



An Industry Point of View

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Agenda

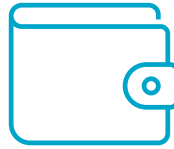
- Provide an overview of consumer financial and credit health
- Discuss the overarching themes driving market dynamics for key credit products

An Overview of Consumer Financial and Credit Health

A modestly improving economy and shifting consumer behaviour set the tone for a year where growth remains selective, not broad-based



Economic momentum
GDP grew **0.4% q/q** and **0.8% y/y**, bringing full-year growth to **1.1%**. Growth remained uneven, supported by finance, trade and agriculture, while mining and manufacturing stayed under pressure.



Household credit health
TransUnion CCI stayed **above the neutral 50 mark** in H2 2025, signalling gradually improving household credit health — but with **slowing recovery momentum**, early signs of borrower stress and persistent cash-flow pressure into year-end.



Inflation & interest-rate backdrop. Headline inflation continued trending lower toward SARB's midpoint in late-2025, supporting a more stable rate environment. However, SARB's shift in inflation target, together with global volatility, may keep borrowing conditions cautious.



2026 growth outlook — National Treasury expects a **gradual, reform-dependent recovery**, with medium-term GDP projected in the **upper-1% range**, contingent on progress in energy and logistics reform amid ongoing global uncertainty.

Despite increasing employment concerns, Q4 reflected improved household financial sentiment in South Africa, while credit demand remained cautious

75% of consumers expected their **incomes to increase** within the next 12 months, unchanged from Q3 2025.



72%



13% of consumers **increased use of available credit** in the past three months, down 3% from Q3 2025, led by Gen Z.

42% of consumers were **concerned about house prices** in the next six months, down 2% from Q3 2025.



of South Africans were optimistic about household finances in the next year, up 4% from Q3 2025



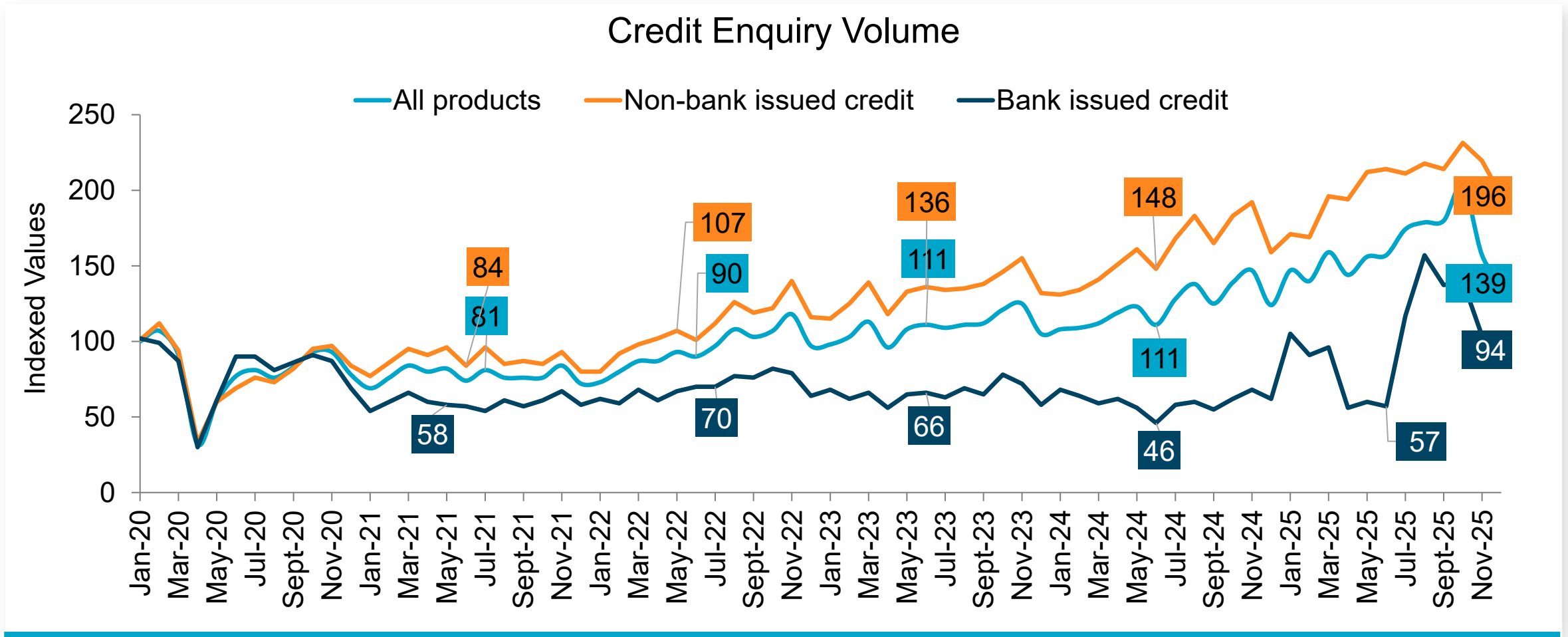
57% of respondents **held a BNPL product**, and 36% used a BNPL product **multiple times in the last 12 months** to pay for goods and services.

35% of consumers **paid down debt faster** in the past three months, up 3% from Q3 2025. **Gen Z** accounted for the highest share.



36% of consumers planned to **apply for new credit or refinance existing credit** in the next year.

Credit enquiries show a two-speed recovery: non-bank elevated, banks rebounding unevenly



Indexed to 2020 Monthly Average TU Enquiry Volume



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Source: TransUnion South Africa consumer credit database 6

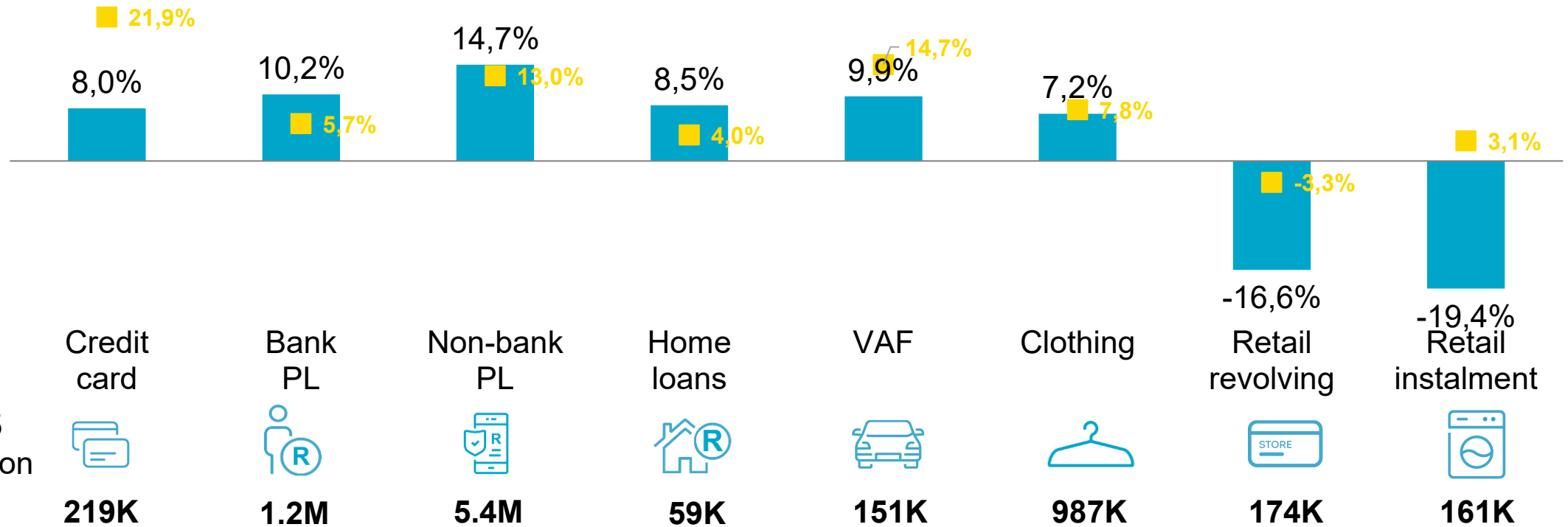
Broad credit growth continued in Q4, while retail inflows and unsecured credit diverged

Q4 2025 YoY Origination Volume Growth

**Total new accounts
Q4 2025 8.4M**

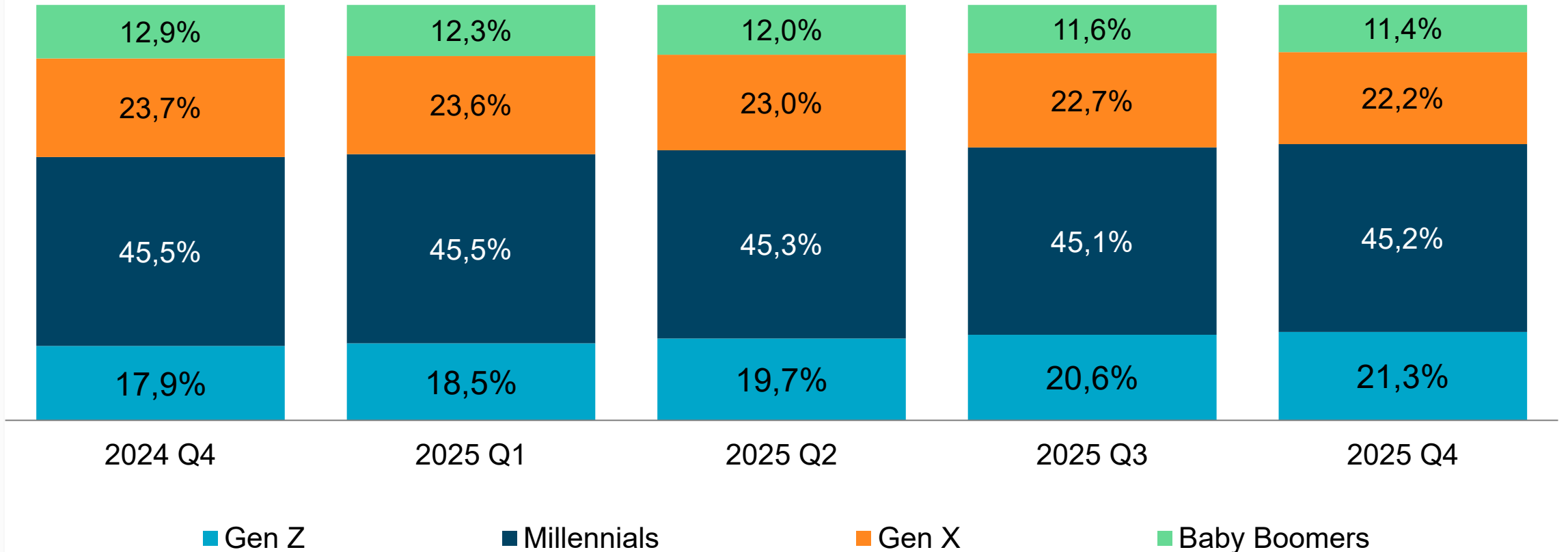
■ YoY Origination Volume Growth ■ Full Year Growth

YoY Growth Rate



Originations are steadily shifting younger — while Millennials remain the core

Origination Distribution by Age



TransUnion age distribution:

Gen Z (Born 1995 – 2010); Millennials (Born 1980-1994); Gen X (Born 1965-1979); Baby Boomers (Born 1946-1964)

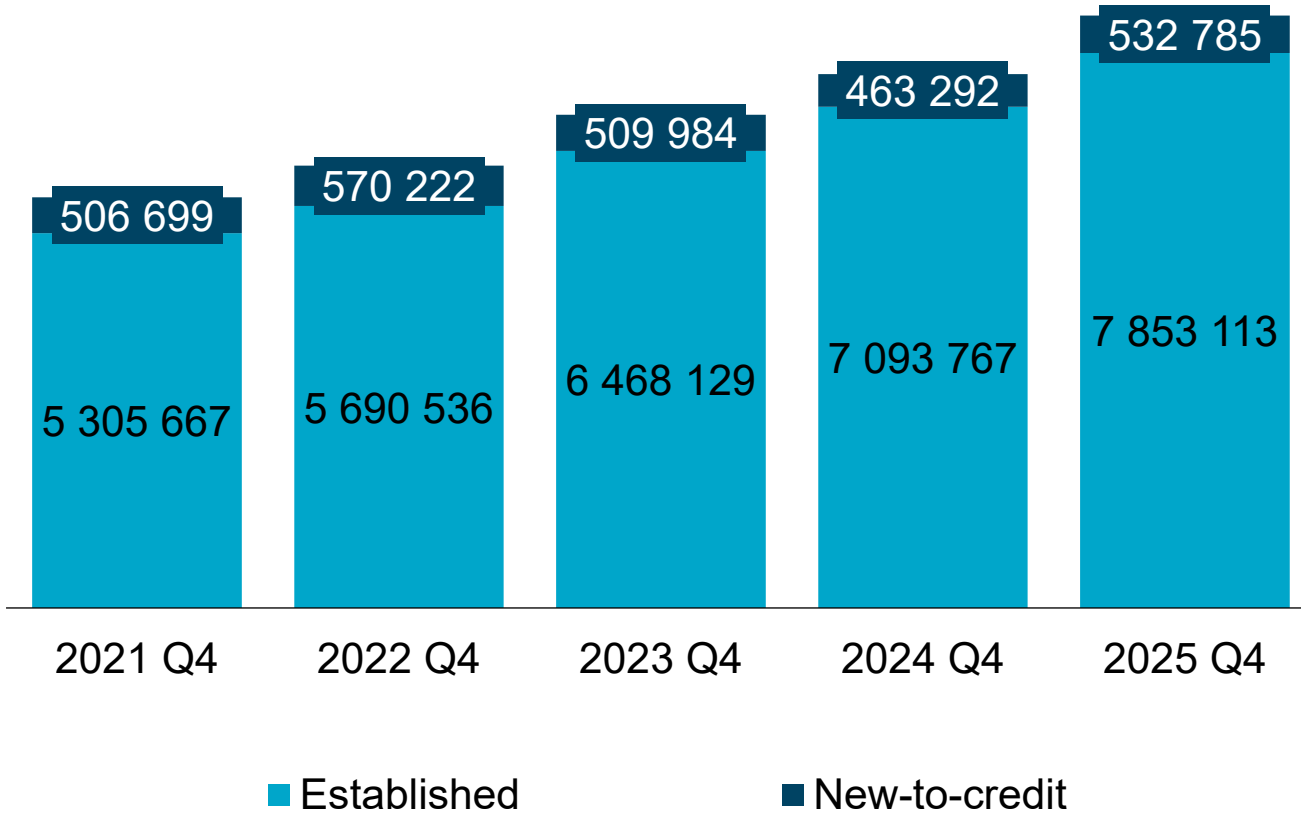


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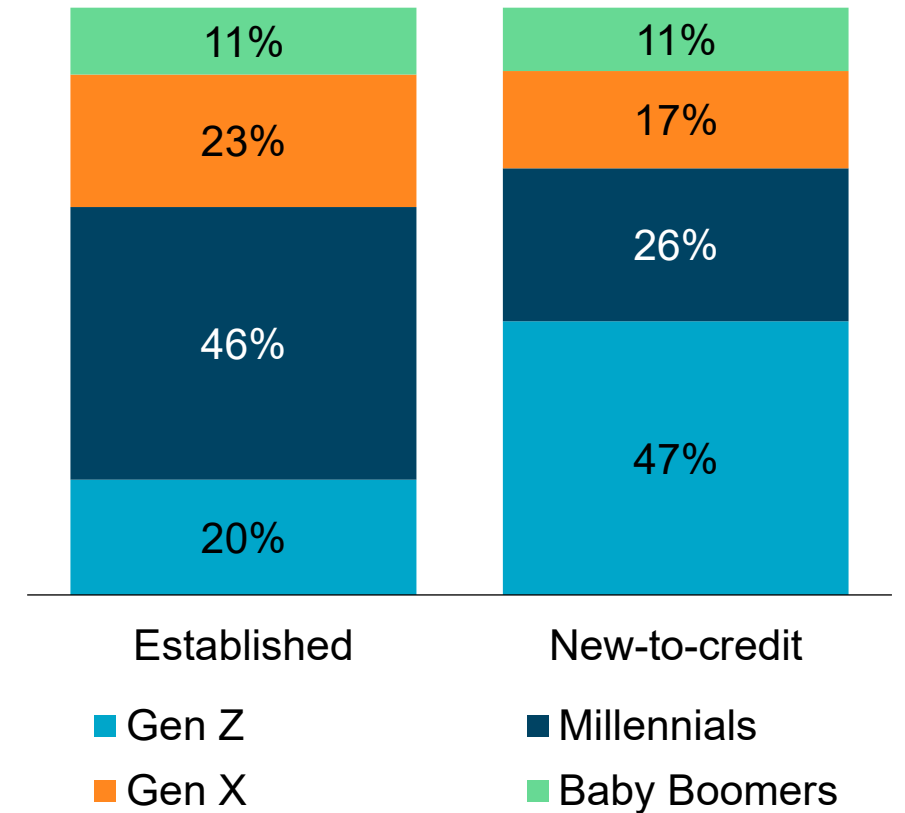
Source: TransUnion South Africa consumer credit database

New-to-credit volumes are growing and Gen Z dominates this segment, signaling a generational shift in first-time credit adoption

Origination Distribution: New-to-Credit vs. Established



2025 Q4 Originations by Generation



TransUnion age distribution:

Gen Z (Born 1995 – 2010); Millennials (Born 1980-1994); Gen X (Born 1965-1979); Baby Boomers (Born 1946-1964)

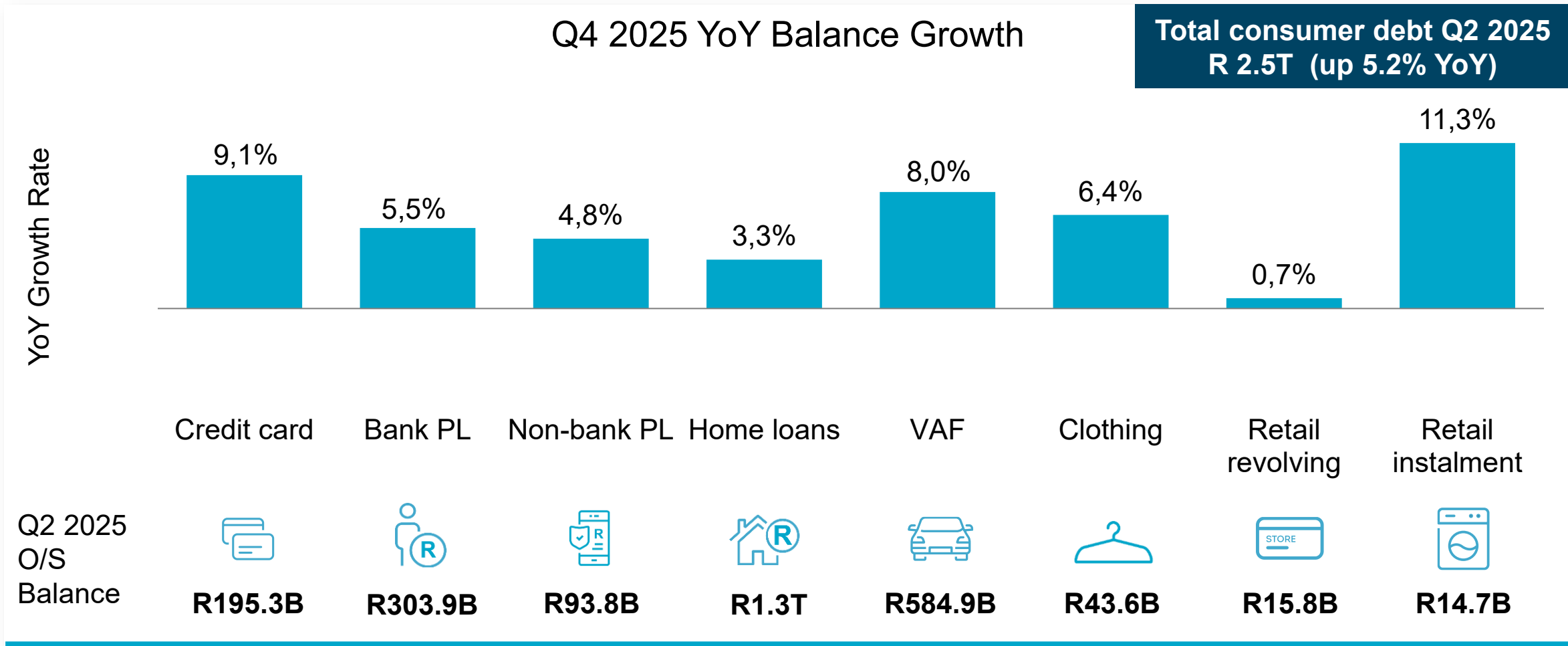
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Balances grew through higher utilisation, firm secured credit demand and cautious expansion in retail credit activity

Q4 2025 YoY Balance Growth

**Total consumer debt Q2 2025
R 2.5T (up 5.2% YoY)**

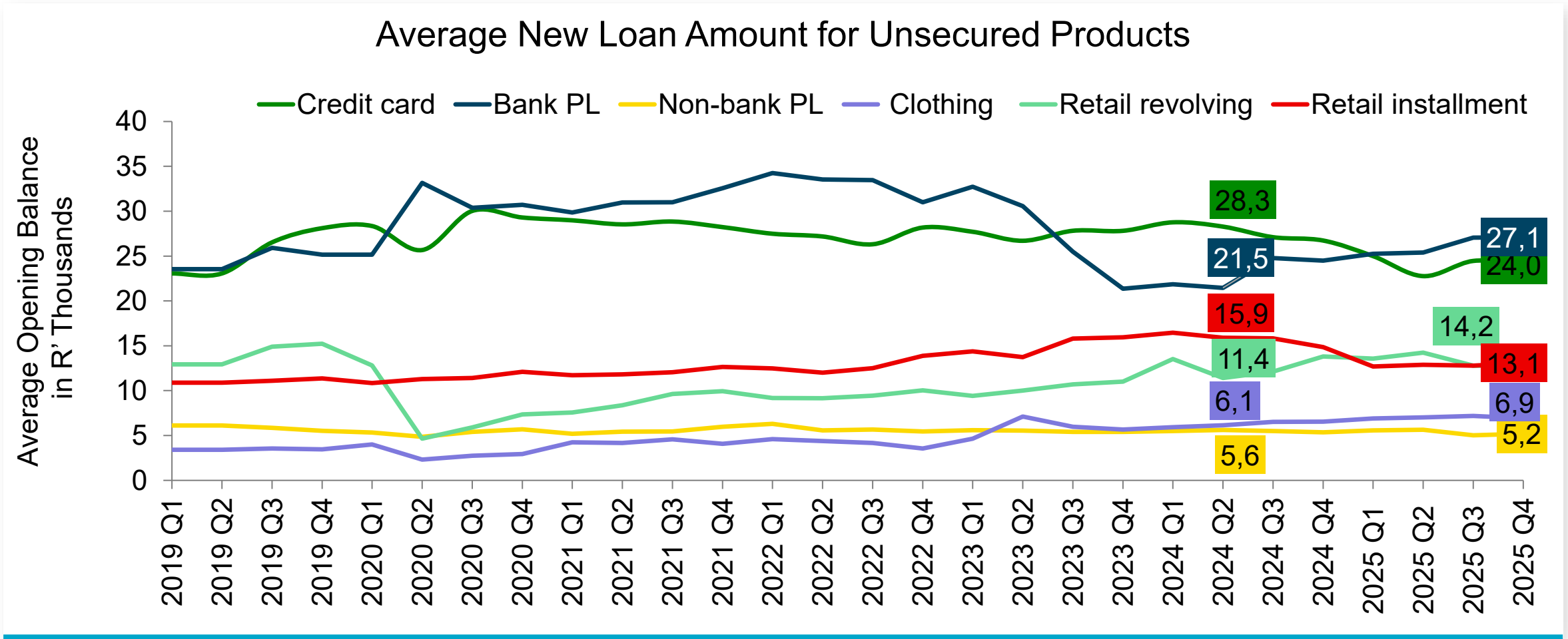


Q2 2025
O/S
Balance

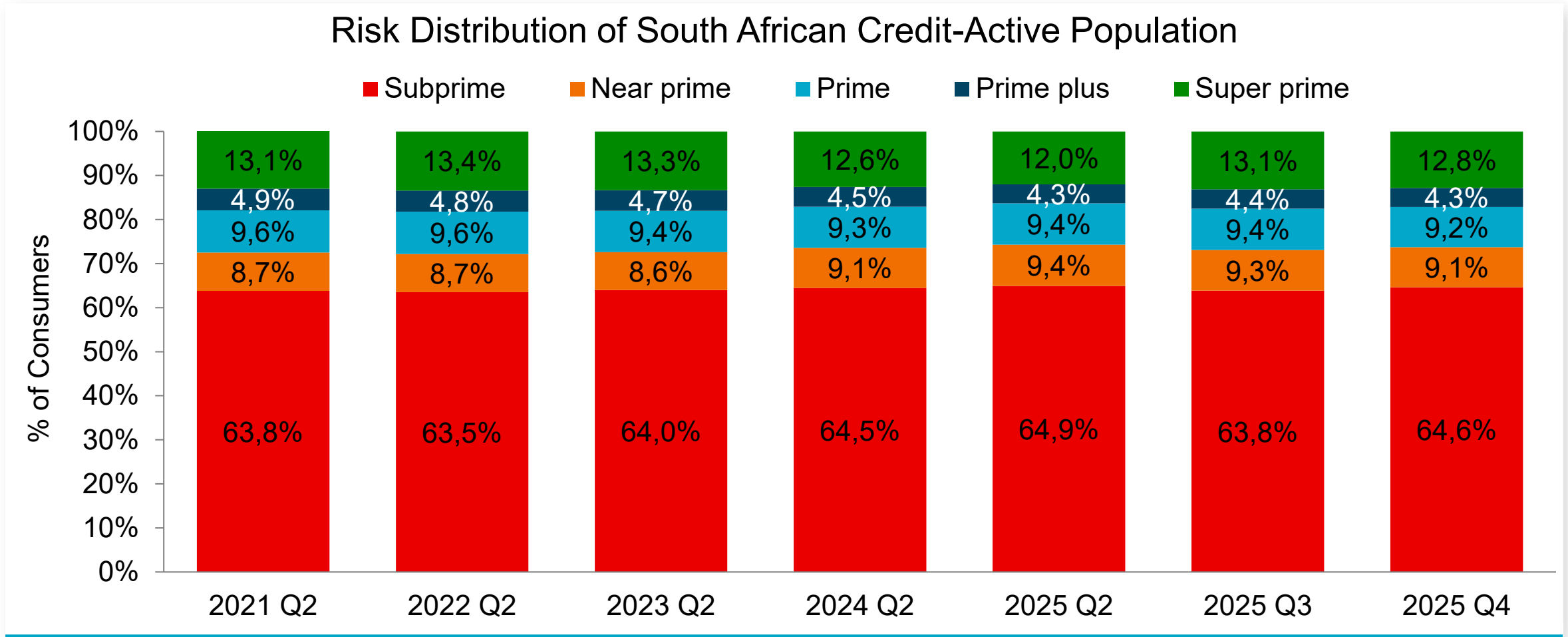
Category	Q2 2025 O/S Balance
Credit card	R195.3B
Bank PL	R303.9B
Non-bank PL	R93.8B
Home loans	R1.3T
VAF	R584.9B
Clothing	R43.6B
Retail revolving	R15.8B
Retail instalment	R14.7B



Bank personal-loan tickets are rising again, while cards, non-bank PLs, retail revolving and instalment stepped down; clothing edged higher



Despite easing conditions, the risk mix remains anchored in subprime, with minimal shifts toward prime and above



CreditVision™ risk score: Subprime 0-625; Near prime 626-655; Prime 656-695; Prime plus 696-720; Super prime 721-999

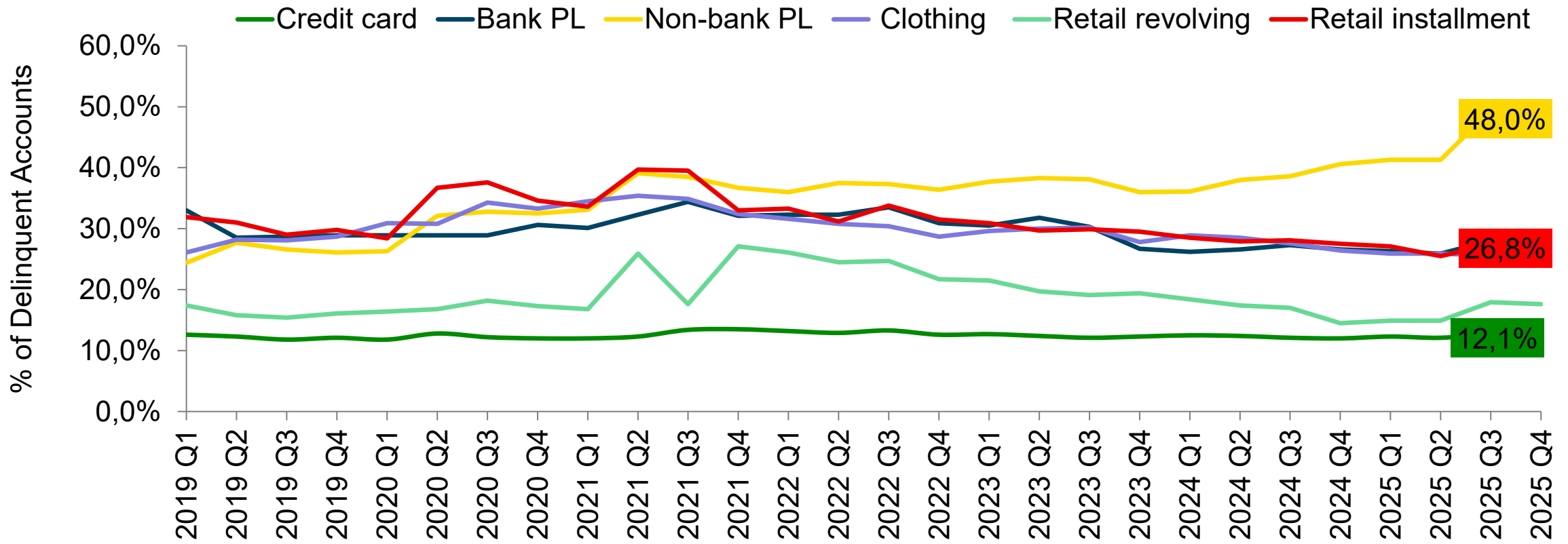


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Source: TransUnion South Africa consumer credit database 12

Overall arrears are stabilising across retail and bank personal loans, but non-bank personal loan stress remains elevated

Account Level Delinquency (3+MIA)



In summary:

Entry and participation

Credit participation continued to deepen, with strong enquiry activity and younger consumers driving new originations — while 15% of credit-active South Africans remain new-to-credit or underserved, signalling ongoing inclusion headroom.

Preference and behavior

Consumers are borrowing selectively, favouring structured and secured credit, keeping retail tickets smaller and shifting everyday purchases to short-cycle checkout financing, while Millennials and Gen Z anchor new-credit demand.

Risk and performance

Risk remains polarised: Secured and bank-issued products show improving repayment, while stress is concentrated in deeper revolvers and non-bank personal loans, reflecting a market improving overall but still uneven beneath the surface.

Overarching Themes Driving Market Dynamics for Key Credit Products



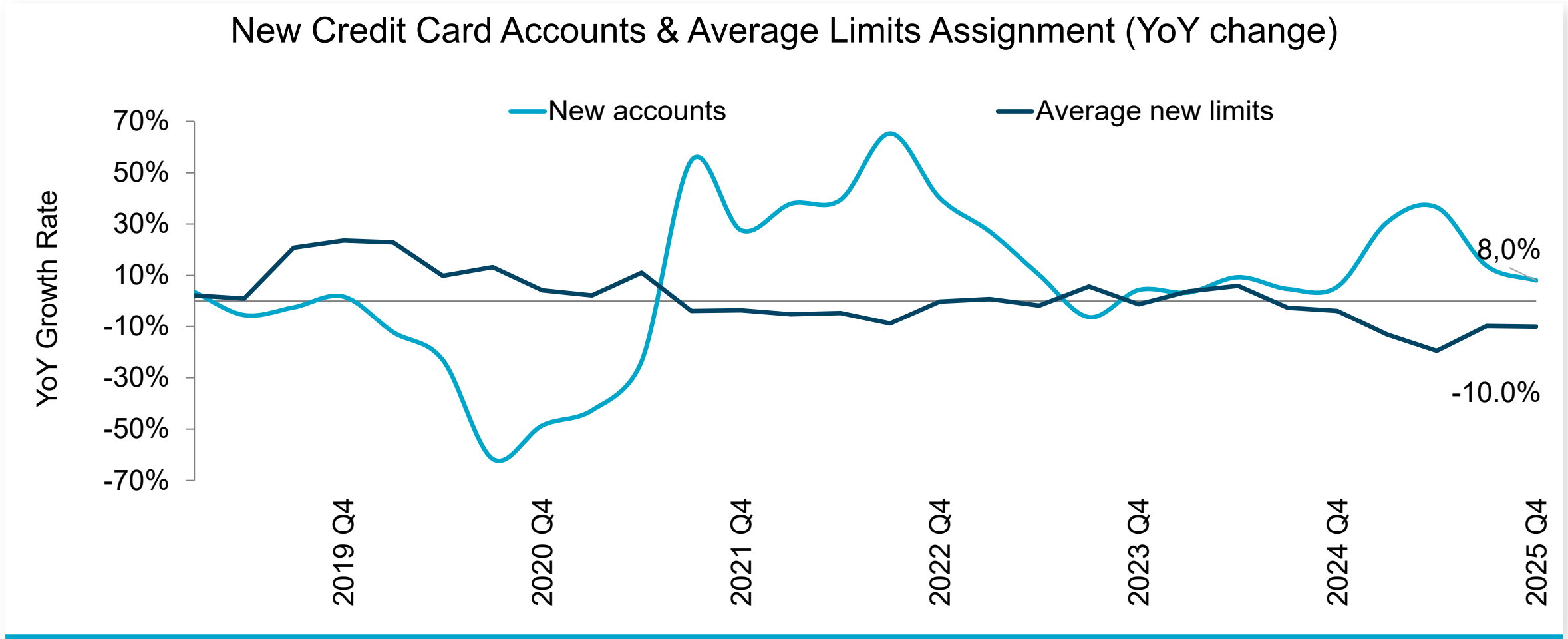
Credit Cards



Growth in cards remained solid and delinquency rose modestly as revolving balances increased

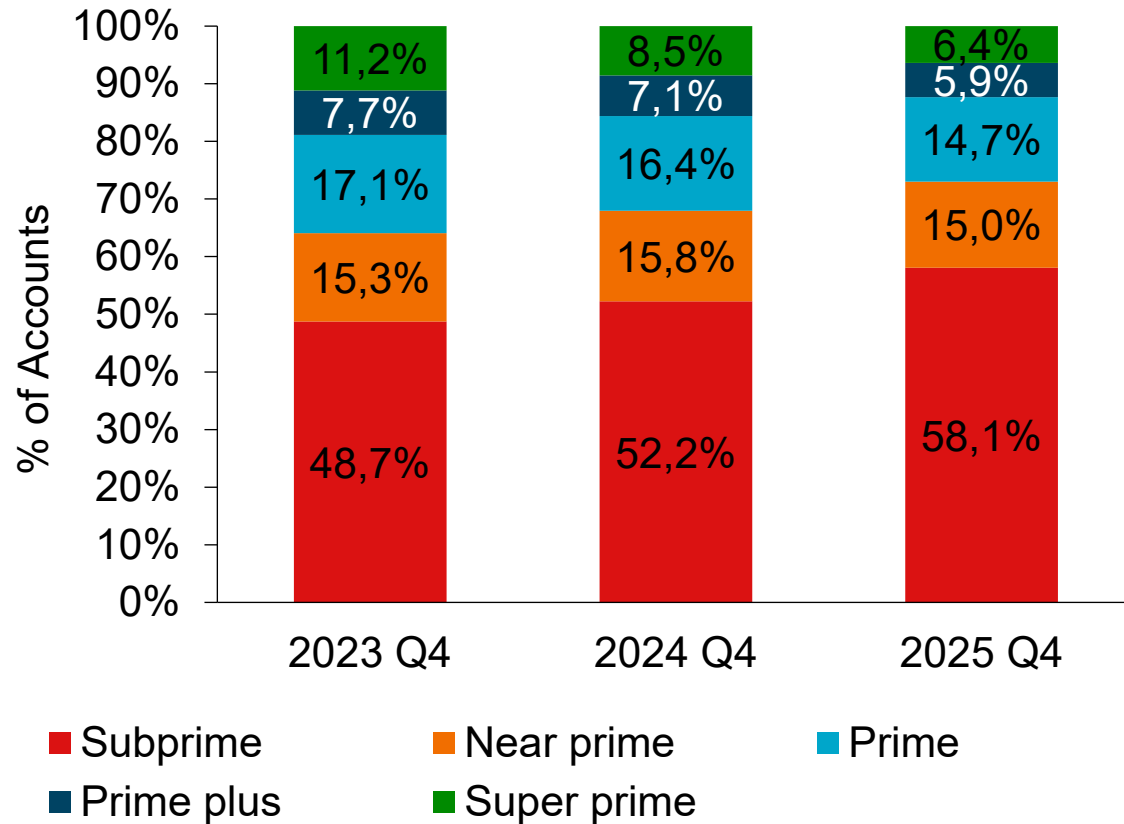
	Q4 2025	YoY Growth
Origination limit	R5.3B	-2.8%
Origination volume	218.5K	+8.0%
Average opening limit	R 24,048	-10.0%
Average balances	R25,558	+1.9%
No. of consumers	5.5M	+6.8%
Performance 3+ MIA accounts	12.9%	+33bps
Performance 3+ MIA balance	19.5%	+71 bps

New card openings rose while average new limits fell, signalling broader access with tighter exposures and disciplined underwriting

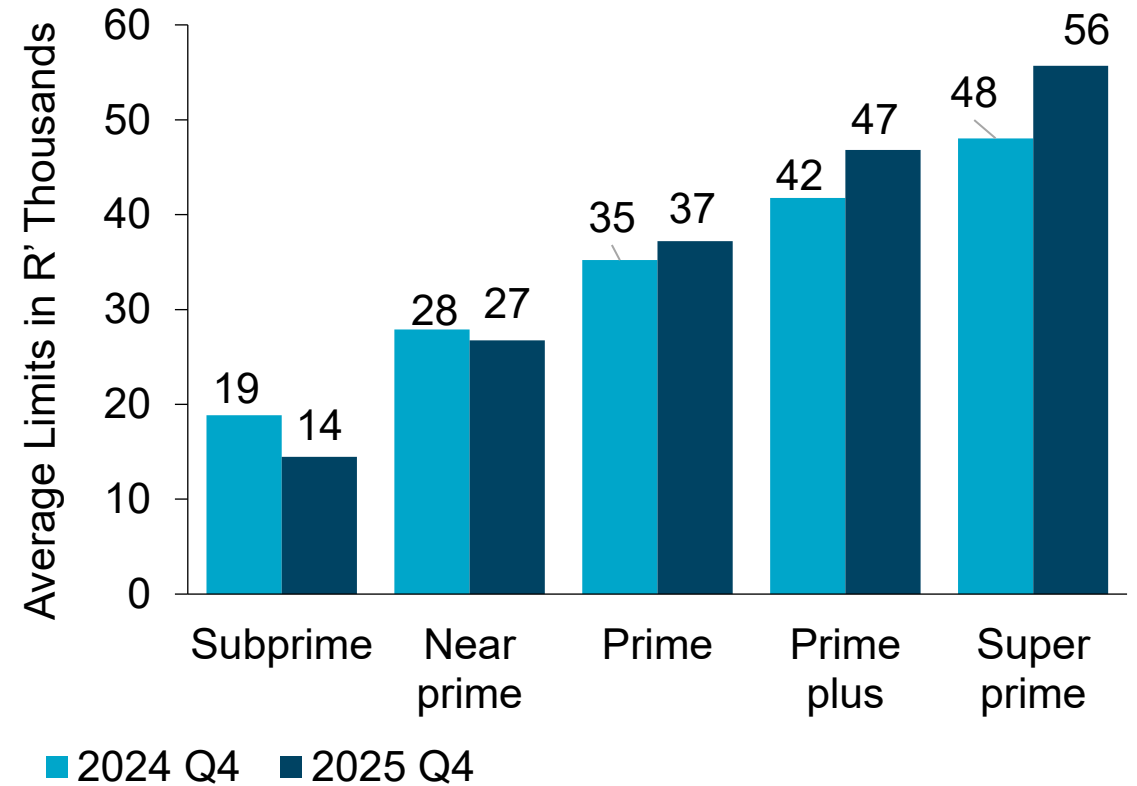


Originations skewed further to subprime — while average new limits fell at higher risk tiers and rose for prime segments

New Credit Card Accounts by Risk



New Average Credit Limits by Risk



CreditVision™ risk score: Subprime 0-625; Near prime 626-655; Prime 656-695; Prime plus 696-720; Super prime 721-999

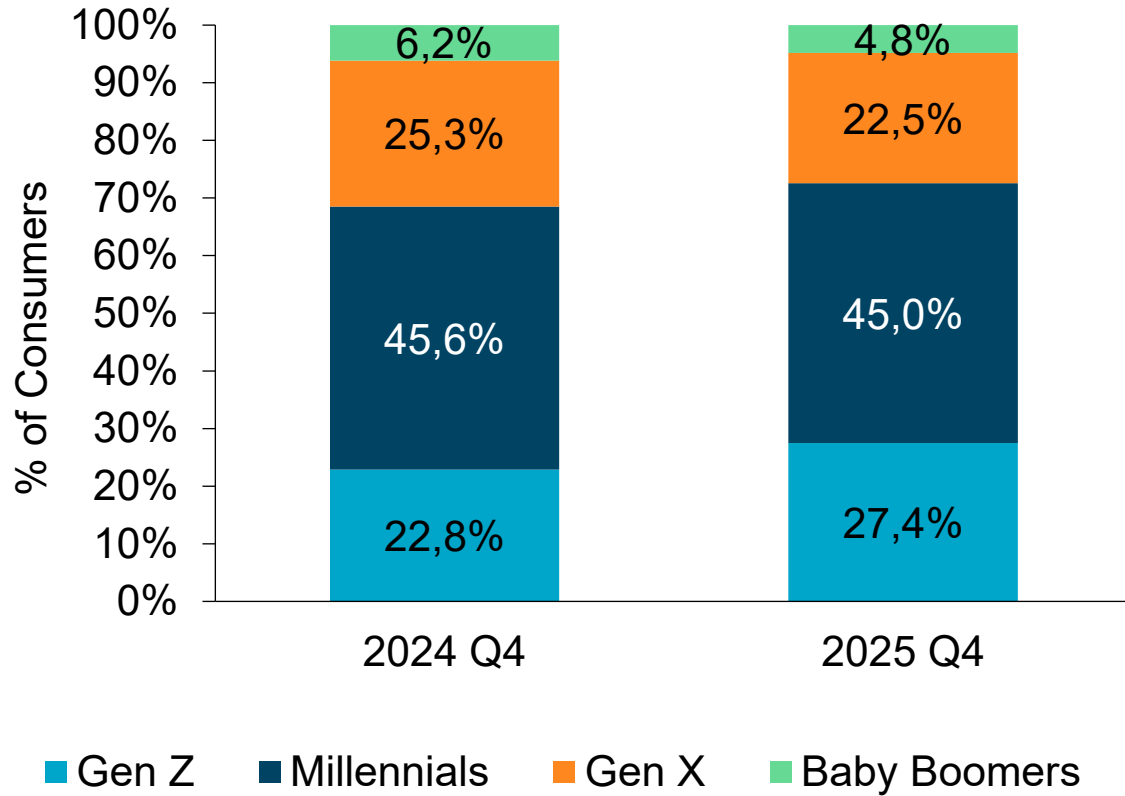


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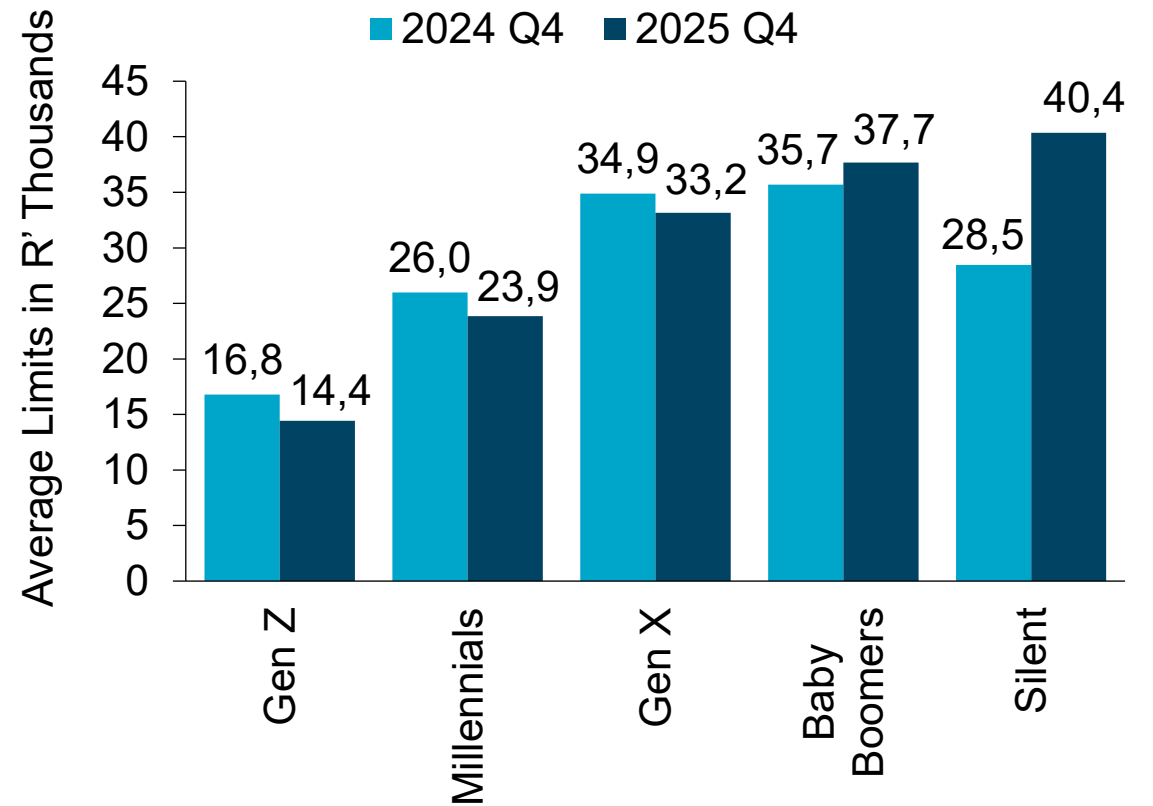
Source: TransUnion South Africa consumer credit database 19

Gen Z's share rose as Millennials held steady, while starting limits fell for younger cohorts and rose for older

Credit Card Origination by Generation



New Average Credit Limits by Generation



TransUnion age distribution:

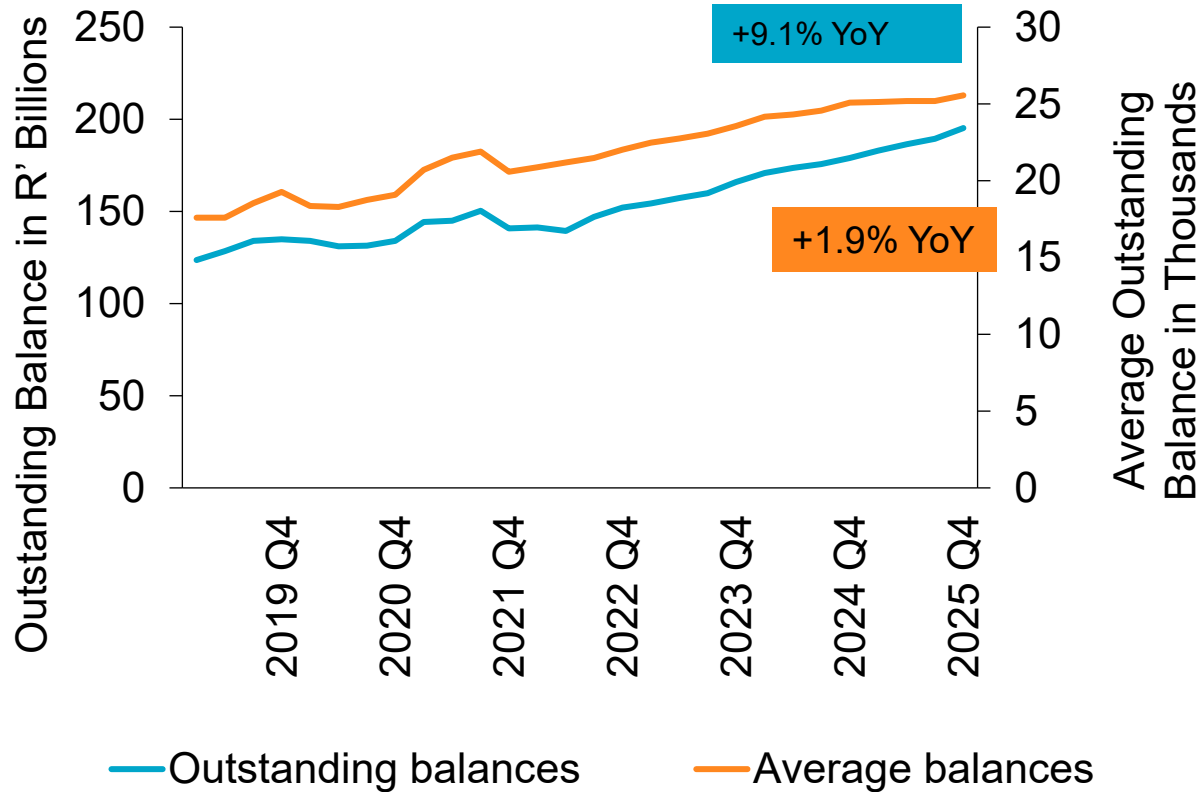
Gen Z (Born 1995 – 2010); Millennials (Born 1980-1994); Gen X (Born 1965-1979); Baby Boomers (Born 1946-1964)

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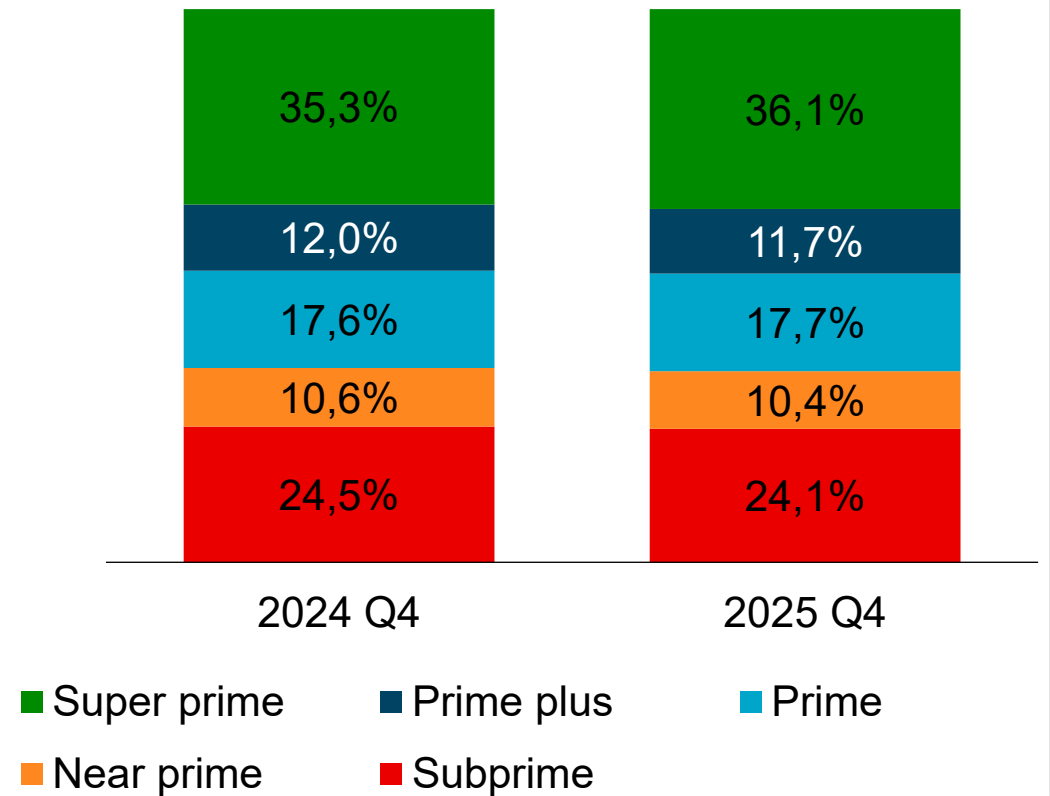


Credit card balances rose 9.1% year on year, with a modest 1.9% lift per account and clear quality tilt toward super prime

Outstanding Balances of Credit Card Borrowers



Share of Outstanding Balances by Risk Tier



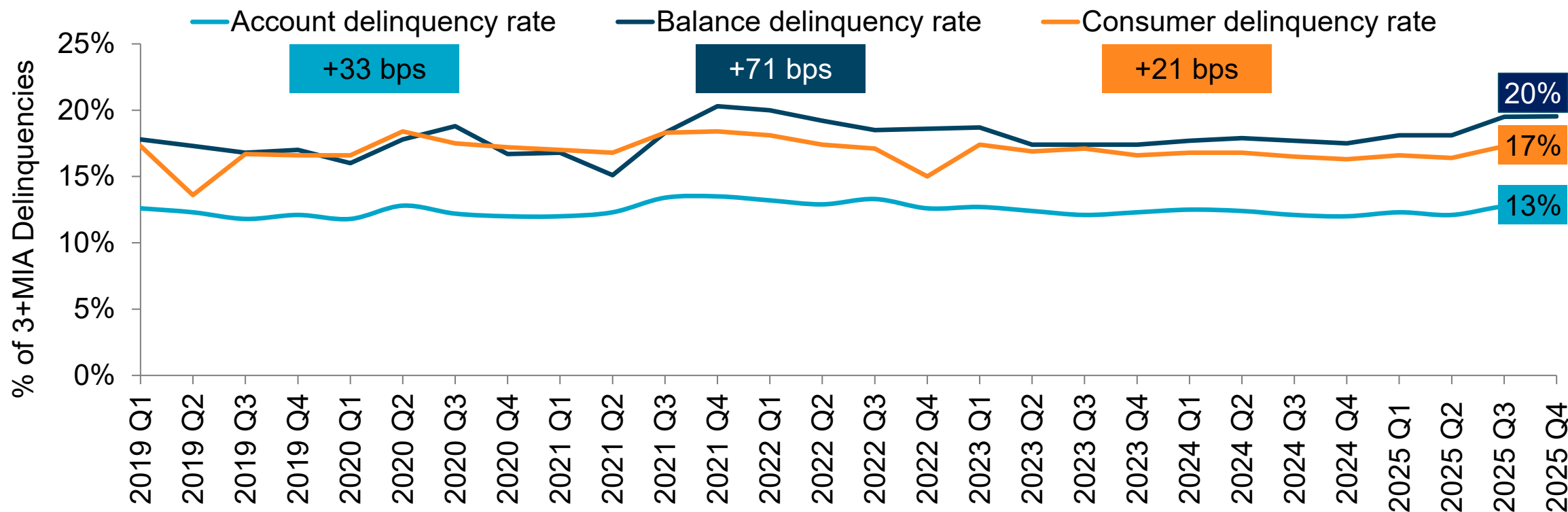
CreditVision™ risk score:
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Credit card delinquency has been stable for several years, with recent increases reflecting deeper stress among a subset of revolvers

Credit Card Delinquency Rate





Unsecured Personal Loans



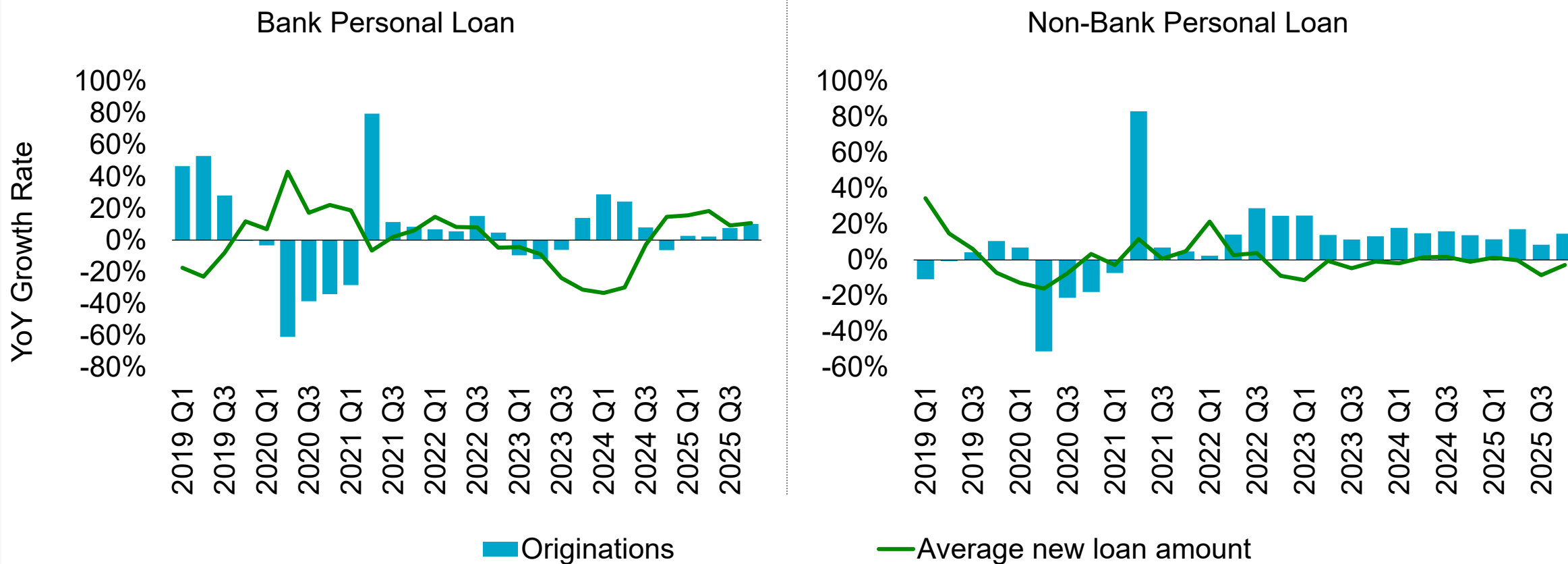
The market is splitting: Banks grow through structured, higher-affordability loans, while non-banks absorb short-term liquidity demand under heavy risk

	Bank Issued		Non-Bank Issued	
	Q4 2025	YoY growth	Q4 2025	YoY growth
Origination value	33.1B	+21.9%	R28.1B	+11.5%
Origination volume	1.2M	+12,2%	5.4M	+14,7%
Average opening loan value	R 27 107	+10,7 %	R 5 202	-2,8%
Average balances	R53 267	+4,4 %	R9 985	-20,2 %
Performance 3+ MIA accounts	27,0%	-271 bps	48,0%	50 bps
Performance 3+ MIA balance	30,4%	-326 bps	53,4%	560 bps

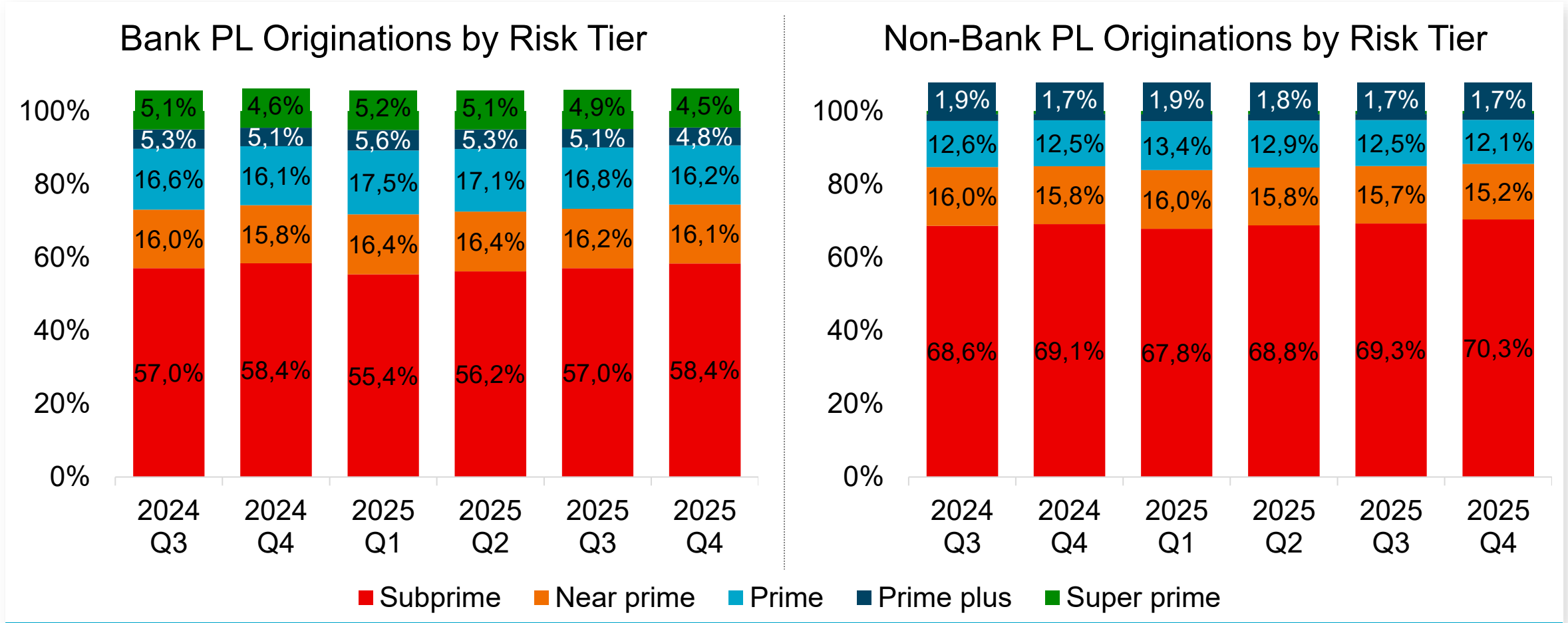


Banks are growing value through rising loan amounts, while non-banks grow reach through higher volumes and smaller tickets

Personal Loans Originations and Average New Loan Amount Growth Rates



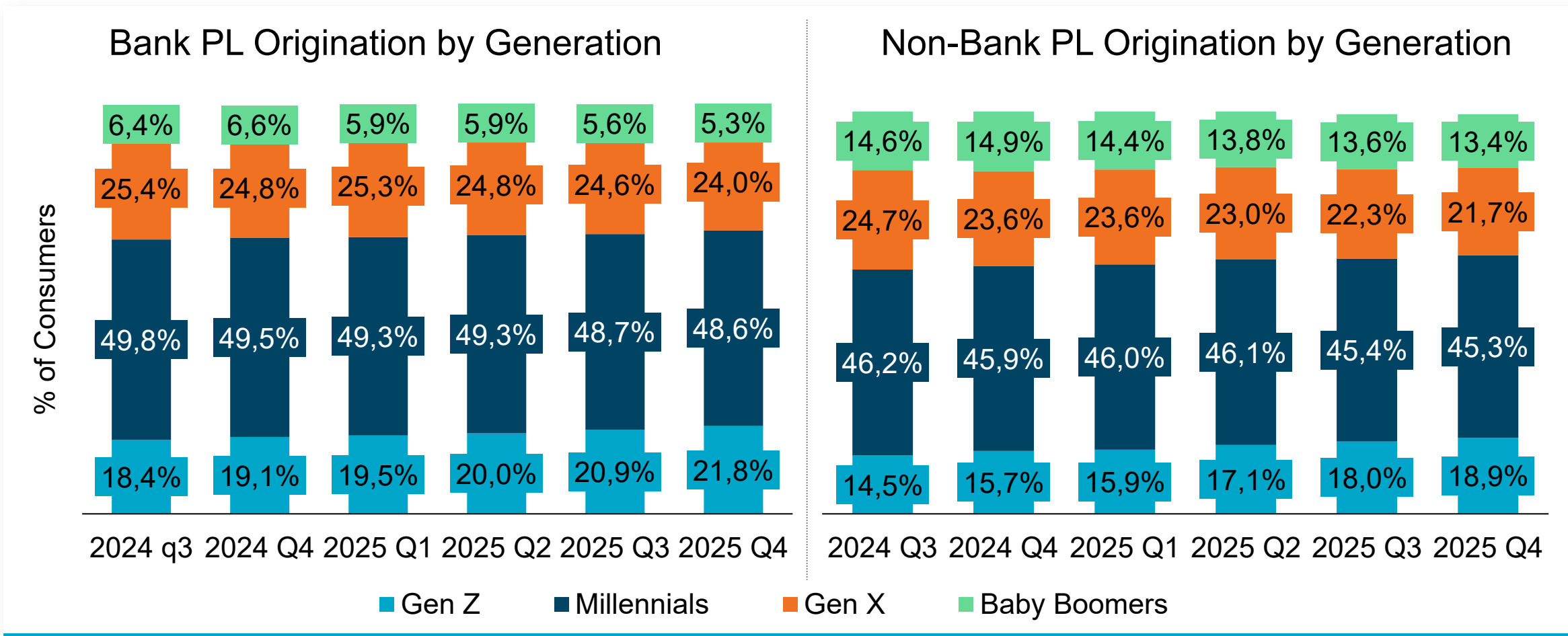
Bank PL originations have tilted modestly toward subprime, while non-bank PLs remain overwhelmingly subprime and increasingly concentrated there



CreditVision™ risk score:
 Subprime 0-625; Near prime 626-655; Prime 656-695; Prime plus 696-720; Super prime 721-999



Gen Z continues to grow steadily — while Millennials remain the core of new personal loan originations



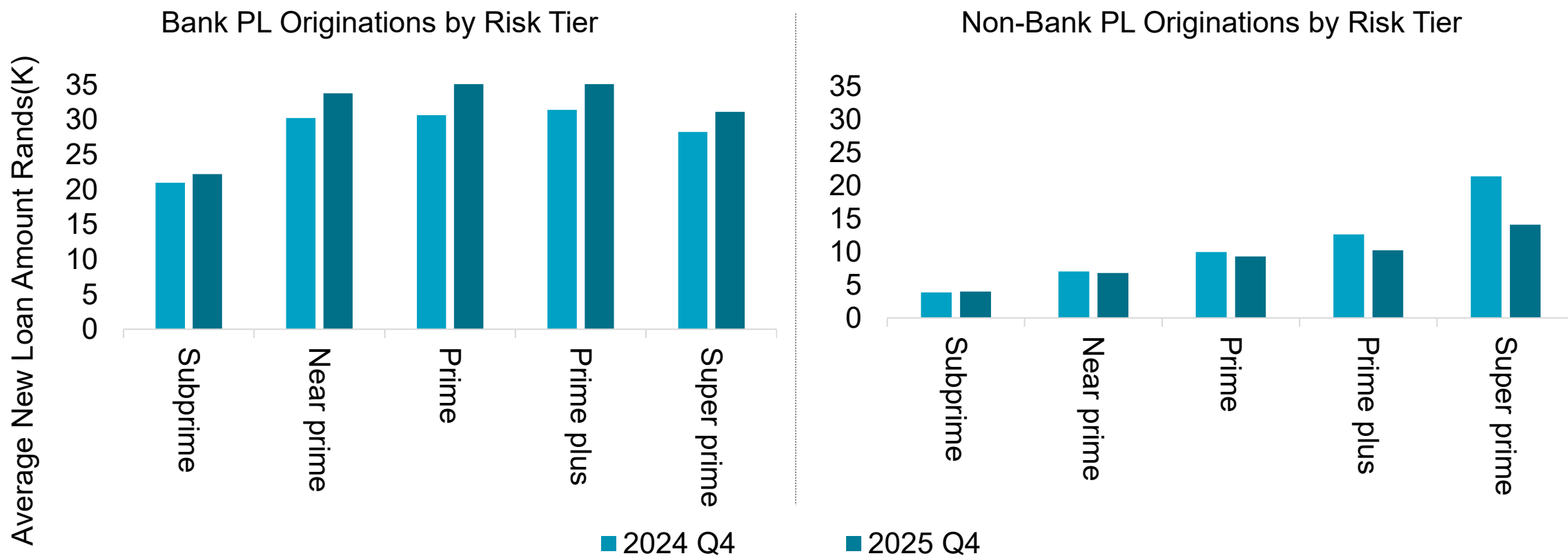
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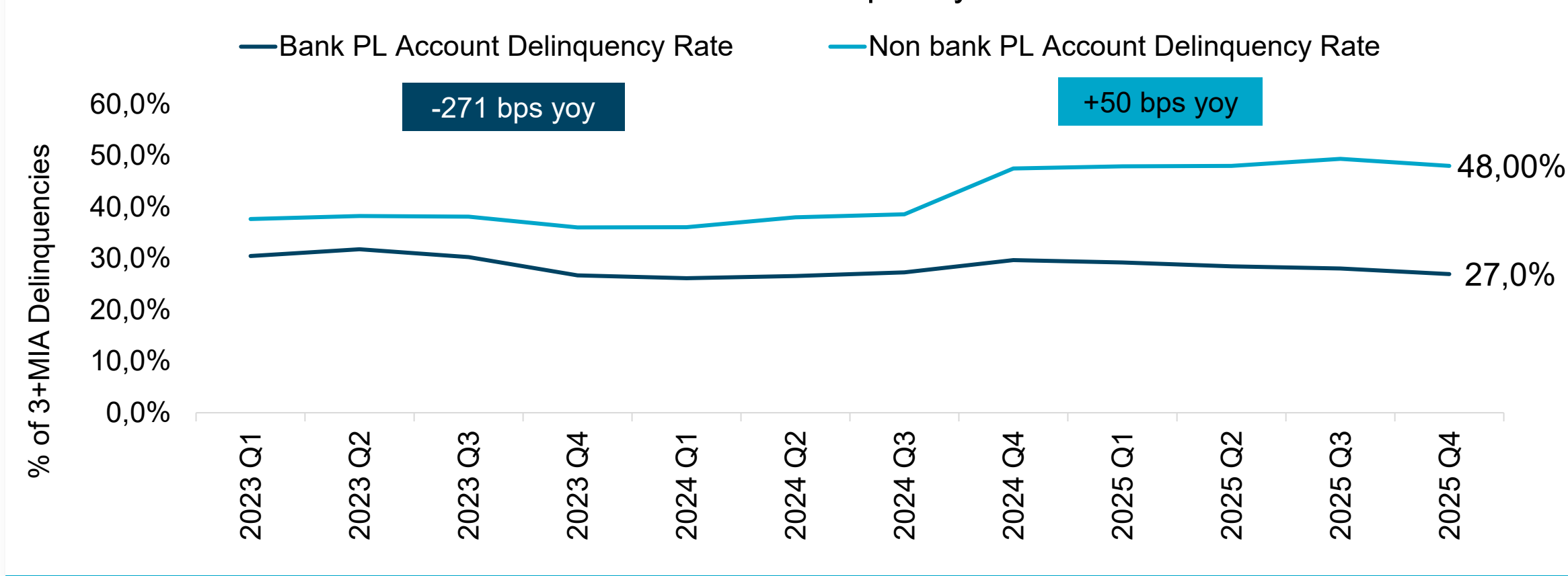
Banks deepen exposure with higher amounts for stronger tiers, while non-banks deliver smaller loans — even for prime consumers

Average New Loan Amount per Account, by Risk Tier

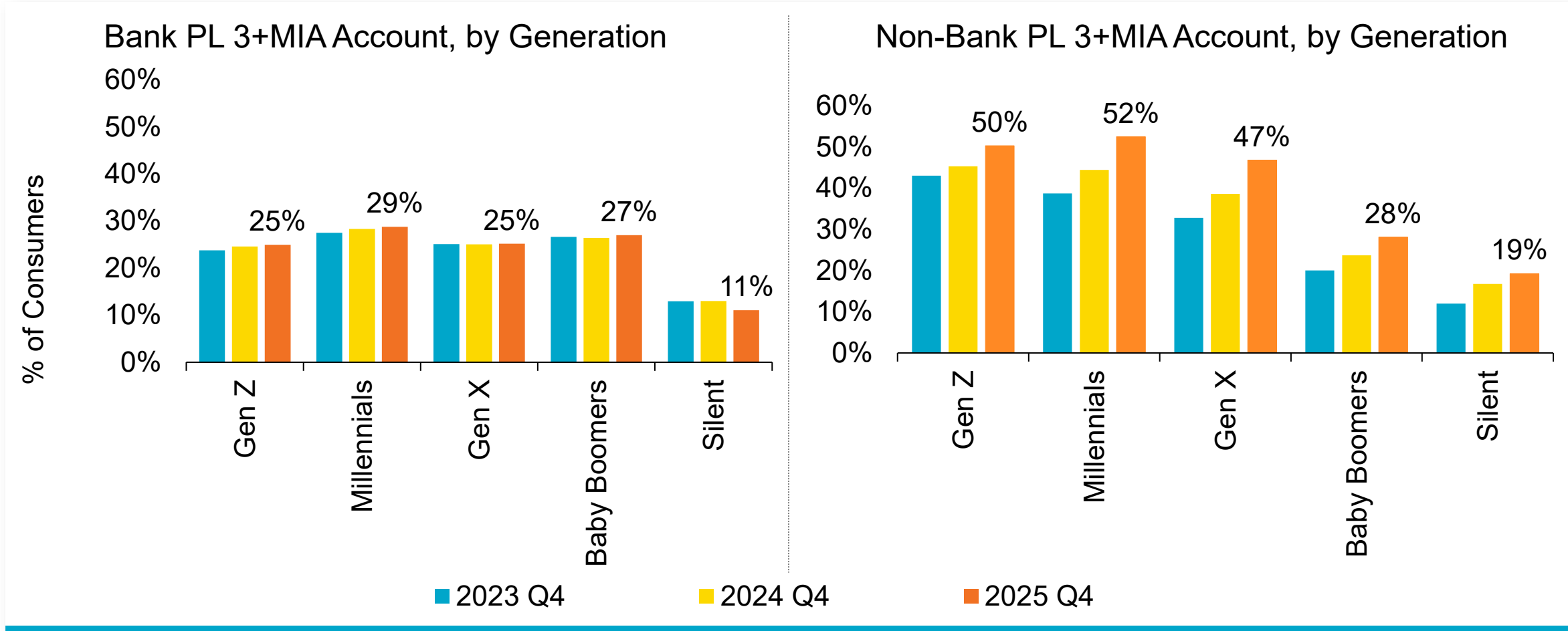


Bank personal loan performance is holding steady, but non-bank borrowers are showing deep and persistent repayment strain

Bank Personal Delinquency Rate



Bank PL arrears remained contained across generations, while non-bank PL delinquency climbed across young, middle-aged and older consumers alike



TransUnion age distribution:
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Retail Credit

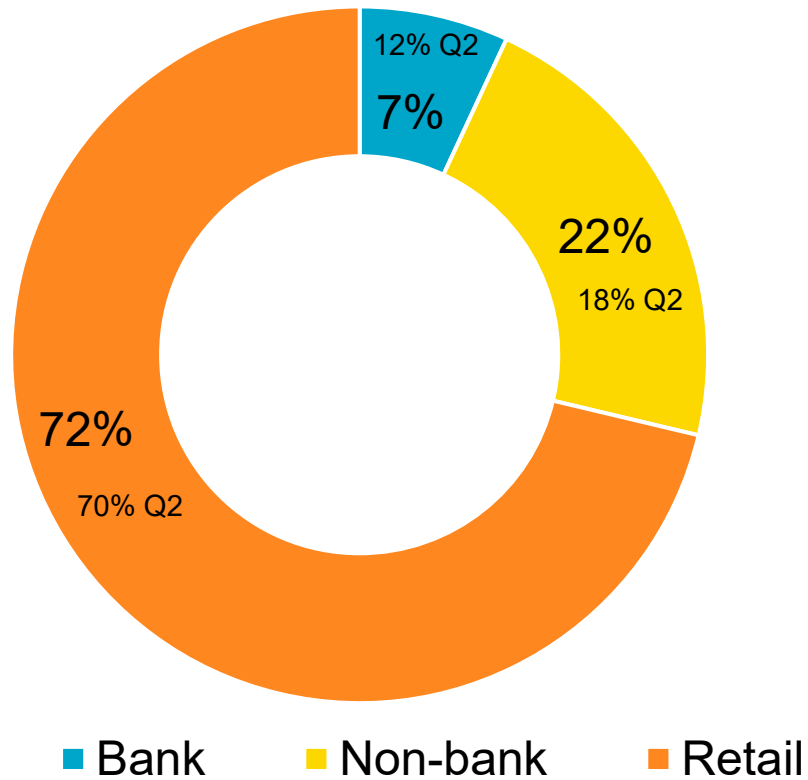


Clothing remained resilient, revolving credit consolidated and instalment credit grew through utilisation — rather than new account acquisition

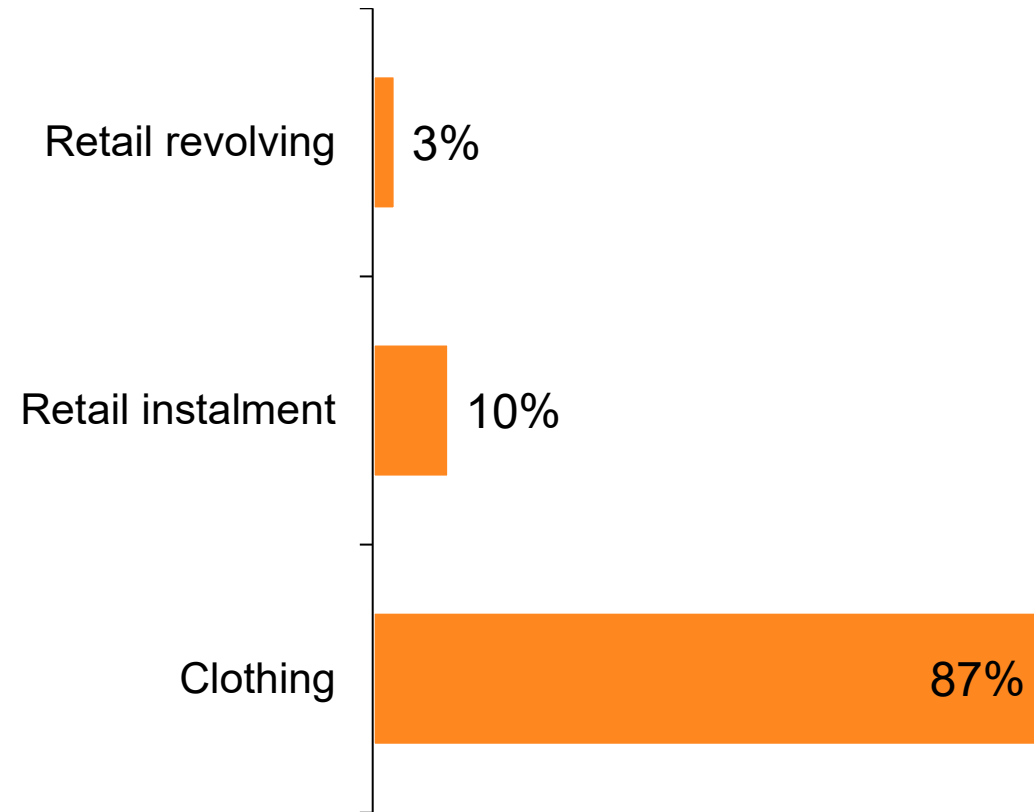
	Clothing Account		Retail Revolving		Retail Instalment	
	Q4 2025	YoY growth	Q4 2025	YoY growth	Q4 2025	YoY growth
Origination value	R6.8B	+13.5%	R2.2B	-23.2%	R2.1B	-28.9%
Origination volume	986.9K	+7.2%	173.6K	-16.6%	161.1K	-19.4%
Average opening loan value	R6,936	+5.8%	R12,714	-8.0%	R13,109	-11.7%
Average balances	R2,361	+0.6%	R6,938	-1.7%	R10,316	+2.3%
Performance 3+ MIA accounts	24.5%	-213 bps	17.6%	-238 bps	26.8%	-110 bps
Performance 3+ MIA balance	27.3%	-133 bps	17.5%	-233 bps	31.0%	-58 bps

Retail remains the primary entry point for new-to-credit consumers

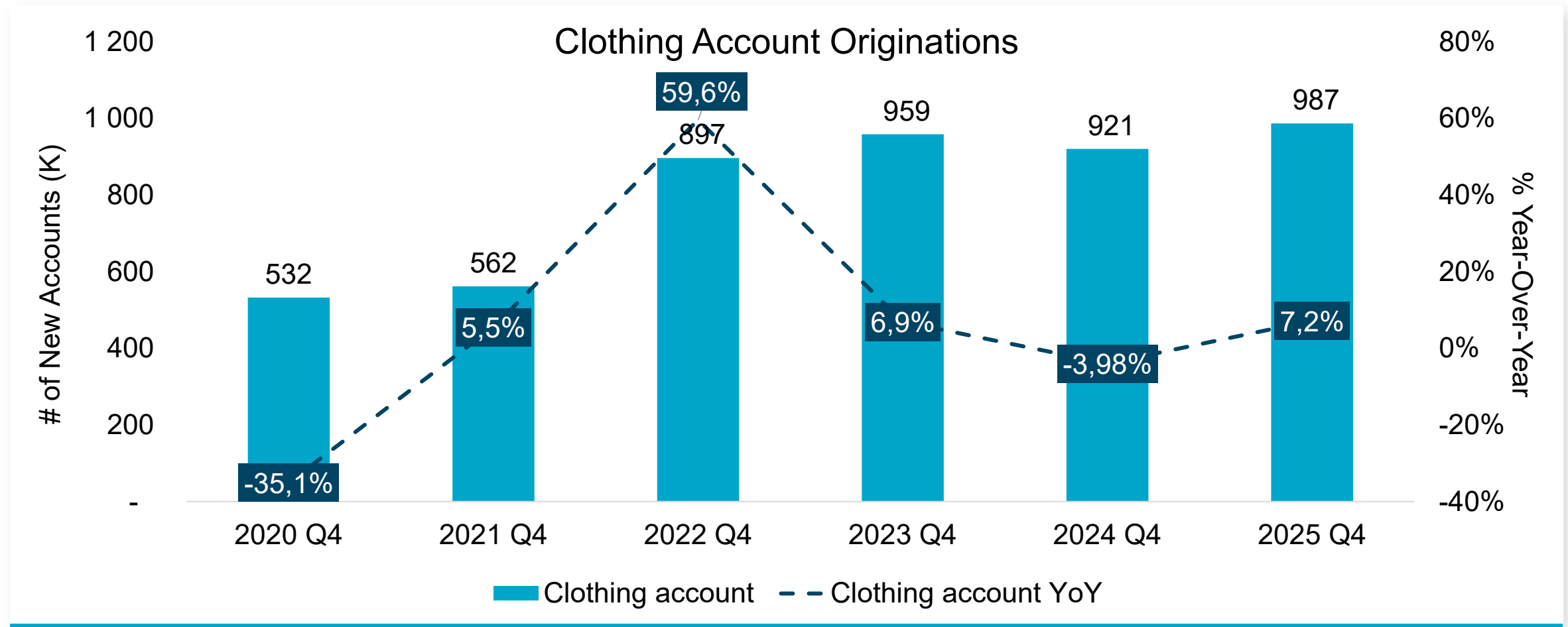
Share of NTC Consumers by Lender, 2025



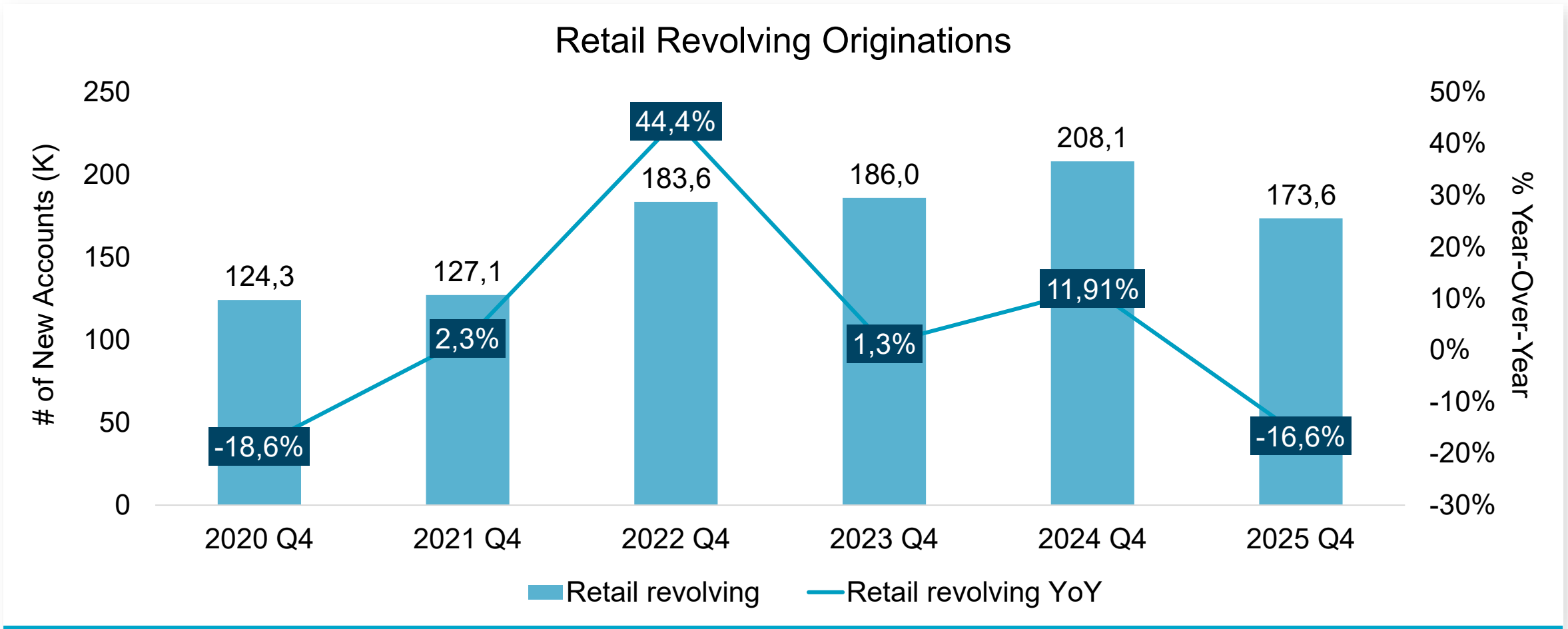
Retail Product Split 2025



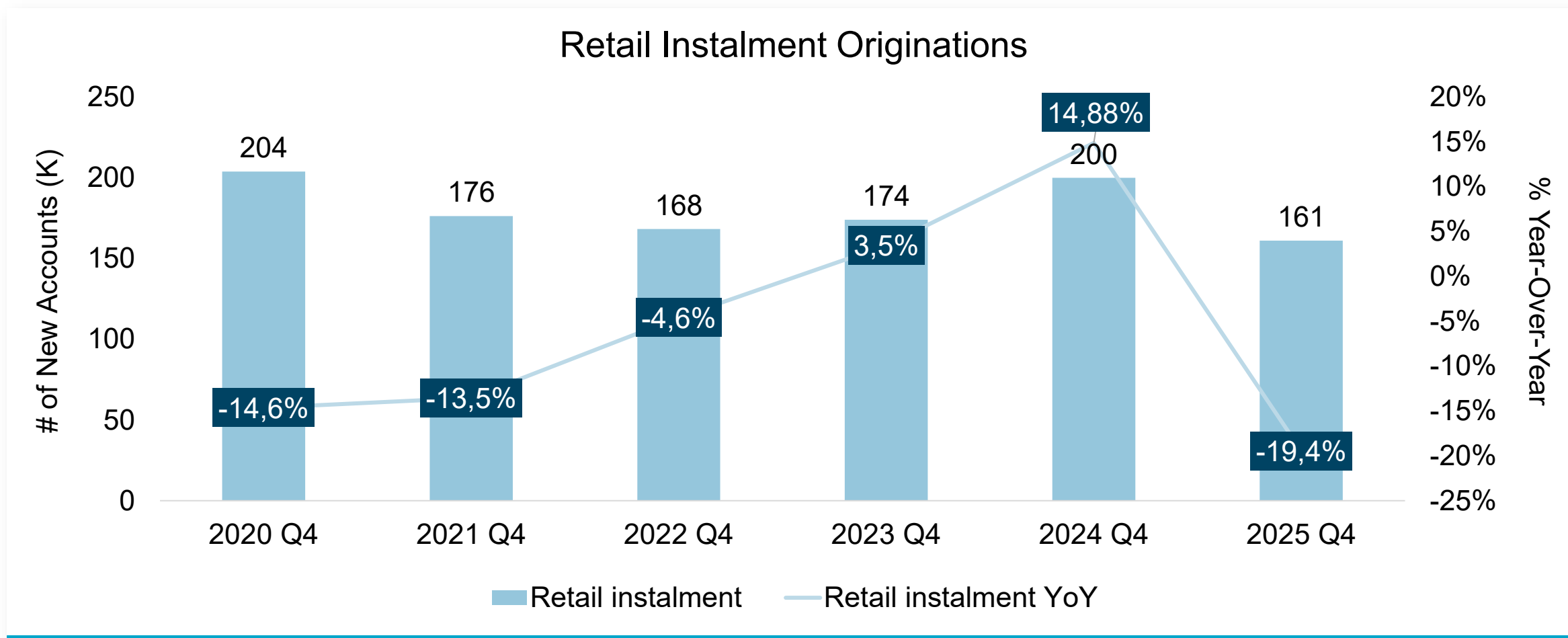
Clothing originations showed sustained year-on-year growth, reflecting strong consumer engagement and consistent portfolio expansion



Retail revolving new-account demand softened, with originations falling 16.6% year on year



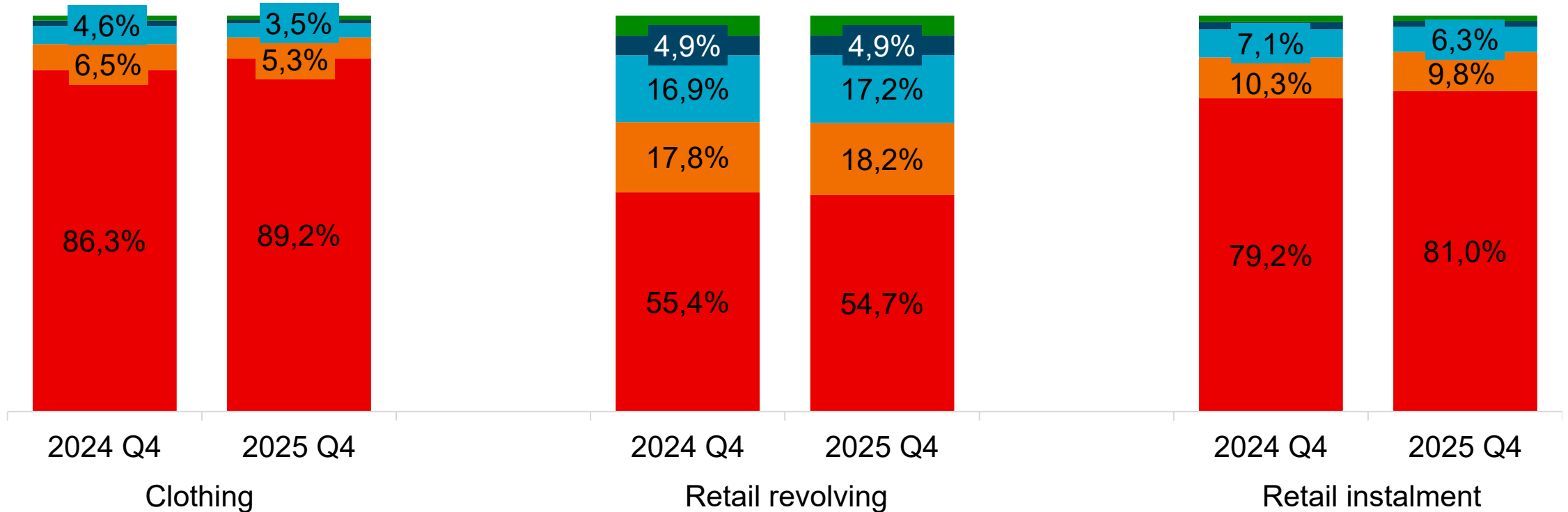
Retail instalment originations contracted sharply, falling 19.4% year on year



Retail originations showed a gradual tilt toward higher-risk consumers; most pronounced in clothing and retail instalment

Risk Distribution of Total Originations Across Retail Products

■ Super prime ■ Prime plus ■ Prime ■ Near prime ■ Subprime



CreditVision™ risk score:
 Subprime 0-625; Near prime 626-655; Prime 656-695; Prime plus 696-720; Super prime 721-999

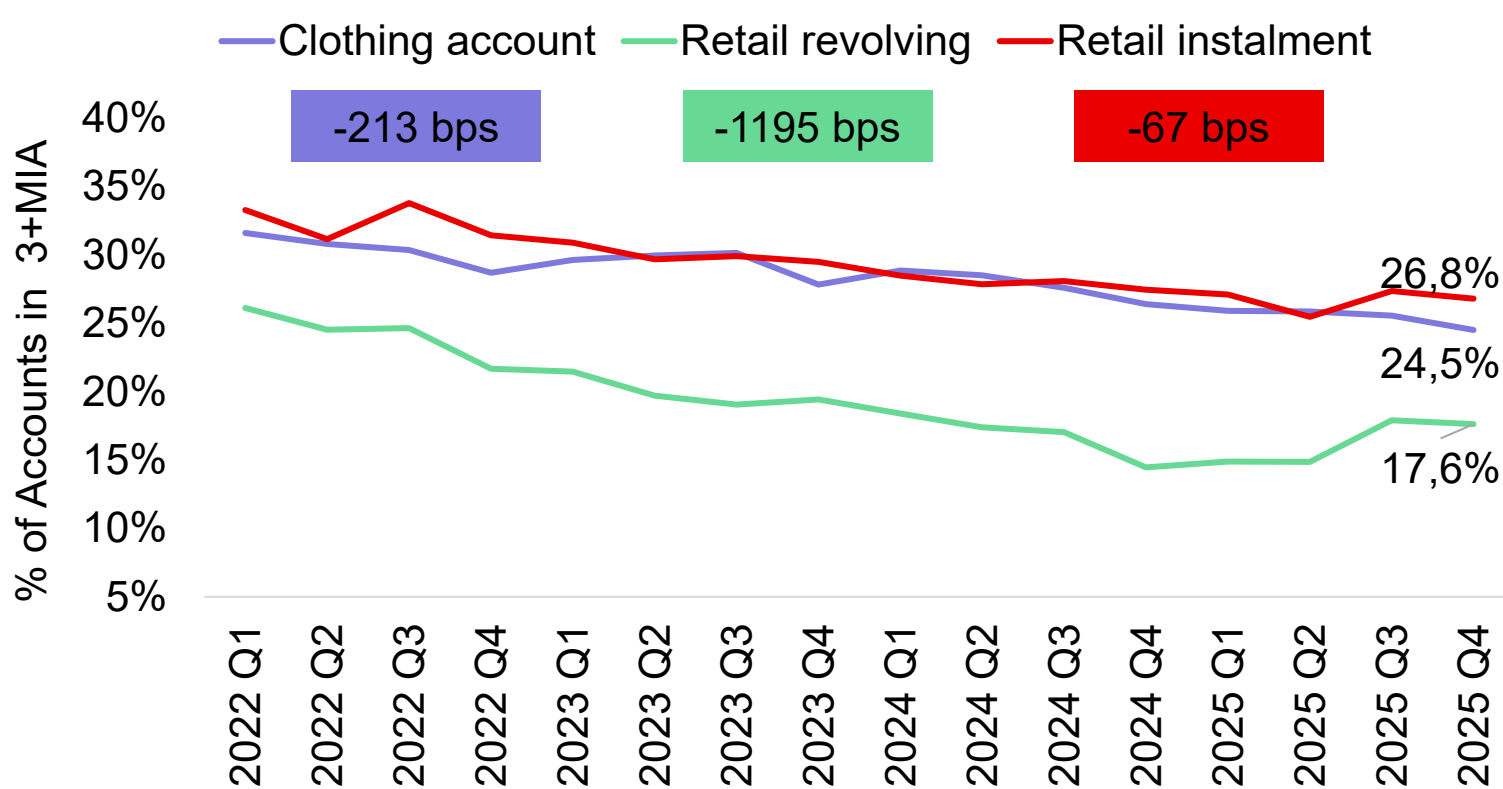


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Source: TransUnion South Africa consumer credit database 37

Delinquency rates have steadily declined across all retail credit products, signaling stronger repayment behavior and improving portfolio health

Q4 2025 Delinquency Rates (3+MIA)



% Balance DQ(3+MIA)	Q4 2025	YoY bps
Clothing account	27.3%	-133 bps
Retail revolving	17.5%	-233 bps
Retail instalment	31.0%	-58 bps





Vehicle Asset Finance



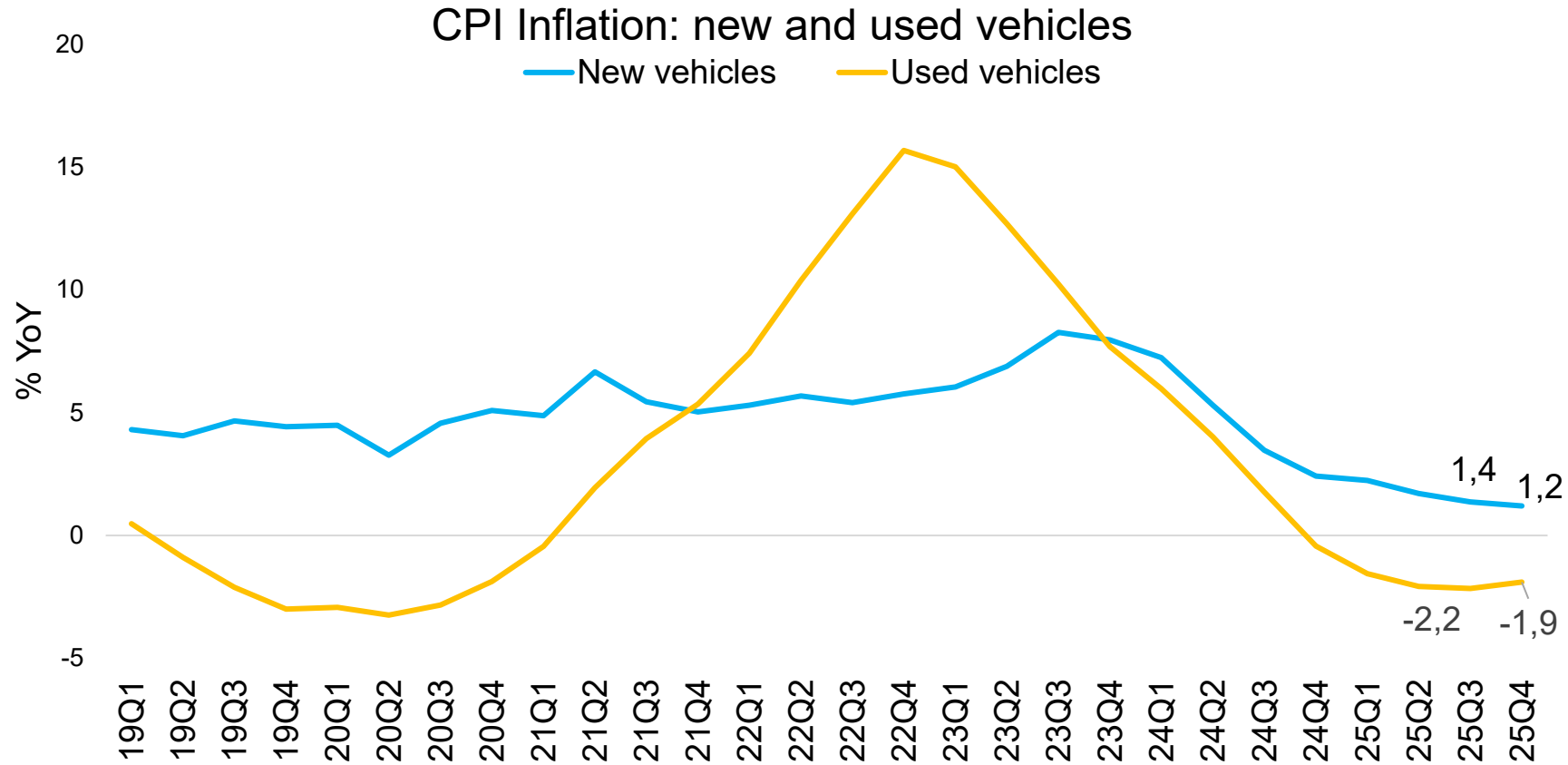
Vehicle finance continued its momentum in Q4, with solid origination growth, rising balances and improving delinquency across all measures



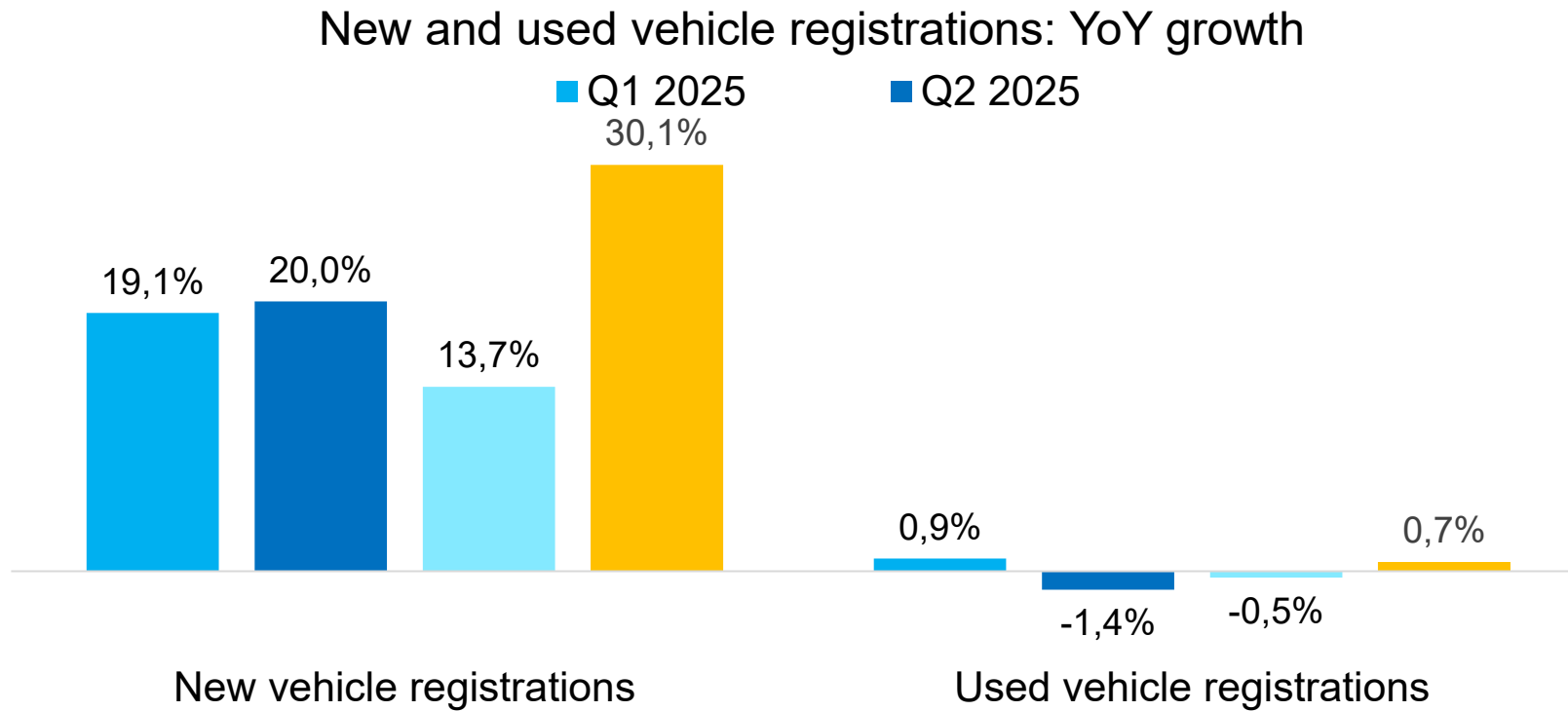
Vehicle asset finance

	Q4 2025	YoY Growth
Origination value	R62,4B	+13.5%
Origination volume	151,1K	+9.9.0%
Average opening loan amount	R413,252	+3.3%
Average balances	R263,577	+5.7%
No. of consumers	1.9M	+2.2%
Performance 3+ MIA accounts	6.8%	-59 bps
Performance 3+ MIA balance	7.0%	-49 bps

New-vehicle inflation eased to record lows — while used-vehicle prices remained in mild deflation through 2025

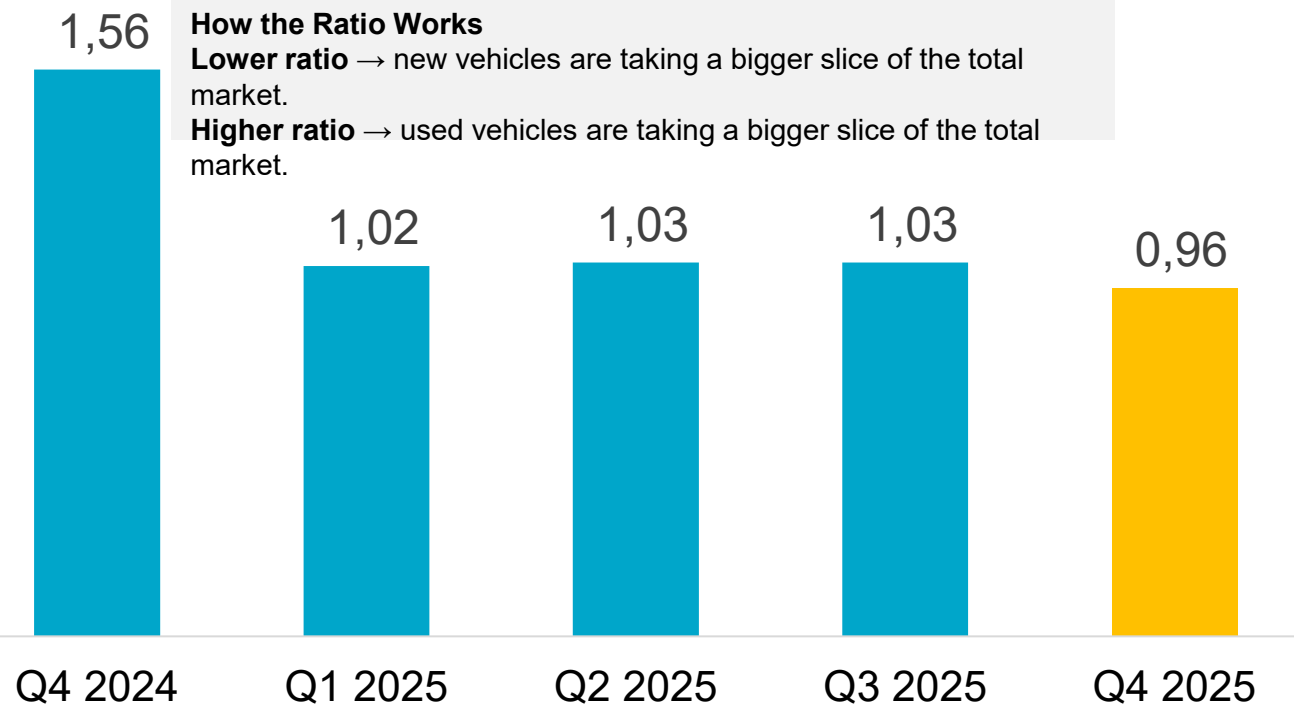


New-vehicle registrations surged through 2025, far outpacing used registrations as affordability improved and incentives supported demand

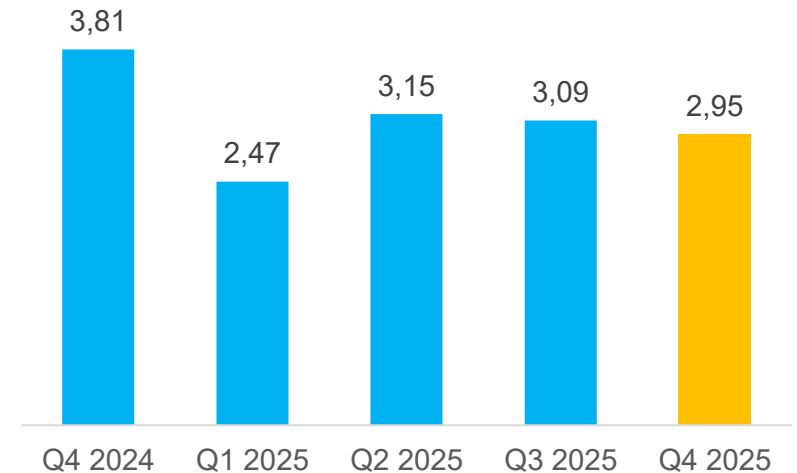


Financed vehicles continued shifting toward new models as the used-to-new finance ratio fell to 0.96 and registrations narrowed to 2.9

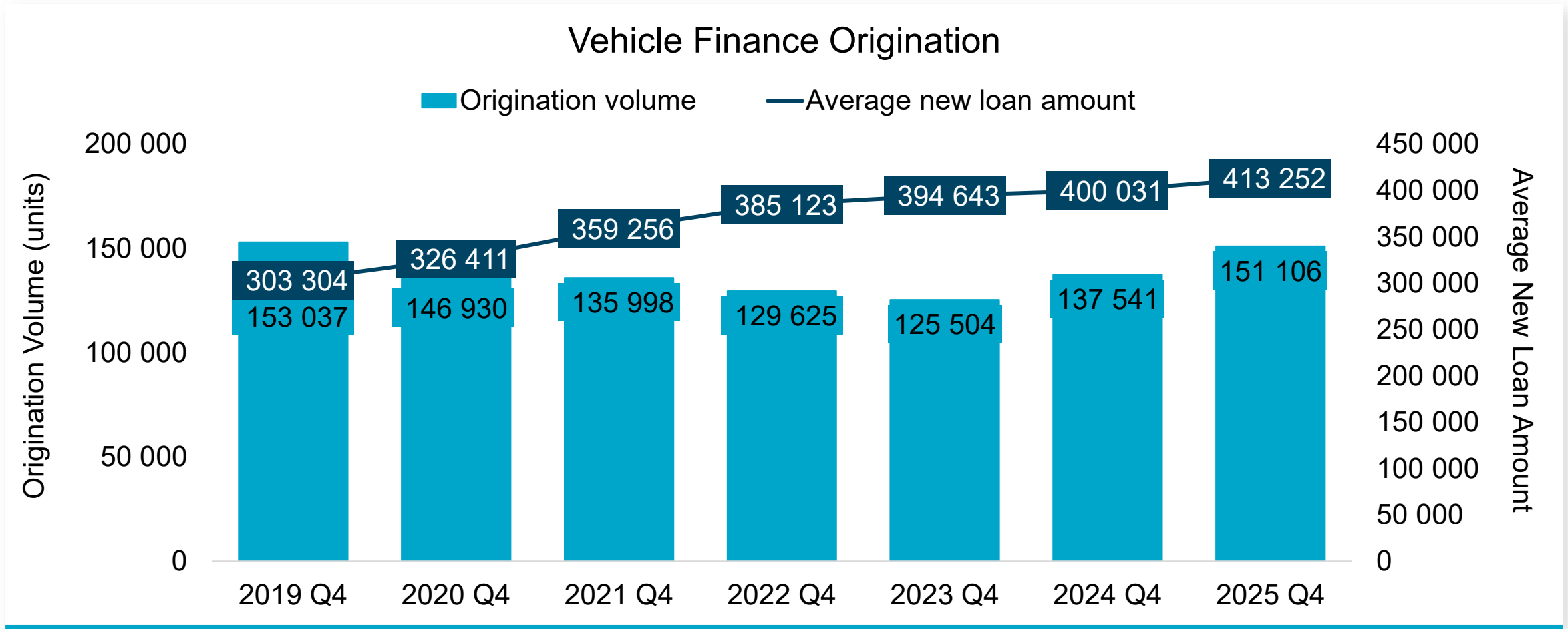
Used-to-new vehicle finance ratio



Used-to-new vehicle registration ratio

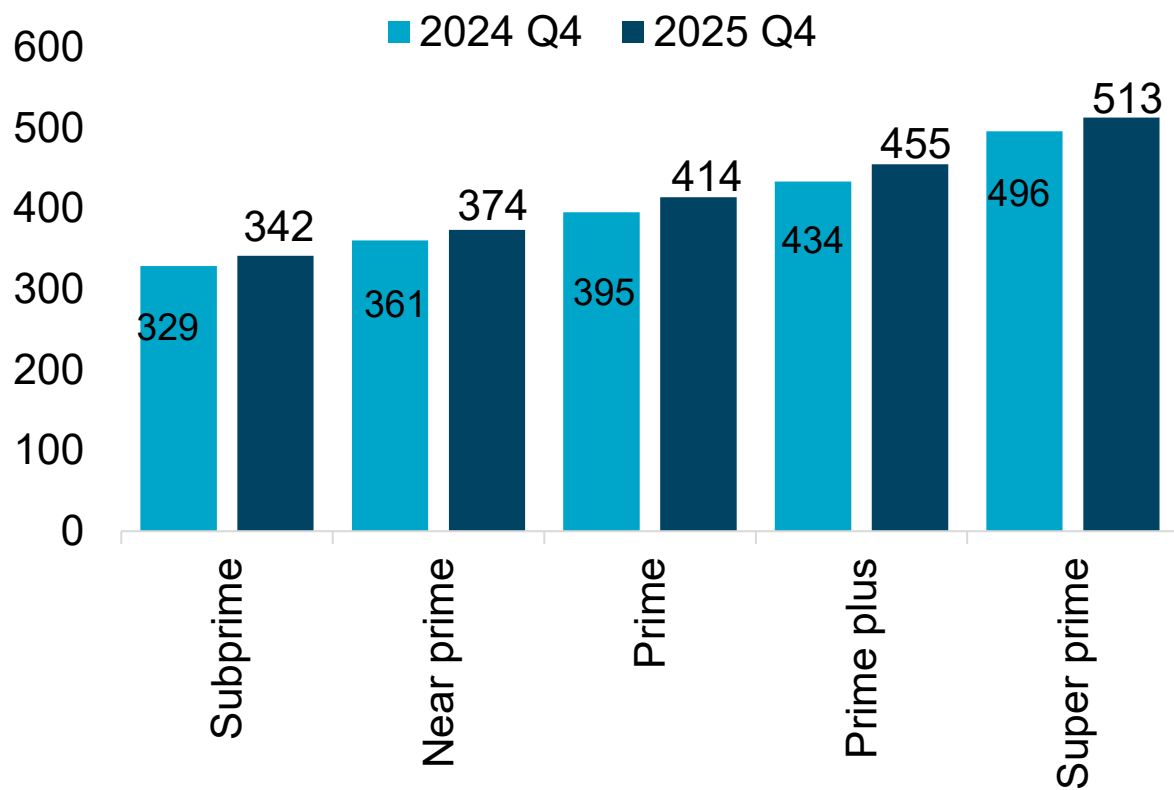


Higher loan amounts reflect a shift to new vehicles, with affordability supported by smarter deal structures

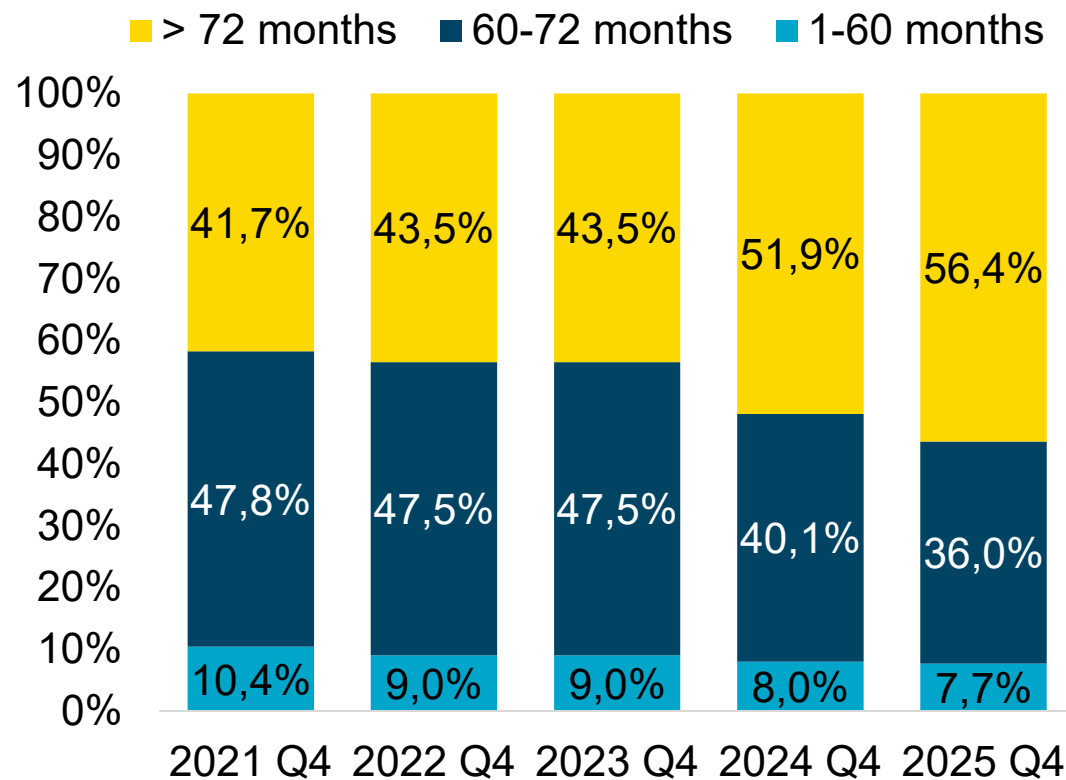


Opening balances rose across all risk tiers as consumers stretched affordability through longer loan terms, now dominated by >72-month deals

Originations Average Opening Balance by Risk

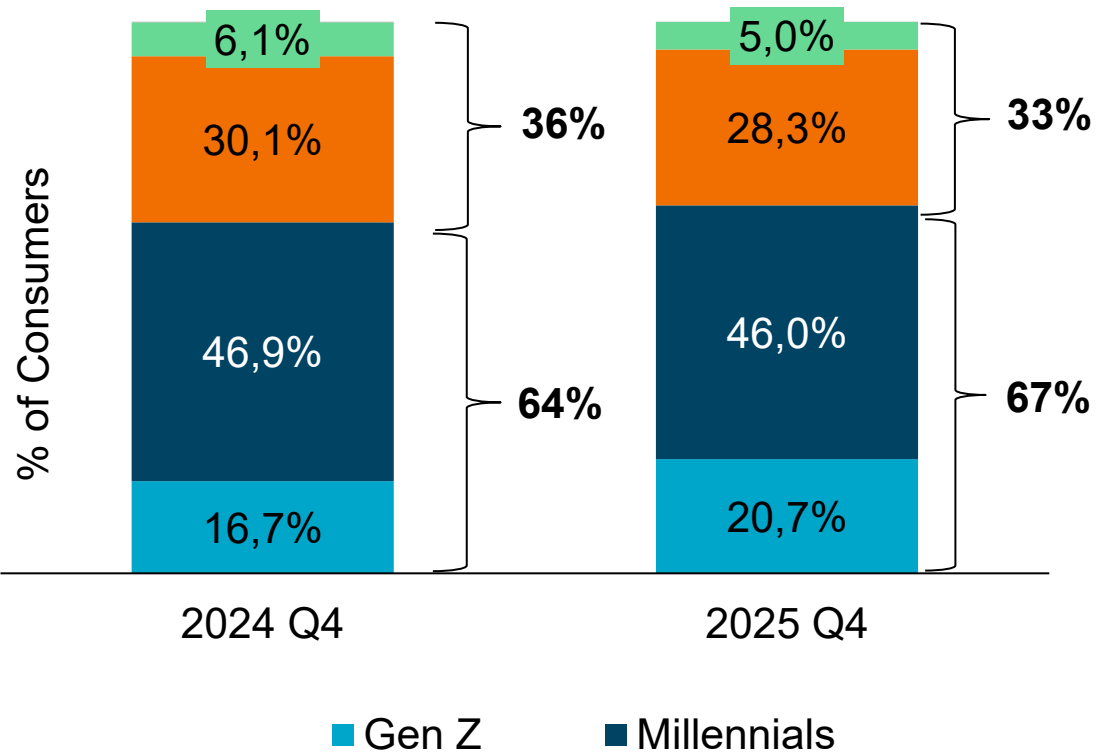


Originations by Term

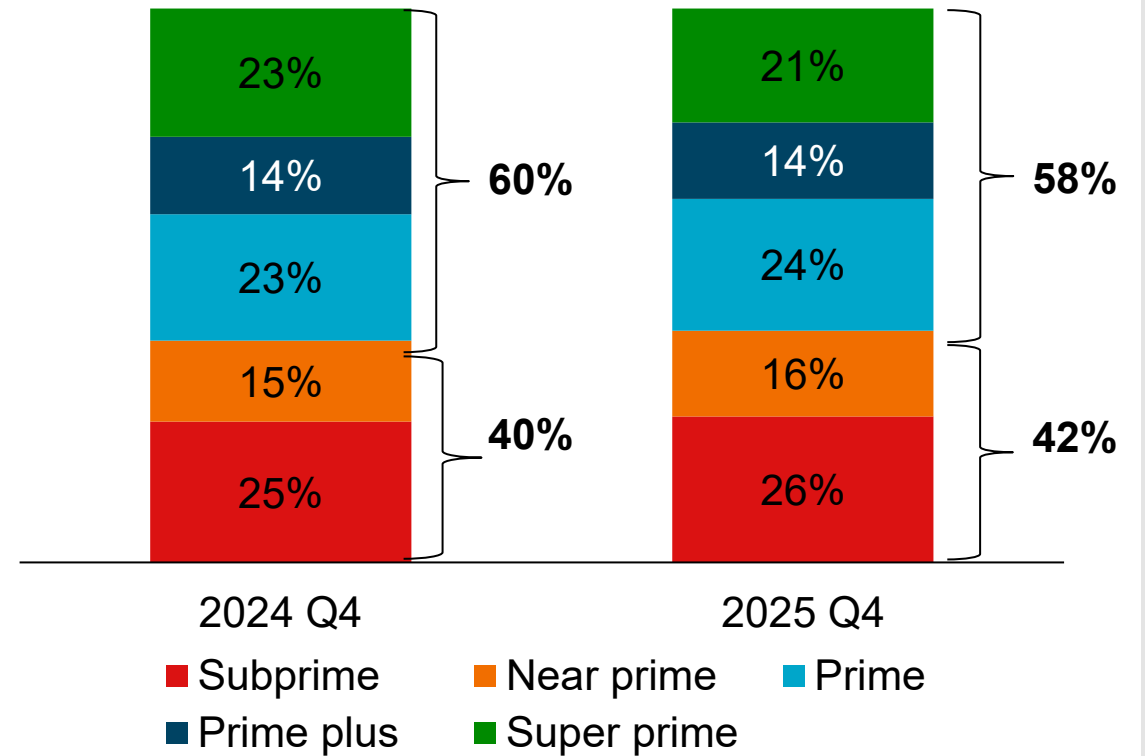


Gen Z and Millennials dominated VAF originations, while risk distribution remained broad but steady

Vehicle Finance Origination by Generation



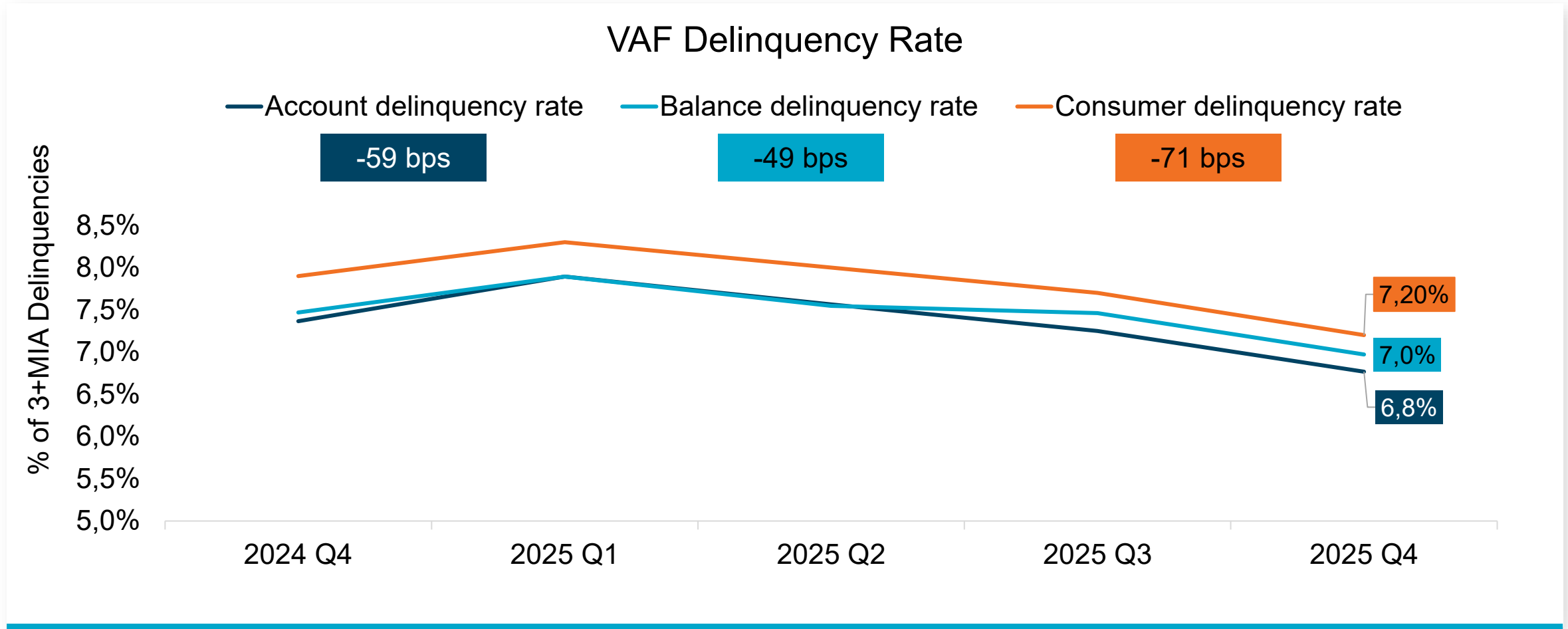
Vehicle Finance Origination by Risk



TransUnion age distribution: Gen Z (Born 1995 – 2010); Millennials (Born 1980-1994); Gen X (Born 1965-1979); Baby Boomers (Born 1946-1964); CreditVision™ risk score: Subprime 0-625; Near prime 626-655; Prime 656-695; Prime plus 696-720; Super prime 721–999



As affordability improved in 2025, more resilient households returned to the VAF market, driving both growth and better repayment outcomes

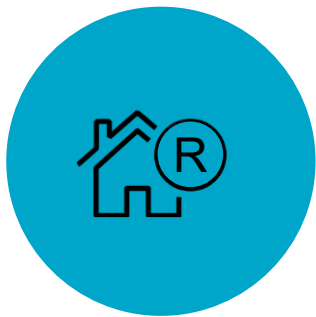




Home Loans



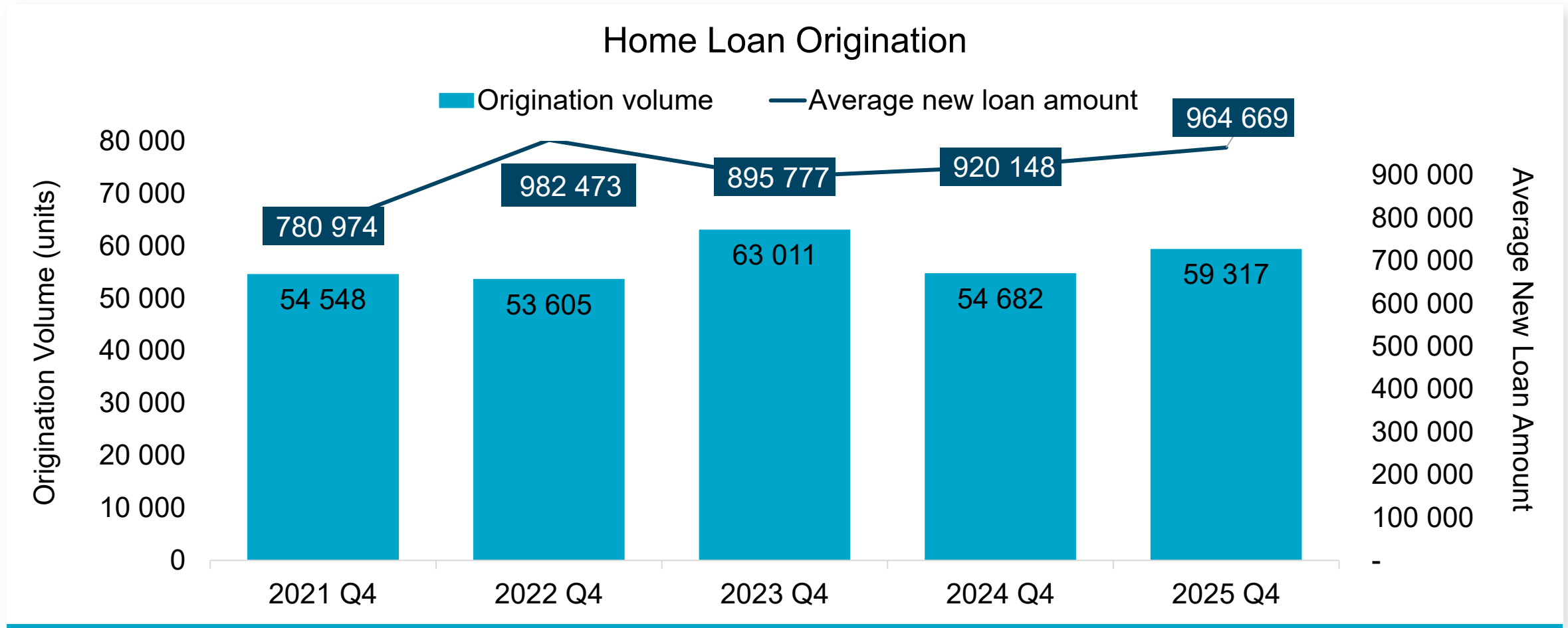
Home loan growth strengthened modestly in Q4, with slight increases in delinquency highlighting ongoing affordability pressure despite rate relief



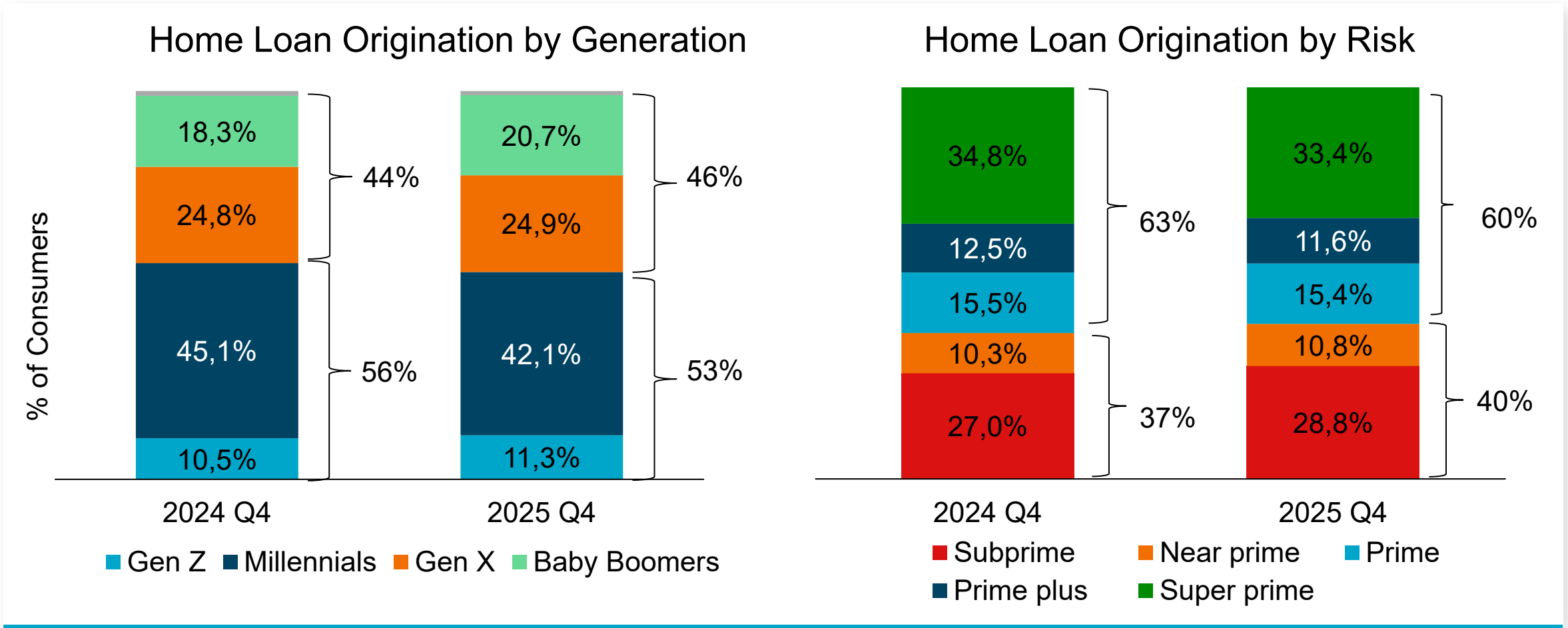
Home loans

	Q4 2025	YoY Growth
Origination value	R42.6B	-15,4%
Origination volume	59.3 K	+8.5%
Average opening loan amount	R964,669	+4.8%
Average balances	R682,157	+3,0%
No. of consumers	2.2M	-0.5%
Performance 3+ MIA accounts	7.5%	+11 bps
Performance 3+ MIA balance	7.0%	+11 bps

Average new home loan amounts continued edging higher, reflecting gradual affordability improvement



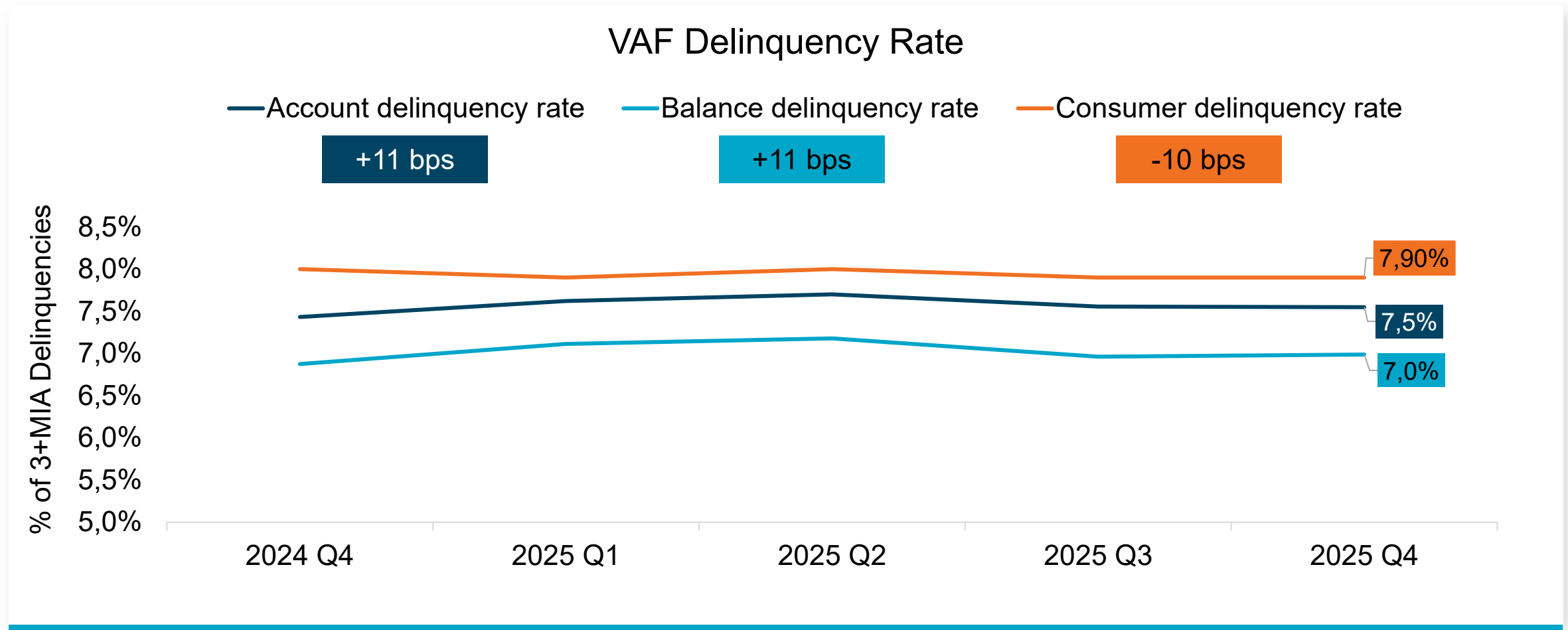
Home loan originations shifted slightly younger and marginally higher-risk in 2025, without indicating any material loosening in lender posture



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Home loan delinquency edged slightly higher through 2025, signalling lingering affordability strain despite improving rate conditions



Summary



Shifts in market participation

A wider and younger pool of consumers is re-engaging with credit, reshaping origination flows and shifting the demand curve across products.



Emerging risk concentration

While overall performance is improving, pockets of stress remain concentrated in liquidity-driven unsecured credit, not across the market.



Changing credit behaviours

Borrowers are prioritising structured repayments, smaller tickets and predictable instalments, while checkout financing absorbs increasing everyday spend.



Precision-led growth environment

With uneven recovery and selective momentum, growth now depends more on targeted acquisition, calibrated exposure and real-time affordability intelligence.

Thank You

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