SA Consumer Credit Index | Q1 2018

The TransUnion SA Consumer Credit Index (CCI) rose yet again in Q1 2018 to 56 from 55. The index measures consumer credit health where 50.0 is the break-even level of improvement and deterioration.

The TransUnion SA Consumer Credit Index (CCI) is an indicator of consumer credit health compiled 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 as a means of determining financial pressure/relief, and quantifies the relative cost of servicing outstanding debt. These aspects are then combined into a single indicator of credit health.

WHAT DOES IT MEAN?

The index is constructed to resemble a diffusion index whereby levels above a certain threshold indicate positive trends or improving outcomes while levels below the threshold indicate the opposite. The index is designed to fluctuate within the set logical minimum and maximum of 0.0 to 100.0, with 50.0 as the 'breakeven' 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. Levels below 50.0 indicates the opposite.

EXPLORING THE KEY FINDINGS AND WHAT THEY MEAN

Index: 50.0 = breakeven

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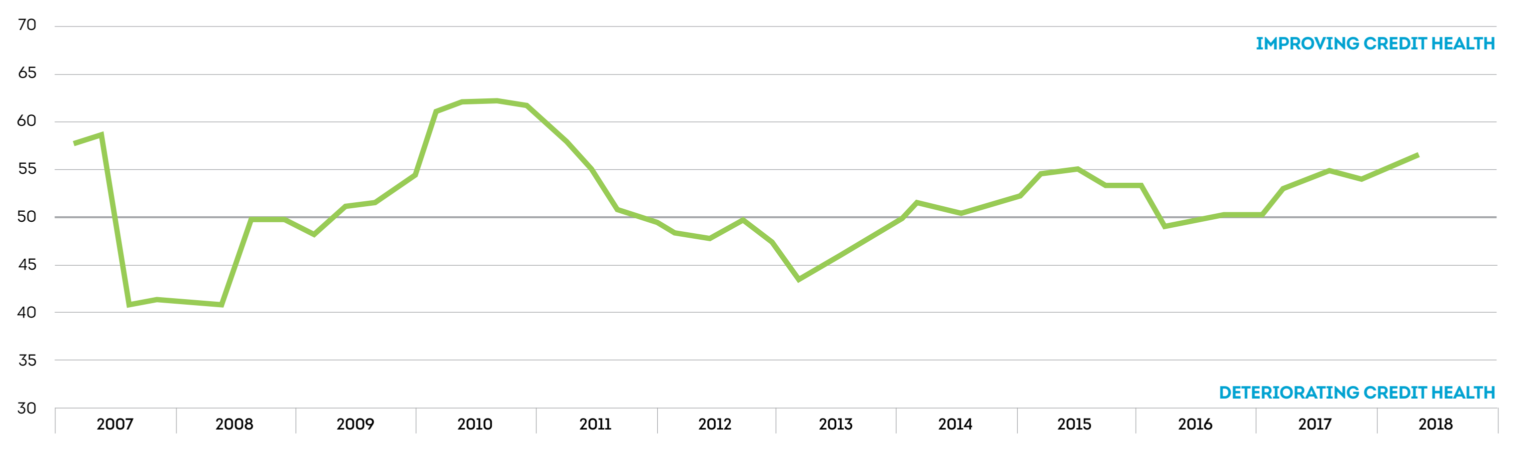
TransUnion SA Consumer Credit Index

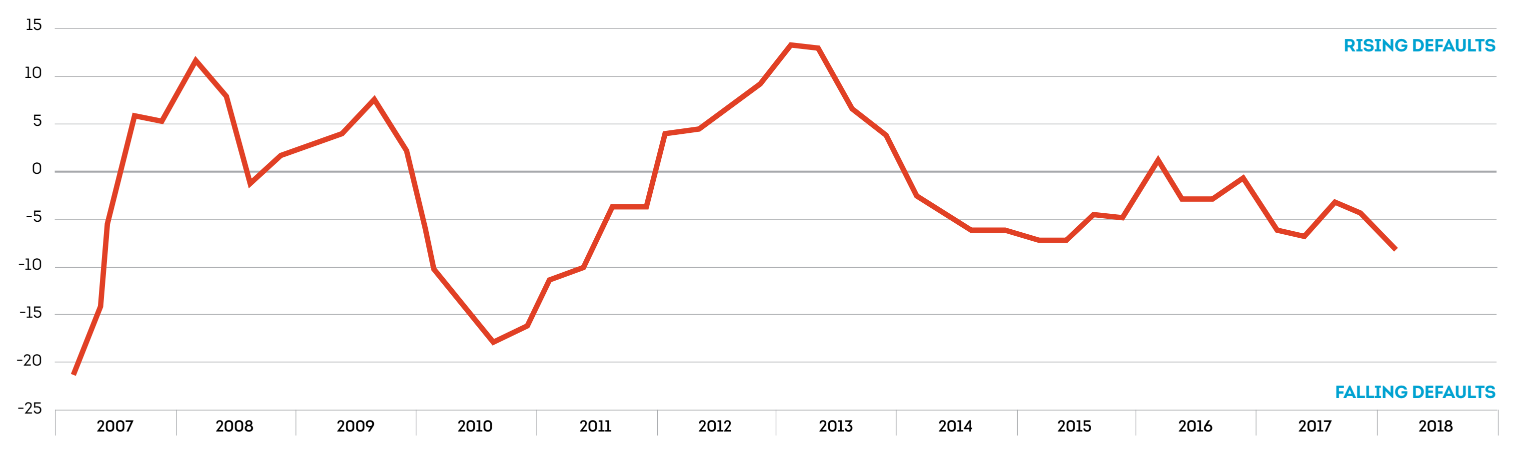


TransUnion, ETM, Macrobond

NEW ACCOUNTS IN DEFAULT

Largest recorded decline in 3-month arrear accounts since 2011.
Accounts in early default (3 months in arrears) fell 8.3%y/y in Q1, the largest recorded decline in 3-month arrear accounts since 2011.

TransUnion: Accounts in Default

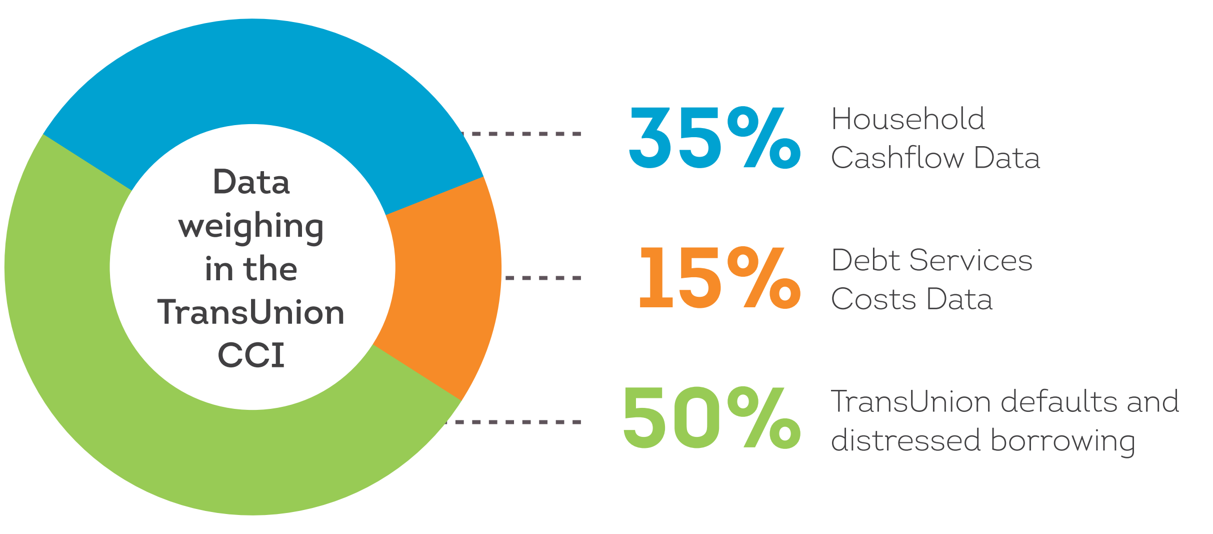


TransUnion, ETM, Macrobond

3m Arrear Acc/Total Accounts, y/y %chg

Overall TransUnion consumer credit behaviour data shows diminishing distress.

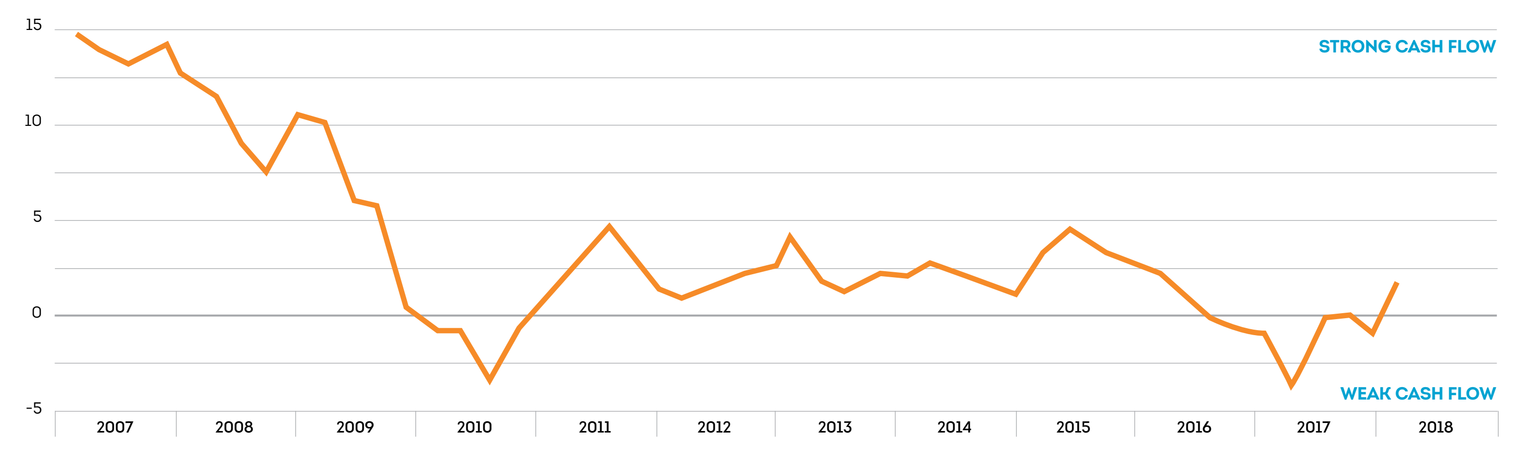
DATA USED TO COMPILE THE CCI



HOUSEHOLD CASH FLOW

Improved by 2.2% y/y, finally showing some relief for households in the form of improved real income.

ETM: Household Cash Flow



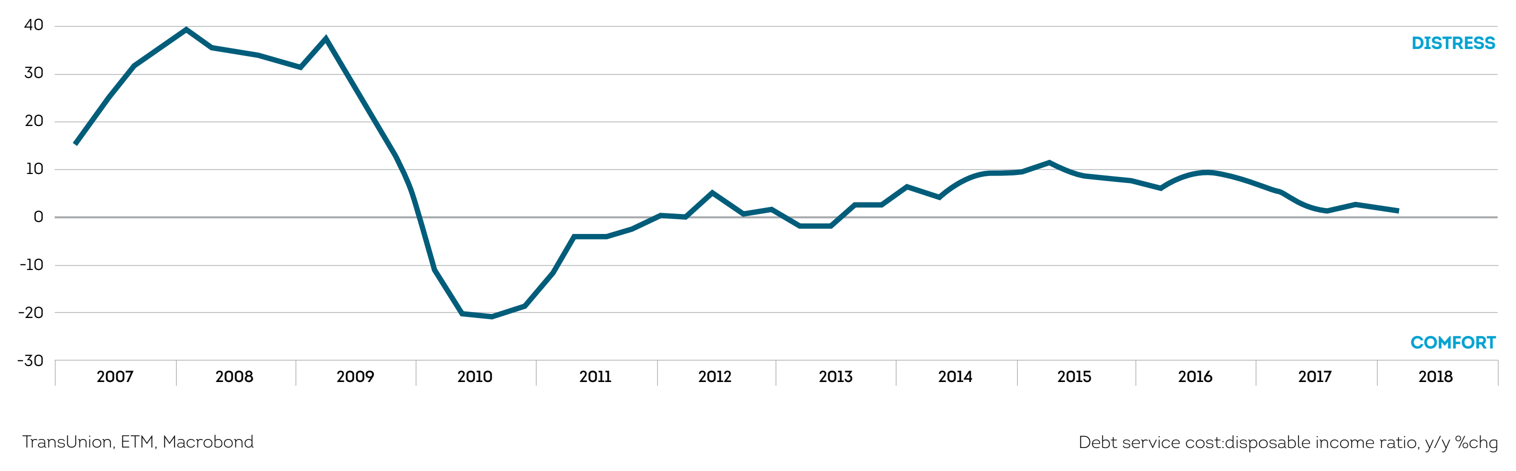
TransUnion, ETM, Macrobond

NDCPI-adj. money supply & disp. income, avg y/y %chg

HOUSEHOLD DEBT COST

Continues to decline as the prime lending rate declined by 25 basis points during the quarter.

ETM: Household Debt Service Cost



TransUnion, ETM, Macrobond

Debt service cost:disposable income ratio, y/y %chg

While households might be feeling some relief, they don't seem financially strong enough yet to meaningfully reduce debt loads.

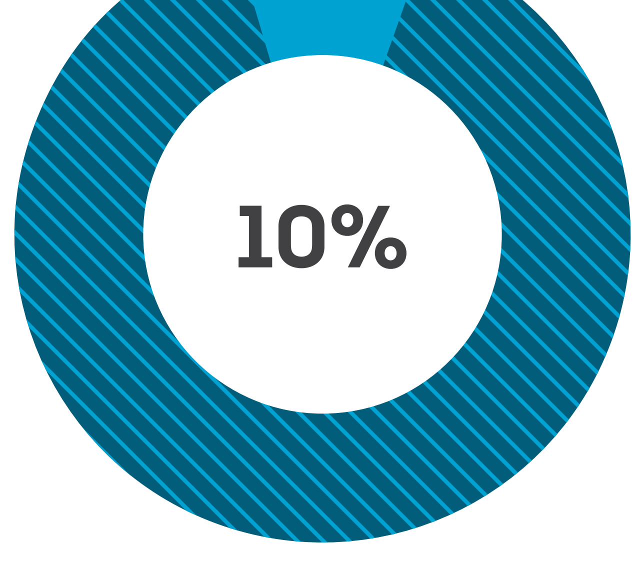
KEY FACTS AND FINDINGS

R2.2 trillion
estimated, aggregate, annual household disposable income

54.0 million
consumer accounts measured

816,000
accounts 3 months in arrears

R151 billion
worth of revolving credit measured



prime overdraft rate at the end of Q1 2018

highest recorded CCI in series

lowest recorded CCI in series

To get the full CCI report, visit **www.transunioninsights.co.za/CCI**