



# SA Consumer Credit Index - Q2 2017

**The Q2 CCI shows credit health is marginally improving, but many households remain highly indebted in a weak economy. It does not imply rapid, widespread improvement.**

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.

## EXPLORING THE KEY FINDINGS AND WHAT THEY MEAN

### CCI IMPROVED IN Q2

TransUnion SA Consumer Credit Index (CCI) increased in the second quarter 2017 to 53.8 from a revised 50.8.

#### TransUnion SA Consumer Credit Index



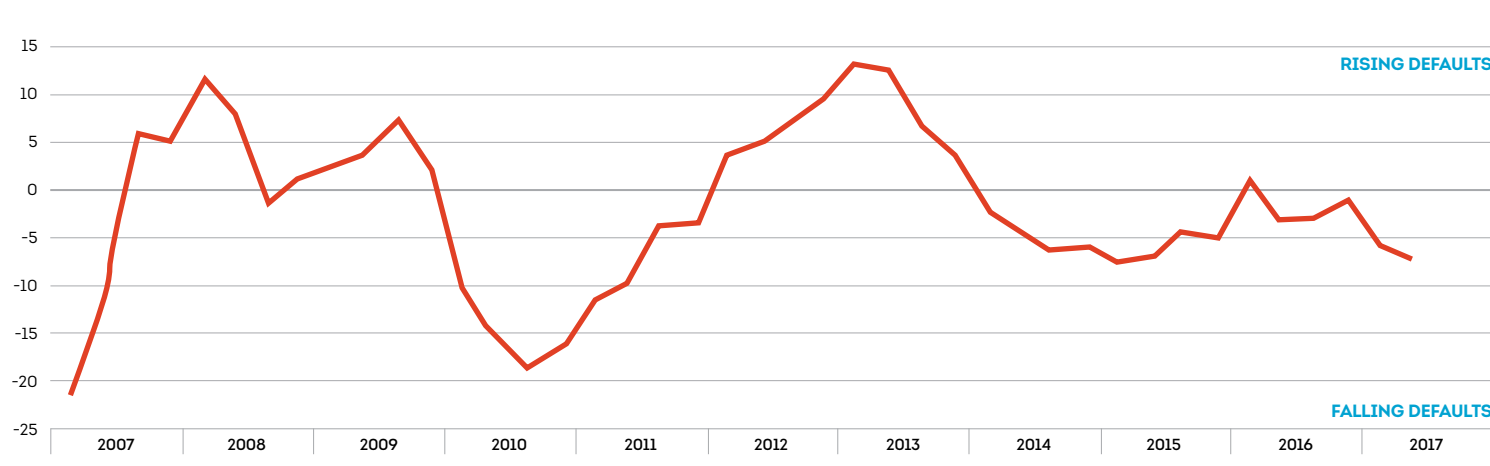
TransUnion, ETM, Macrobond

### NEW ACCOUNTS IN DEFAULT

Distressed borrowing increased by less than 1% from a year earlier, but revolving credit utilisation remains high at over 50%.

Accounts in early default (3 months in arrears) fell by 7.4% y/y in Q2 after declining by 6.1% y/y in Q1.

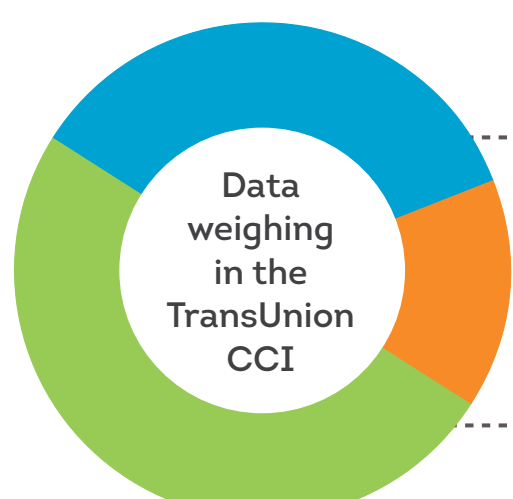
#### TransUnion: Accounts in Default



TransUnion, ETM, Macrobond

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

### DATA USED TO COMPILE THE CCI

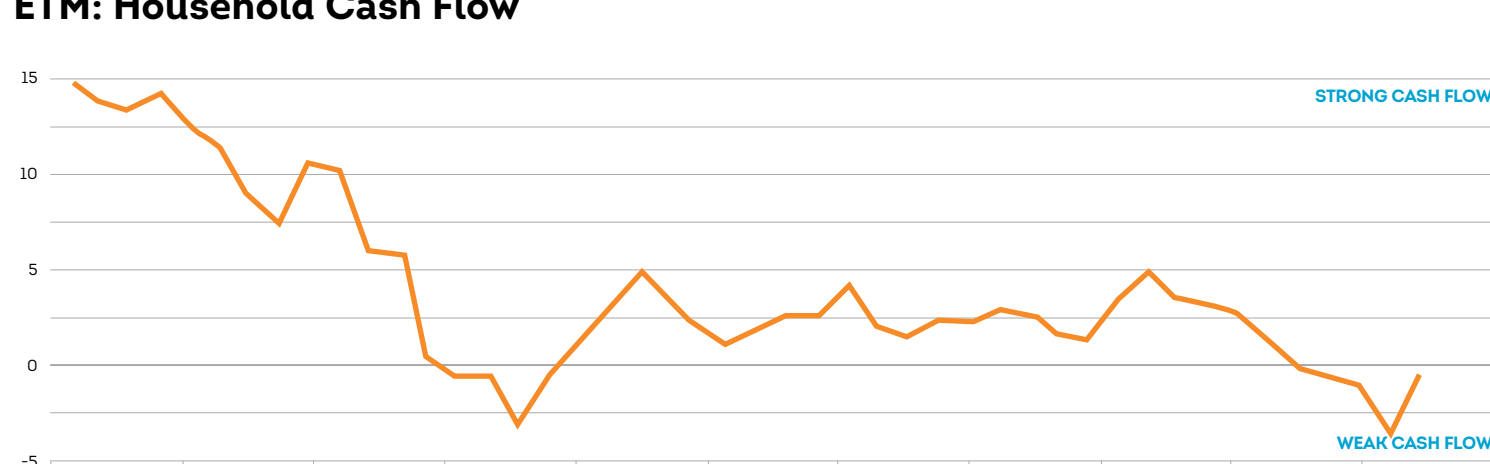


- 35%** Household Cashflow Data
- 15%** Debt Services Costs Data
- 50%** TransUnion defaults and distressed borrowing

### HOUSEHOLD CASH FLOW

Household cash flow improved in Q2 to -0.4% y/y from -3.7% in Q1, helped by lower rates of inflation, but remains tightly constrained in weak economic conditions.

#### ETM: Household Cash Flow



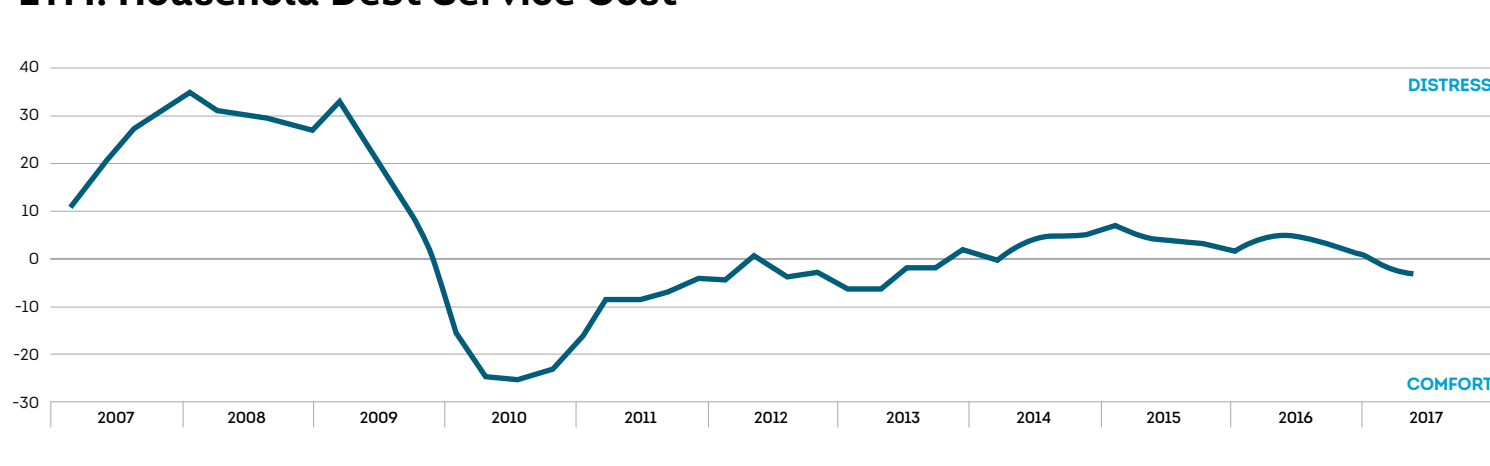
TransUnion, ETM, Macrobond

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

### HOUSEHOLD DEBT COST

Household debt servicing costs declined on a y/y basis by 3.1% in Q2 2017 due to household deleveraging.

#### ETM: Household Debt Service Cost



TransUnion, ETM, Macrobond

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

## KEY FACTS AND FINDINGS

**R2.1 trillion**

estimated, aggregate, annual household disposable income

**53.0 million**

consumer accounts measured

**894,000**

accounts 3 months in arrears

**R145 billion**

worth of revolving credit measured

**73%**

Estimated national household bank debt as a percentage of disposable income in Q2 2017

**5.3%**

Estimated Q2 2017 non-discretionary consumer price inflation (NDCPI): **5.3% y/y (Q1: 6.8% y/y)**

**0.2%**

Estimated Q2 2017 NDCPI-adjusted household disposable income growth: **0.2% y/y (Q1: -3.1% y/y)**

**10.50%**

prime overdraft rate at the end of Q2 2017

highest recorded CCI in series

**62.8**

Q3 2010

Q2 2008

**38.6**

lowest recorded CCI in series