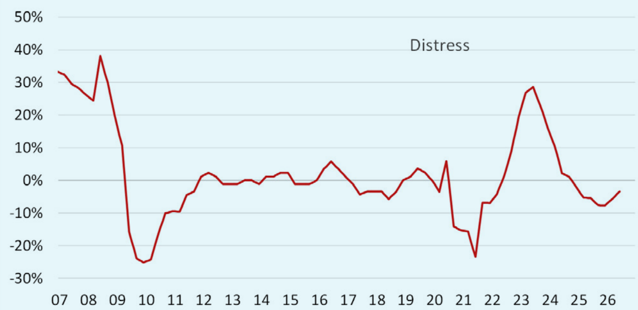
TransUnion: Accounts in Default

3M arrear accounts/total accounts, YoY % change

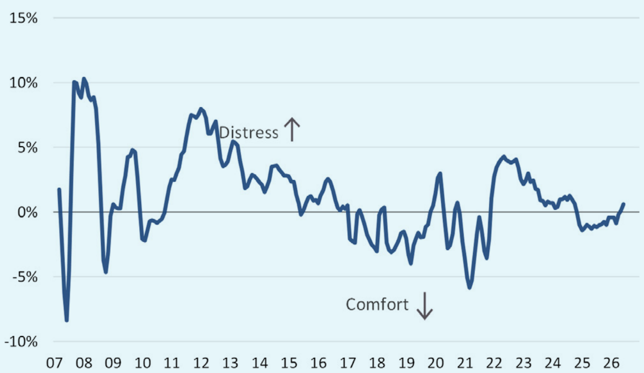


ETM: Household Debt Service Cost

Debt service cost: disposable ratio, YoY % change

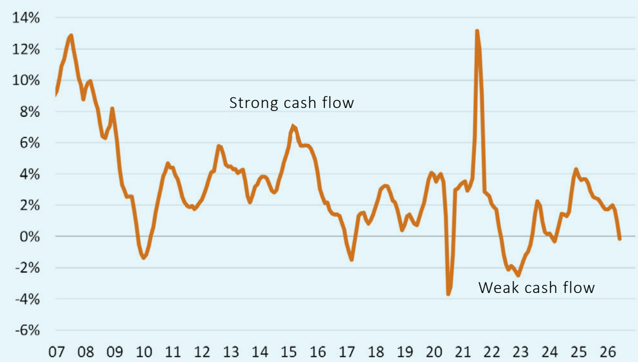


TransUnion: Revolving Credit Utilisation



ETM: Household Cash Flow

NDCPI-adj. household deposits and disposable income, average YoY % change



Data Weighting in the TransUnion CCI

TransUnion Defaults and Distressed Borrowing	Household Cash Flow	Debt Servicing Costs
50%	35%	15%

Unpacking the H1 2026 SA Consumer Credit Index

Household credit behaviour

1. Credit defaults

Credit conditions deteriorated. YoY growth in the share of accounts at least three months in arrears reached 5.4% in Q2 2026, 8.5 percentage points higher than the −3.1% recorded in Q3 2025. This reversal indicates rising near-term repayment stress. When essential costs rise faster than household incomes, less cash remains available for debt service. Higher arrears, weaker real cash flow and constrained income growth is therefore consistent with renewed pressure on household balance sheets.

2. Distressed borrowing

The distressed-borrowing indicator, which measures revolving-credit utilisation, shifted from YoY contraction through most of 2025 to growth by the end of H1 2026. Consumers in the sample therefore used a larger share of their available credit. The sustainability of this credit growth depends on the underlying household cash flow. Credit expansion supported by rising incomes and stable repayment performance is more sustainable than borrowing to fund recurring expenses or persistent cash flow deficits. The latter can support consumption and retail sales in the short term but can also raise future debt-service burdens and risk of arrears, denting subsequent discretionary spending.

Household cash flow (HCF)

The NDCPI-adjusted household cash flow measure fell from +2.9% YoY in June 2025 and +2.0% in March 2026 to −0.2% in June 2026. This deterioration in household liquidity coincided with rising arrears and revolving credit utilisation.

Lower inflation, some interest-rate relief and improved liquidity conditions had supported the earlier recovery. By the end of H1 2026, however, non-discretionary inflation had accelerated and the repo rate increased, eroding that support. South Africa's Quarterly Employment Statistics showed formal non-agricultural employment fell by 80,000 jobs (0.8% QoQ) in Q1 2026. Employment was 121,000 lower than a year earlier, equivalent to a 1.1% decline and the ninth consecutive annual contraction. On the same data series, formal employment was approximately 400,000 below its Q3 2023 level.

The persistence of the decline is consistent with weak investment and constrained capacity for formal-sector hiring. Subdued employment and softer real-income growth reduce household repayment buffers. Likely responses include reduced discretionary spending, increased trading down and greater reliance on credit as living costs outpace incomes.

Household debt serviceability

Lower debt-service costs partially offset the deterioration in other CCI components, although the benefit diminished during H1. The remaining support was insufficient to offset higher arrears, renewed distressed borrowing and softer household cash flow, leaving the CCI below the neutral 50 level.

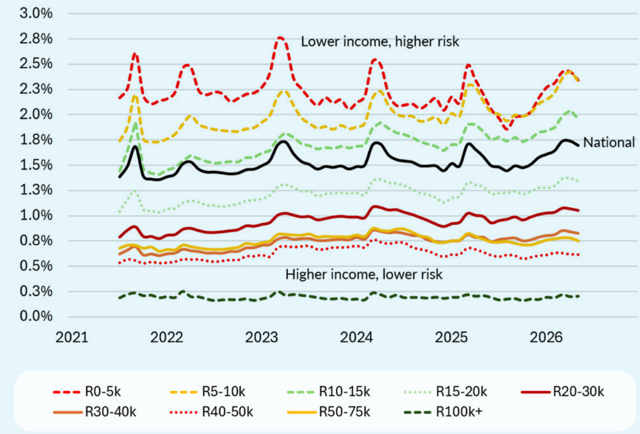
The South African Reserve Bank (SARB) kept the repo rate unchanged at 7.00% in July, following a 25bp increase in May. The Bank's baseline model showed the policy rate broadly stable through the remainder of 2026, although adverse inflation and fuel-price scenarios could require an additional increase. A further 25-basis-point increase is therefore a plausible upside risk rather than the SARB's baseline. Additional interest-rate relief appears unlikely in the near term, leaving variable-rate borrowers and credit-dependent demand exposed to rising debt-service costs.

Further insight: A cross-sectional study of the source data

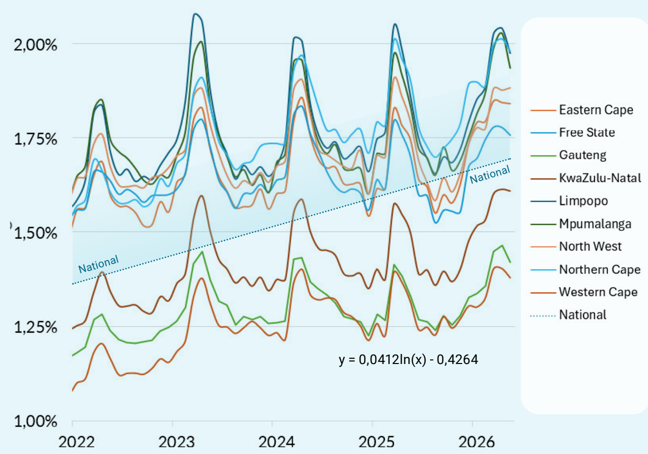
The headline CCI indicates whether aggregate consumer credit conditions are improving or deteriorating but can mask substantial variation within the credit market. Account-level data allows conditions to be compared across provinces, product verticals and income bands, distinguishing between arrears volumes, arrears rates, rand value at risk and credit utilisation. This provides a more granular view of where pressure is concentrated and conditions remain comparatively resilient. Cross-sectional relationships are diagnostic: They can identify patterns and plausible mechanisms but do not by themselves establish causation.

Breakdown in 3M arrears by income

Relative to income, credit risk remains relatively stable, although seasonally elevated



Economic differences reflected in 3M arrears



Regional breakdown

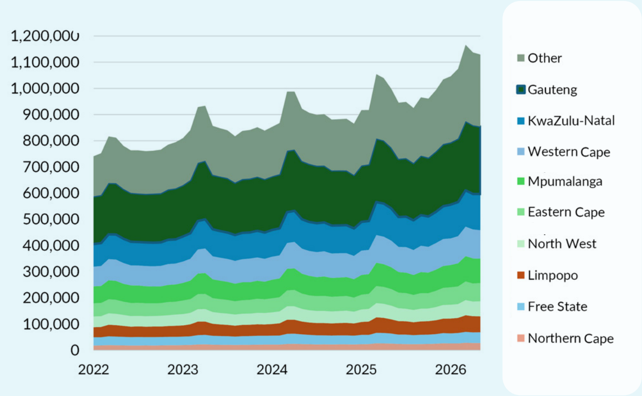
Consumer credit stress remained uneven across provinces. On average, more than 1.1 million accounts were at least three months in arrears each month during H1 2026. Absolute arrears were concentrated in Gauteng, KwaZulu-Natal and the Western Cape, reflecting their larger account bases and major metropolitan economies. The deterioration isn't solely an account-base effect: Arrears also increased as a share of total accounts. Gauteng accounted for the largest volume of arrears but didn't have the highest arrears rate. Some smaller provinces carried less rand exposure but higher arrears rates.

This is likely due to economic diversification. Provinces with South Africa's largest cities generally have broader employment, income and industrial bases. Smaller or more peripheral provincial economies may be more exposed to a handful of dominant industries, weaker formal employment and external shocks. This interpretation is consistent with the data, although differences in household income, product mix and credit access will also contribute.

The lower arrears rates in Gauteng and the Western Cape provide some support to aggregate portfolio performance and household demand. They didn't insulate these provinces from the weak national labour market or longer-term increase in account arrears. The regional data therefore indicates differentiated resilience rather than an absence of risk.

Three-month account arrears by province and income

Average monthly over 2026

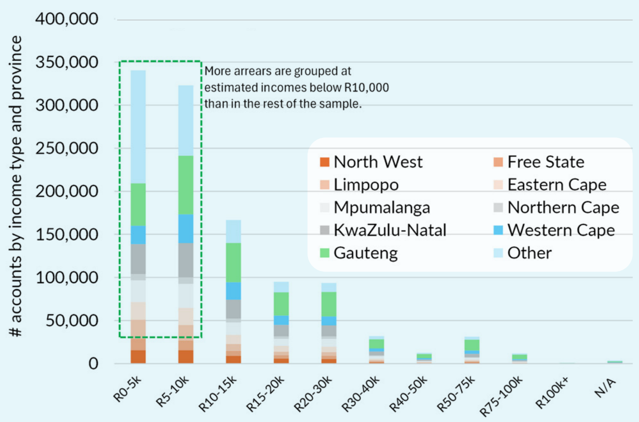


Product and vertical breakdown

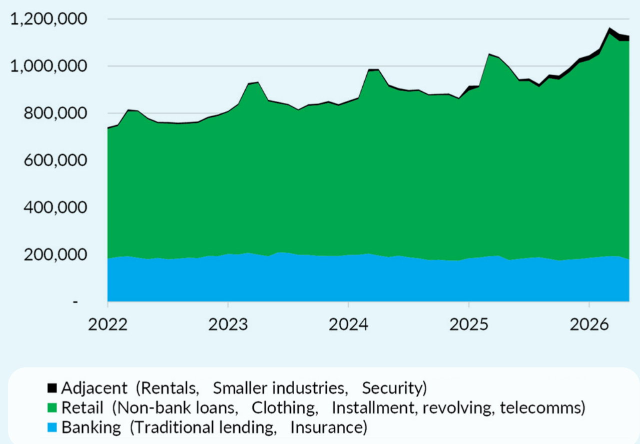
The product analysis distinguishes between the existing stock of arrears, marginal change in that stock and strength of the underlying signal. The aggregate stock of balances on accounts at least three months in arrears remained broadly stable at just below R30 billion. Property-related accounts represented more than half of this stock because mortgage balances are comparatively large. Mortgages therefore dominate the rand value of outstanding exposure, even though they don't necessarily provide the earliest indication of household pressure.

Three-month account arrears by province and income

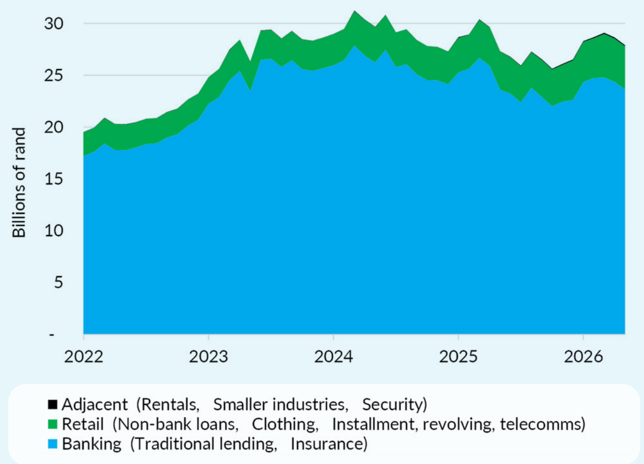
Average monthly over 2026



Number of accounts three-month in arrears by vertical



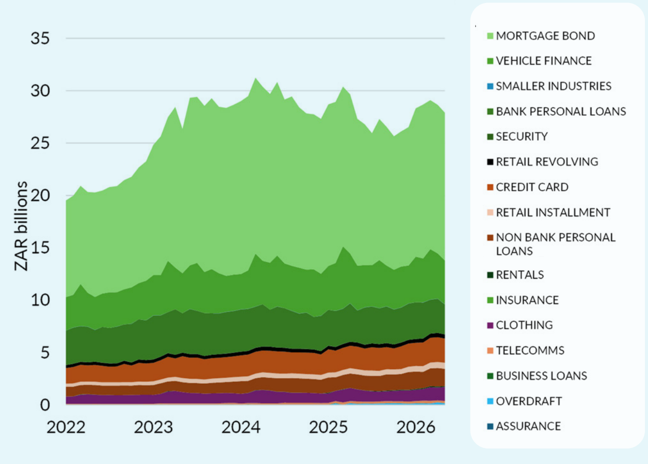
Number of accounts three-month in arrears by vertical



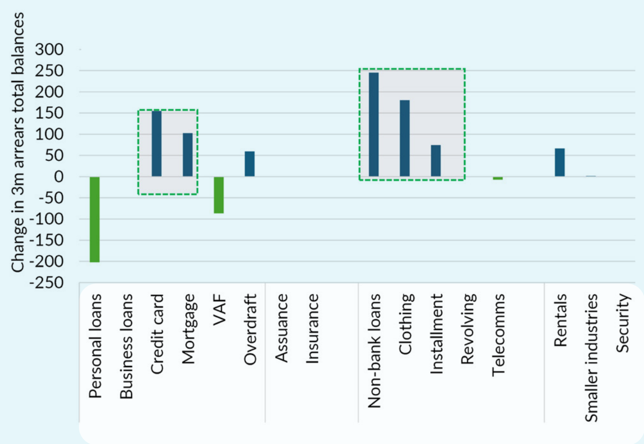
Mortgages dominate the existing rand exposure, while smaller-ticket and shorter-duration products can provide earlier indications of household cash-flow pressure. Retail instalment, retail revolving, clothing, credit cards, personal loans, telecommunications and vehicle finance are generally more sensitive to short-term liquidity, discretionary spending and consumer confidence. Their performance should be interpreted alongside origination volumes, account growth, credit limits and portfolio composition.

Further monetary tightening would raise servicing costs on variable-rate accounts, weakening affordability and potentially constraining new credit extension. This would increase pressure on discretionary and retail-linked obligations, particularly among highly utilised borrowers.

Value of three-month arrears by product



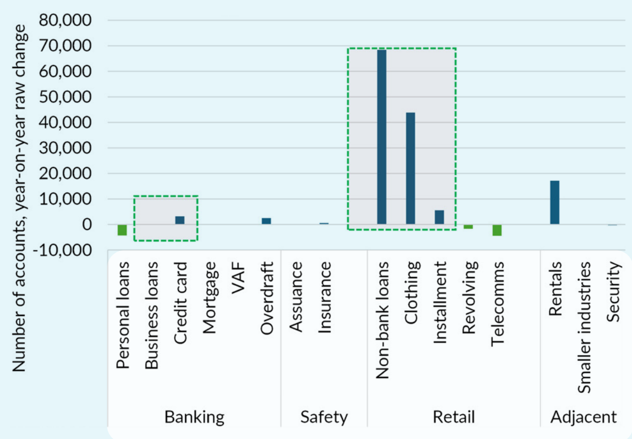
Three-month balance in arrears by product/vertical



Relatively stable mortgage arrears limited the immediate increase in portfolio exposure. It's consistent with conservative mortgage underwriting and measured credit extension, although this isn't the only possible explanation. Stable balances may also reflect offsetting originations, cures, collections, restructurings, write-offs or portfolio growth. Stability shouldn't therefore be treated as evidence that underlying credit quality has necessarily improved.

The marginal change presents a different picture. Across the products shown, rand value at risk increased by approximately R0.6 billion YoY, led by non-bank loans, clothing accounts, credit cards and mortgages. The increase in the number of accounts in arrears was more concentrated, with non-bank loans and clothing accounts accounting for most of the deterioration. This distinction between account incidence and exposure value is important.

Change in three-month in arrears by product/vertical



For lenders and other credit providers, the implication isn't to treat all balance growth equally. Such growth, accompanied by stable repayment and vintage performance, is more consistent with sustainable demand and may support selective expansion. Rising balances and utilisation, combined with deteriorating arrears, indicate where policy review could improve portfolio performance. Growth may still be appropriate in higher-risk segments where risk-adjusted pricing, underwriting and expected recoveries support acceptable returns. Where those conditions are absent, a more appropriate response may be to reprice, tighten limits or prepare for increased collections activity rather than pursue undifferentiated growth.

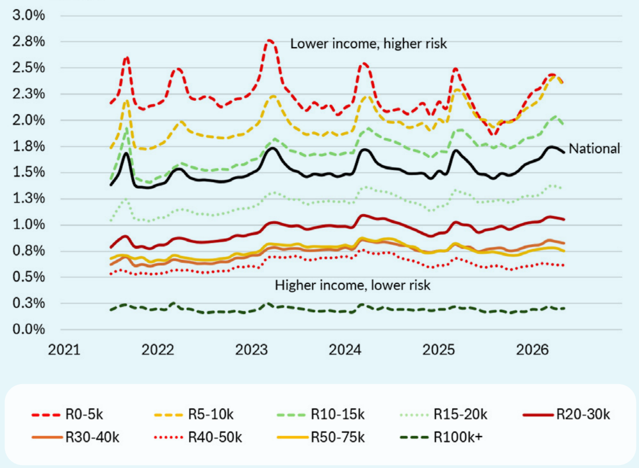
Income band breakdown

Arrears were broadly stable within many income bands despite deterioration in the aggregate portfolio. This pattern is consistent with a portfolio-composition effect, although proof would require deeper analysis. Aggregate risk can rise if new accounts or balance growth become concentrated in higher-risk products, high-utilisation customers or segments without reliable income estimates, even when repayment performance within established income bands remains comparatively steady.

The product data reinforces this interpretation. Increased stress in non-bank lending suggests changes in what consumers borrow for, and the products through which they borrow, may be contributing more to aggregate deterioration than a uniform weakening across all income groups. Normal account growth can therefore increase portfolio risk by changing the composition of customers or products, even if within-band arrears rates remain stable.

Breakdown in three-month arrears by income

Relative to income, credit risk remains relatively stable, although seasonally elevated



Utilisation was highest in the R50,000–R74,999 income band, at approximately two-thirds of available account capacity. The R75,000–R99,999, R20,000–R29,999 and R15,000–R19,999 bands also showed elevated utilisation. Credit pressure therefore isn't confined to lower-income consumers.

Lower utilisation in the lowest-income bands doesn't necessarily indicate greater financial resilience. It may reflect more restricted access to formal credit, smaller facilities, different product composition or selection effects.

Exposure profiles also differ across income groups. Lower-income consumers face particularly high food, transport and electricity costs. Middle-income consumers often carry larger instalment, vehicle, unsecured and retail credit commitments. Higher-income consumers generally have stronger liquidity buffers but carry larger account balances and face greater mortgage, vehicle and interest-rate risk.

The income band breakdown can help identify both deterioration and portfolio drift. Stable arrears by income band shouldn't be read as an absence of risk. A practical response is more granular affordability testing, differentiated limits, sharper pricing and income-sensitive collections strategies. The account-level breakdown gives the CCI greater diagnostic power. The headline score shows consumer credit health has weakened. This level of detail enables more robust analysis of SA's challenging economic environment.

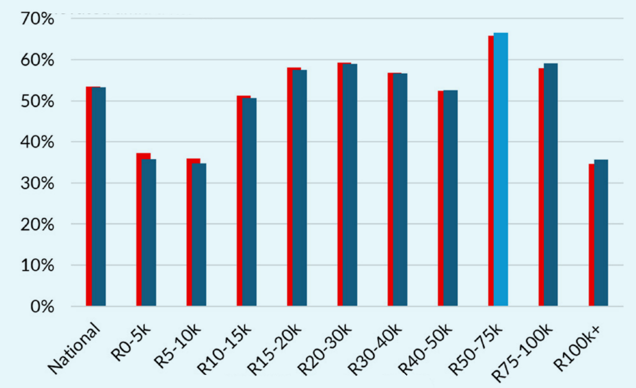
Conclusion

The Q2 CCI fell below neutral as the share of accounts at least three months in arrears increased, revolving-credit utilisation rose and real household cash flow weakened. Cross-sectional data showed the increase in the number of accounts in arrears was concentrated in non-bank loans and clothing accounts. The YoY rise in rand value at risk was broader, with material contributions from non-bank loans, clothing accounts, credit cards and mortgages partly offset by declines in personal loans and vehicle finance.

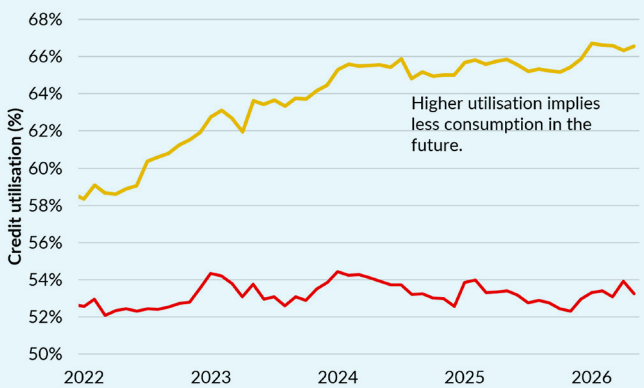
The aggregate stock of balances on accounts in arrears nevertheless remained broadly stable at just below R30 billion, while lower debt-service costs partially offset the deterioration in other CCI components. The combined evidence points to uneven rather than uniform deterioration. The response should therefore be targeted monitoring, underwriting, pricing and collections action across the products, regions and customer segments where pressure is most acute.

R50k–75K income bucket has high utilisation

Affordability stress can emerge in all segments. Credit utilisation elevated amid a rising cost of living.



Credit utilisation, R50–75K earners vs national



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.** It's compiled and released twice a year by TransUnion, a global leader in risk and information solutions, with technical support from ETM Analytics.

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 to determine 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 '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

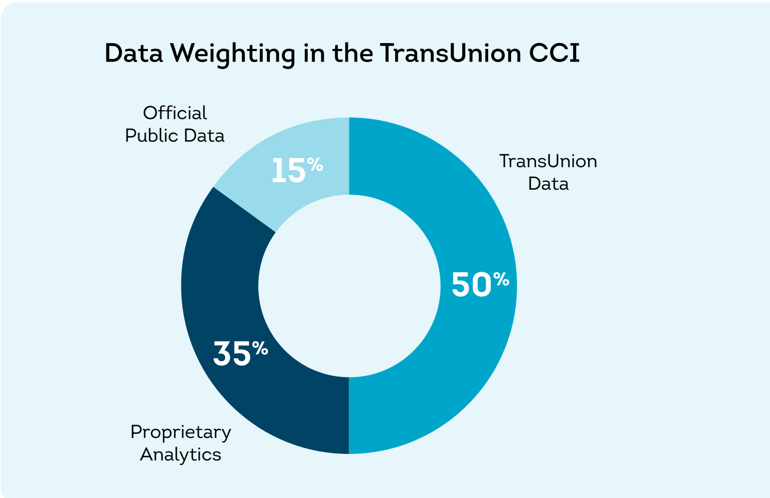
The index has three main data components:

- **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.

[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.

To order your credit report:
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CreditVision®

A TransUnion analysis identified three million consumers who could not gain access to credit based on traditional scoring models. **What could that mean for your business?**

CreditVision allows you to say "yes" to more consumers more confidently. Our analysis showed using trended credit and alternative data in scoring consumers could improve risk predictability by 56%.

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CONTACT US

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