

DEBT COUNSELLORS

ASSOCIATION OF SOUTH AFRICA



Update by DCASA President

National Executive Committee

Russell Dickerson	President
Eugene Cilliers	Vice President
Mauritz vd Heever	Treasurer
Gerhard Stoltz	Secretary
Wendy Masegare	Member
Paul Slot	Member
Christa vd Merwe	Gauteng
Kevin Russell	Gauteng
Jan van der Colff	Gauteng
Reinhard Pettenberger	Western Cape
Shaun Zeelie	Eastern Cape
Johnny Jansen	Free State
Drisha Pillay	Kwazulu Natal
DCASA Staff	
Vanessa Johst	Operations Manager
Christina Muzondo	Administration



DCASA Achievements

DCASA has been involved in a Continuous Development Project which will be launched today



DCASA Achievements

DCASA provided input and comments in the Proposed Debt Intervention Bill.

Just a pity our input and comments are ignored



DCASA Achievements

DCASA has had meetings with SA Home Loans and BMW Finance to discuss variable interest rates – both agreed that no increase will be forced during the 5 year court order term, but will be resolved in the end balance.

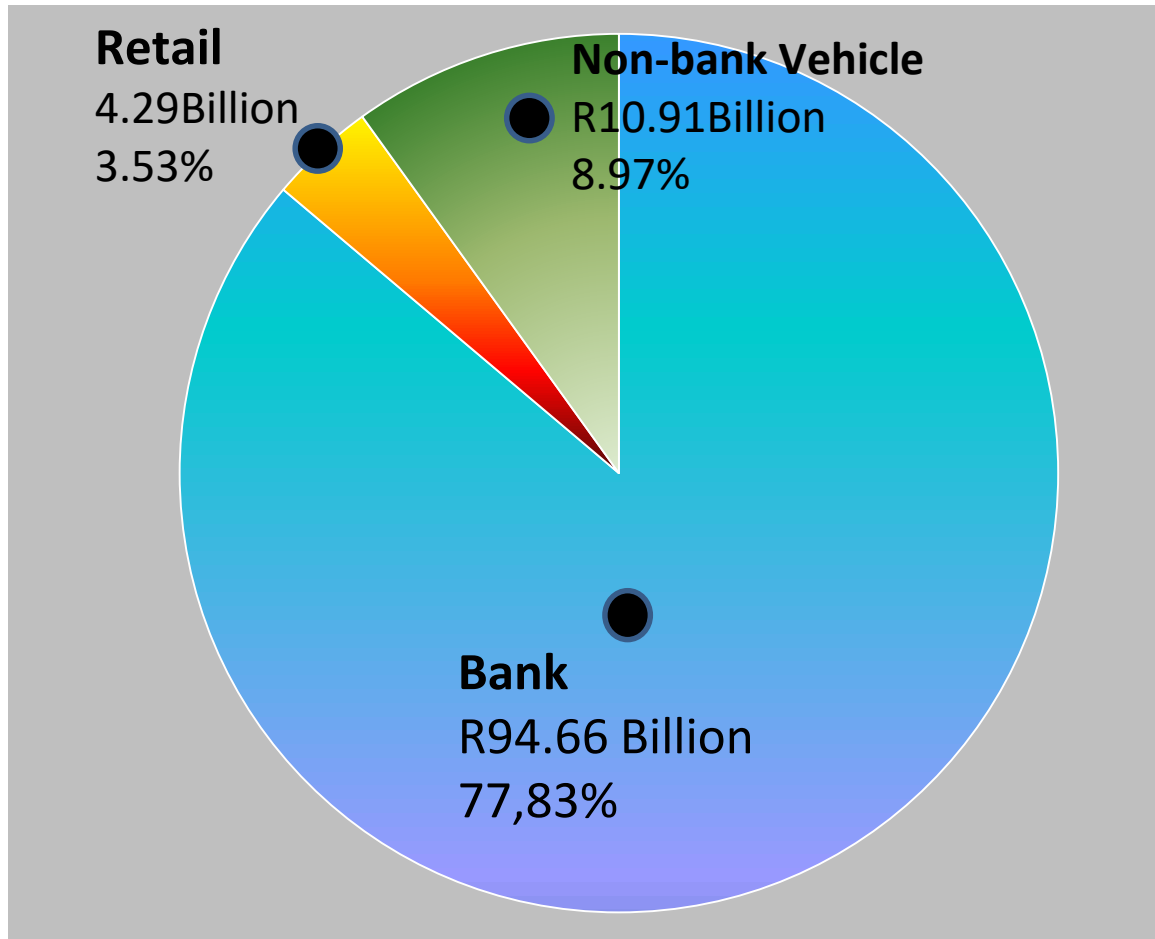


DCASA Achievements

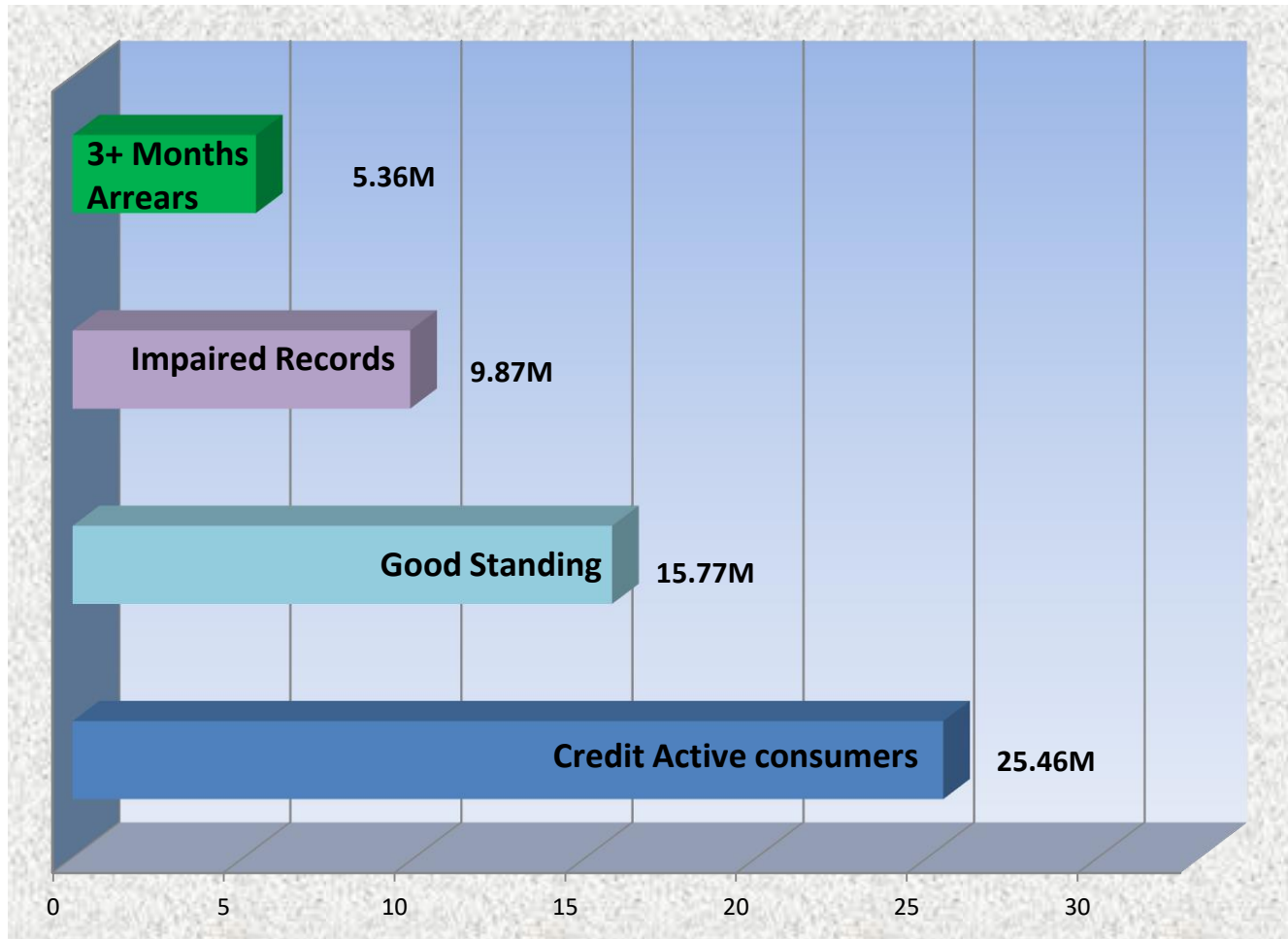
After a number of years with no increase DCASA persistence paid off and the NCR approved a new fee structure earlier this year.



CREDIT MARKET IN SOUTH AFRICA (March 2018)

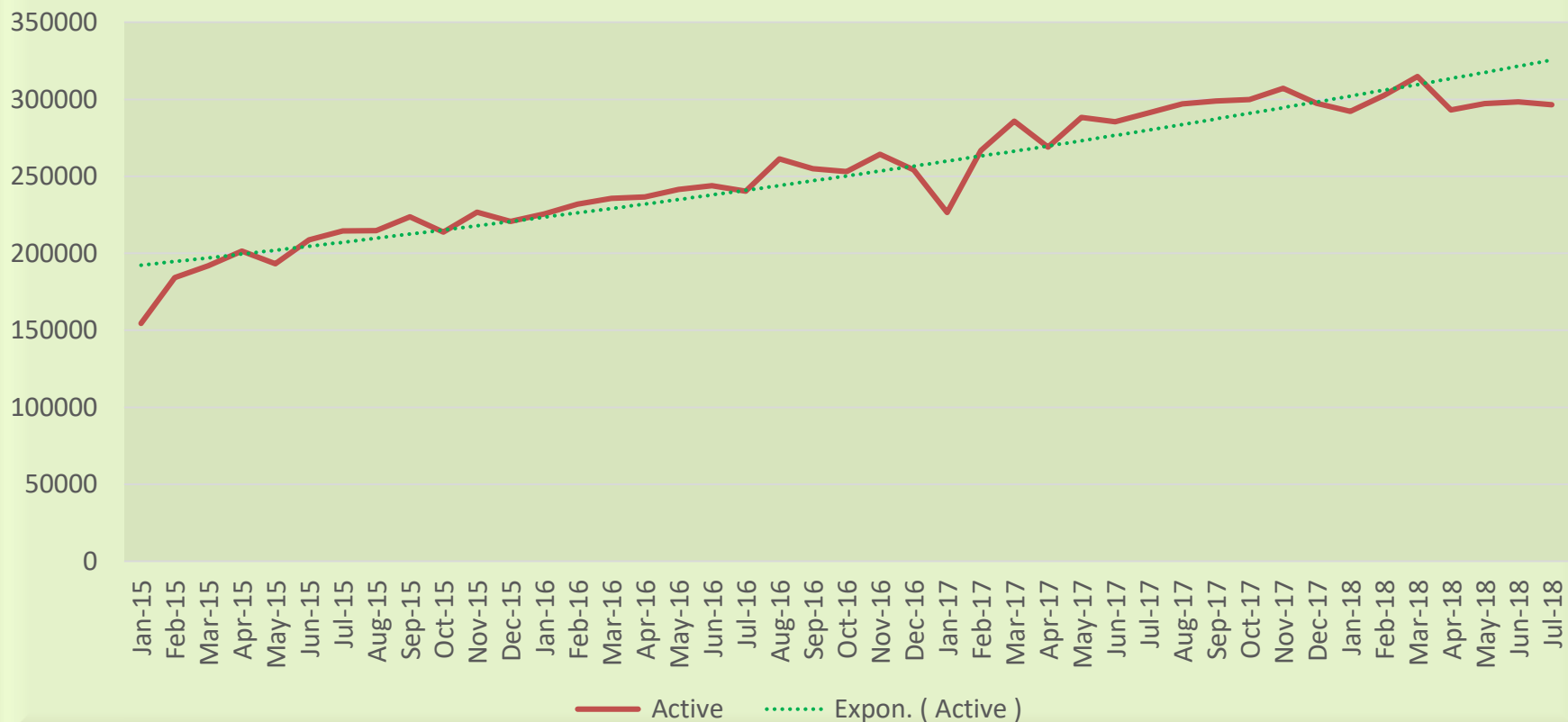


CREDIT STANDING OF CONSUMERS (March 2018)



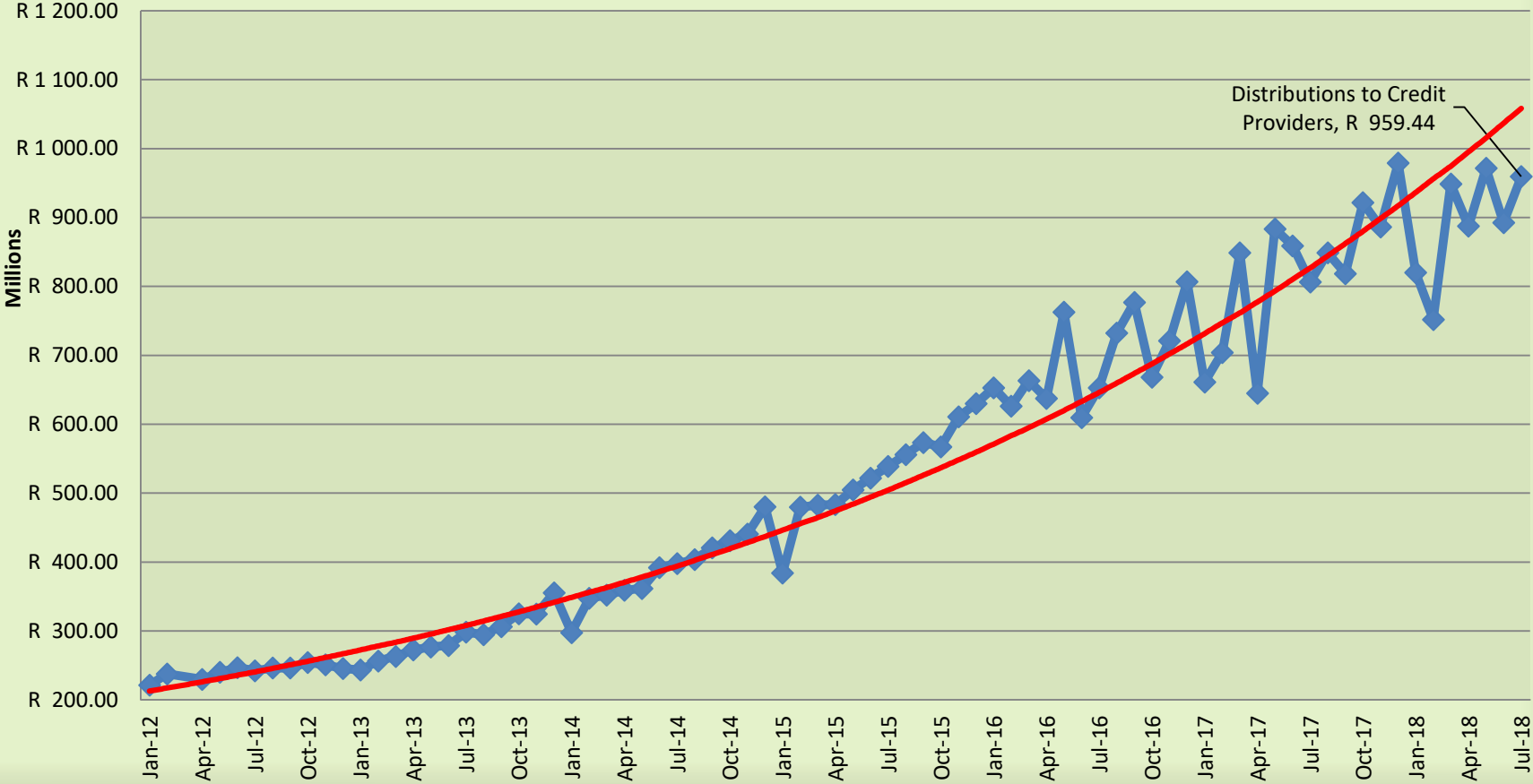
Industry update

Debt Review Clients



Industry update

Distributions to Credit Providers



Profile: Consumers in trouble

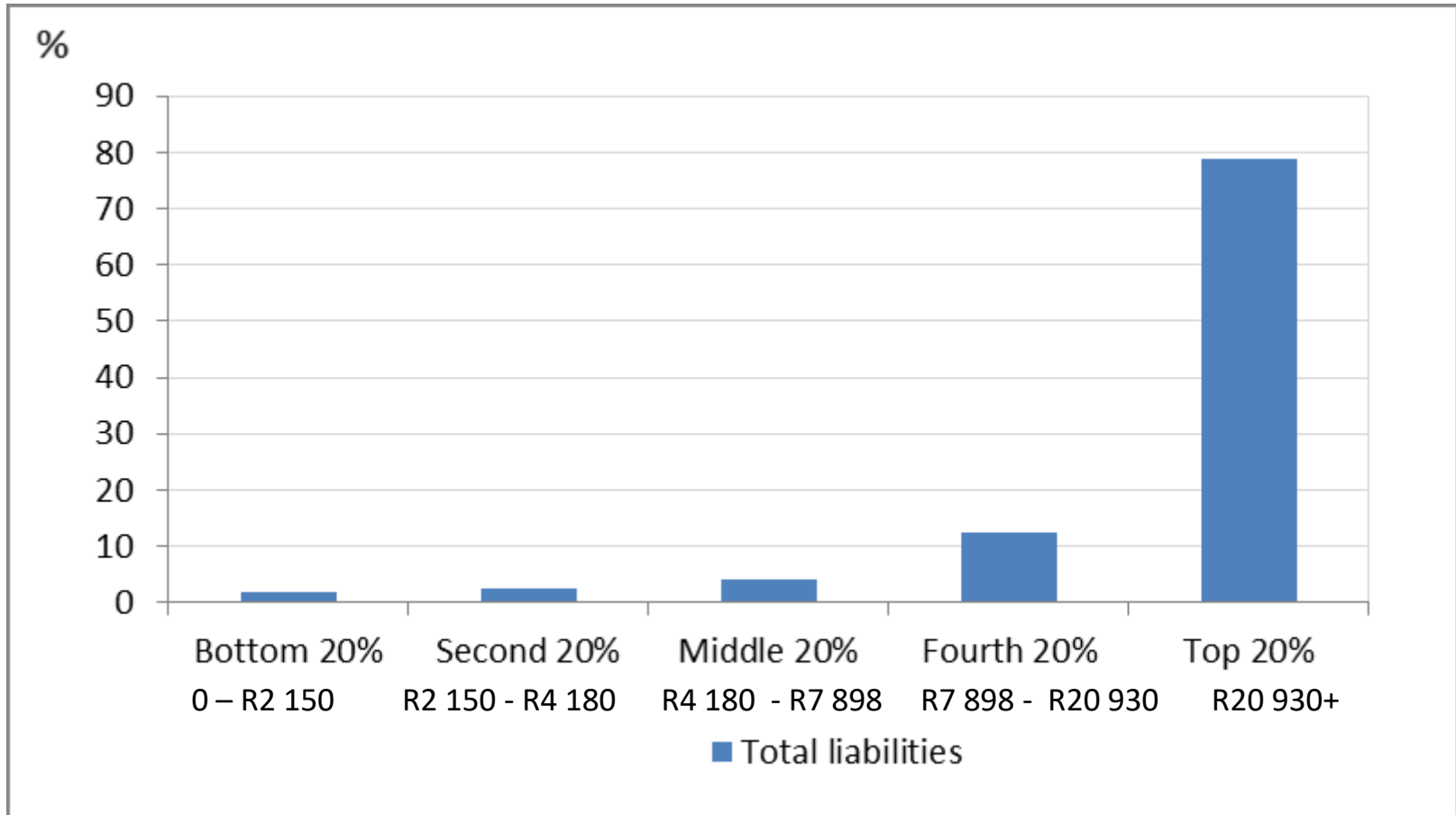
Profile of Consumers in trouble

- Between **7** and **13** Credit Agreements
- Debt repayments exceeds **50%** of take home pay
- Highly stressed
- **53%** believe more debt is the best solution
- **42%** stop paying and select to do nothing and don't answer their phone
- **5%** seek help



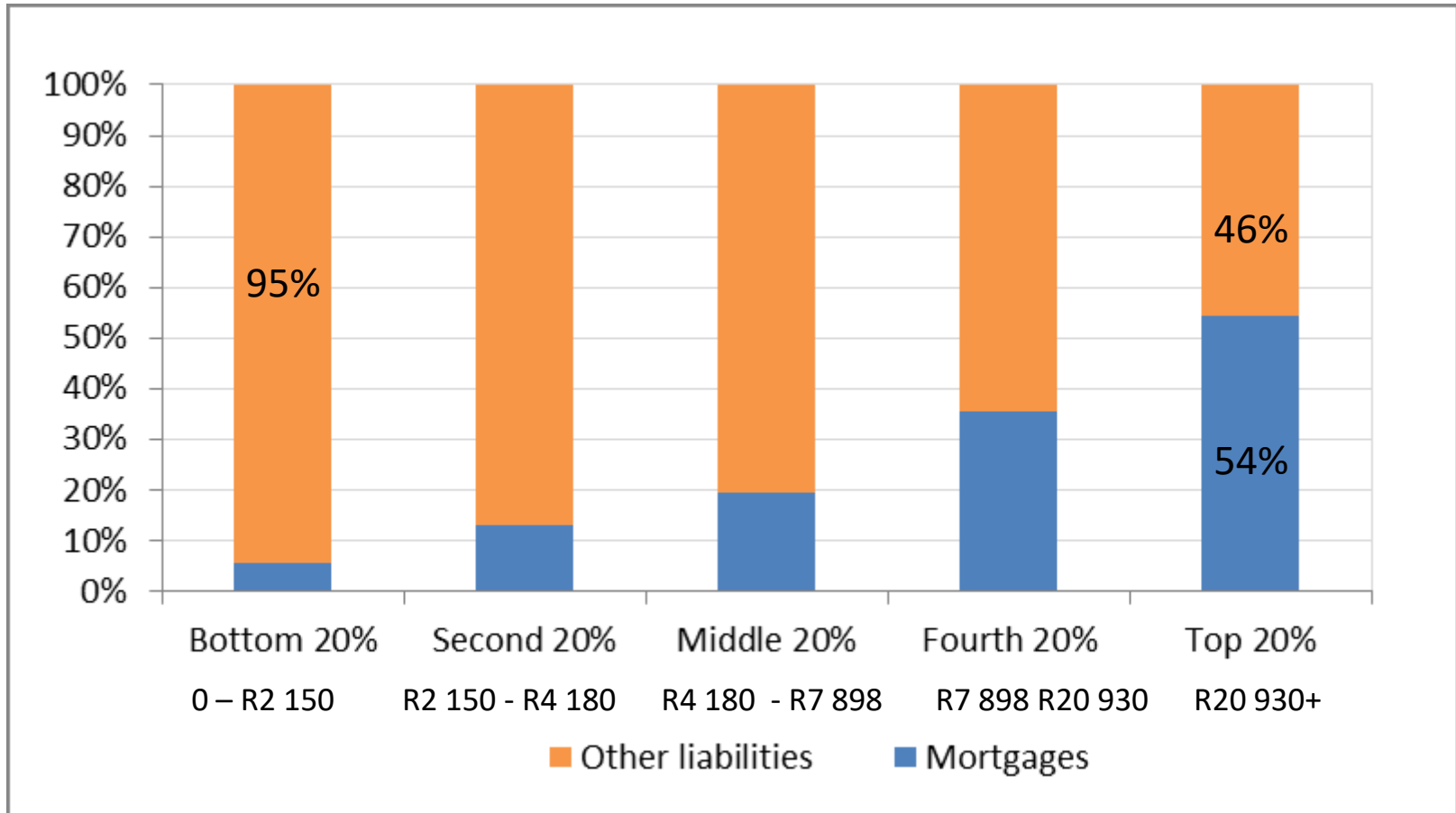
Distribution of household liabilities according to income group

Source: Momentum/Unisa estimates.



Distribution of household liabilities by type of liability according to income group

Source: Momentum/Unisa estimates.



SOME INTERESTING FACTS FROM THE SURVEYS

2017 - debt to income ratio was 72%

2007 - debt to income ratio was 90%

This is still very high!!

This is worsening the economic situation in South Africa because less of the population are able to save, pension contributions have decreased by about 5% of income in the last 10 years, from about 15% to 10%

A lot of households in the top 20% do not possess sufficient financial assets/net wealth to retire financially well or to take care of emergency expenses when the unexpected happens.

Momentum/Unisa



Trends in Debt Review

- Debt Counsellors assist Clients to replace Credit Life Insurance:
 - Replacing expensive Credit Life Improves Client Cash Flow
 - Some Service Providers place Debt Counsellors at risk
 - If DC receives commission without being registered you may be at risk
- Reckless Lending
 - DC may now charge a fee for reckless investigations
 - Reckless investigations in 100% of cases might be irresponsible
- Check for Section 103(5) compliance on receipt of COB
 - Need default date and amount date on COB
 - This is not supplied by Credit Providers
 - DCASA advised NCR that DC's cannot perform this task



Trends in Debt Review

- Voluntary Debt Review is increasing:
 - Voluntary Debt Review is not approved by the NCR
 - Consumers exit Debt Review to make use of Voluntary Debt Review
 - When Voluntary Debt Review hits a snag they move over to Formal Debt Review with new fees and charges
 - Credit Providers accept Voluntary Debt Review applications
 - DCASA reported Voluntary Debt Review Practices to the NCR with examples over the last two years
 - To date no action is evident by the NCR
 - If voluntary Debt Review is not banned expect a reduction in formal Debt Review



The future of Debt Review

- The Debt Review process is substantially stable.
- More consumers should benefit from Debt Review.
- The number of active Debt Counsellors has reduced to about 1 500. We expect a further reduction in active Debt Counsellors when the Debt Intervention Bill is approved
- We continue to support CIF but progress is delayed in majority of cases
- DCASA will continue to monitor non-approved conduct in the industry and urges all members to report any misconduct to both the NCR and DCASA.
- This is our industry – if we don't look after it, it will slowly die.



Thank you

