

TRANSUNION INDUSTRY INSIGHTS REPORT

Quarterly Overview of Consumer Credit Trends Released by TransUnion South Africa

Fourth Quarter 2024



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Executive Summary

The TransUnion Industry Insights Report highlights the latest trends within the South African credit economy and underlying drivers shaping the future of consumer credit access and health. In the last quarter of 2024, the South African economy demonstrated remarkable resilience; GDP growth increased by 0.6% as it began to recover from a decline in the previous quarter (0.1%). Several key factors drove this significant growth. The South African Reserve Bank (SARB) implemented an interest rate cut in November 2024 (the second rate cut of the year), resulting in a total reduction of 0.5% for 2024, stimulating economic activity. Consumer inflation ended at 3% for the quarter, well below the SARB's preferred midpoint target of 4.5%. The labor market saw positive changes, with unemployment rates dropping from 32.1% in Q4 2023 to 31.9% in Q4 2024. Additionally, positive developments in the energy sector contributed to the overall economic improvement. Consumer spending in South Africa accelerated during this period as household consumption rose by 2.3% compared to the same period in 2023.

The positive sentiment was echoed in TransUnion's Q4 2024 Consumer Pulse Survey which found consumers were more optimistic in Q4 2024. Positive outlooks about future income rose significantly: 79% expected an increase in income (up four percentage points from Q3 2024), especially among Gen Z and Millennials.

The South African credit market experienced a 5.3% year-over-year (YoY) increase in consumers who hold an active and open credit trade in Q4 2024. Among these active consumers, there was also a 1.7% YoY increase in new-to-credit consumers, reaching almost 313,000 new entrants in Q4 2024. Increased supply for credit was further observed with overall new credit originations growing 7.5% YoY to 7.6 million originations across all products.

Unsecured products dominated overall originations (comprising 93% of originations), with non-bank personal loans at the forefront, holding a 63% share across the personal loan market. The easy access to non-bank personal loan products and their dominance of smaller loan amounts have significantly contributed to growth in originations.

Total credit balances increased 3% across all credit products. Consumer credit has shown healthy improvements in serious-level delinquencies (three or more months in arrears), except for secured products and non-bank personal loans.

Positive consumer sentiment and increased credit activity further underscored the potential for sustained economic expansion. As we move through 2025, these encouraging trends set the stage for continued progress, fostering a more robust and resilient economic ecosystem. Lenders will benefit from focusing on sustainable growth strategies — empowering credit education that fosters credit inclusion, enabling younger consumers with their first credit products, building healthy relationships that span the consumer credit journey, and proactively assessing early signs of risk to ensure healthy borrowing and repayment behaviors.

Source:

1. TransUnion consumer credit database
2. TransUnion 2024 Q4 CPS
3. Stats SA
4. The South African Reserve Bank

Age distribution key:

- Gen Z (born 1995–2010)
- Millennials (born 1980–1994)
- Gen X (born 1965–1979)
- Baby Boomers (born 1946–1964)
- Silent Generation (born 1945 and earlier)

Risk distribution key:

- Subprime (0–625)
- Near prime (626–655)
- Prime (656–695)
- Prime plus (696–720)
- Super prime (721–999)

Scores are based on TransUnion CreditVision® Generic scoring methodology.

Bankcard Summary

CREDIT CARD METRICS	Q4 2024	QoQ change	YoY change
Number of Accounts	7.13M	-0.33%	1.28%
Outstanding Balance	R178.92B	1.80%	7.79%
Total Credit Lines	R298.31B	1.12%	6.16%
Average Balance (per account)	R25.08K	2.13%	6.42%
Average Credit Line (per account)	R41.81K	1.50%	4.96%
Number of Consumers With Access to an Active Trade	5.12M	-1.48%	-0.45%
Number of Consumers Carrying a Balance	4.55M	-0.26%	1.14%
Origination Volumes (Q4 2024)	202.30K	2.76%	5.57%
Average New Account Credit Line (Q4 2024)	R26.74K	-1.4%	-3.9%
Account-Level Delinquency Rate (3+ MIA)	11.97%	-11 bps	-33 bps
Consumer-Level Delinquency Rate (3+ MIA)	16.28%	-17 bps	-34 bps
Balance-Level Delinquency Rate (3+ MIA)	17.54%	-20 bps	17 bps

Source: TransUnion South Africa consumer credit database

The credit card portfolio continued to have a healthy outlook as consumers remain reliant on this revolving product to manage challenges of the past two and a half years which have been marked by high living costs and elevated debt expenses. This trend was reflected in the 8% rise in overall outstanding balances. Notably, average balance per account increased YoY, highlighting consumers are leveraging their credit cards to meet consumption needs. Despite the increased reliance on credit cards, consumers' delinquency rates have remained stable, which is an encouraging sign for prudent growth.

There was also strong demand for new credit, particularly among younger, digitally savvy consumers who prefer online shopping. This was evident in the supply side of the market that showed a 6% YoY increase in overall account volumes for credit cards.

Card issuers responded to this demand by offering credit limit increases (CLIs) to existing, well-performing cardholders, thereby enabling consumers to better manage their finances. This proactive approach by card issuers is helping meet the growing demand for credit while maintaining healthy delinquency rates.

These trends indicate a robust and growing credit card market with stable risk levels. Lenders can capitalize on the increasing demand for credit by continuing to offer attractive card products and limit increases to responsible borrowers. The stable delinquency rates suggest consumers are managing their credit well, which reduces risk for lenders. Additionally, the strong demand from younger consumers presents an opportunity for lenders to tailor their products and marketing strategies to this tech-savvy demographic, further driving organic growth in the credit market.

To maximize these opportunities, lenders should focus on retaining their positions as the preferred credit card issuer of their customers. This can be achieved by enhancing customer engagement and loyalty through targeted marketing campaigns and personalized credit offerings, such as credit limit increases (CLIs). By doing so, lenders can better ensure long-term profitability and strengthen their market positions.

Personal Loans Summary

PERSONAL LOAN (BANK) METRICS	Q4 2024	QoQ change	YoY change
Number of Accounts	5.64M	0.43%	-6.98%
Outstanding Balance	R288.00B	-0.55%	-2.72%
Average Balance (per account)	R51.03K	-0.98%	4.58%
Number of Consumers Carrying a Balance	4.09M	-3.66%	-9.54%
Origination Volumes (Q4 2024)	1.11M	8.74%	-6.23%
Average New Loan Amount (Q4 2024)	R24,49K	-1.13%	14.62%
Account-Level Delinquency Rate (3+ MIA)	26.64%	-65 bps	-8 bps
Consumer-Level Delinquency Rate (3+ MIA)	29.59%	66 bps	80 bps
Balance-Level Delinquency Rate (3+ MIA)	30.85%	-41 bps	111 bps

PERSONAL LOAN (NON-BANK) METRICS	Q4 2024	QoQ change	YoY change
Number of Accounts	7.16M	10.54%	15.69%
Outstanding Balance	R89.52B	-5.35%	2.76%
Average Balance (per account)	R12.51K	-14.38%	-11.18%
Number of Consumers Carrying a Balance	4.85M	6.12%	13.39%
Origination Volumes (Q4 2024)	4.72M	4.76%	13.88%
Average New Loan Amount (Q4 2024)	R5.35	-2.70%	-0.96%
Account-Level Delinquency Rate (3+ MIA)	40.56%	253 bps	452 bps
Consumer-Level Delinquency Rate (3+ MIA)	44.50%	267 bps	425 bps
Balance-Level Delinquency Rate (3+ MIA)	40.99%	570 bps	741 bps

Source: TransUnion South Africa consumer credit database

The personal loan market grew against the backdrop of non-bank lenders continuing their growth trajectory, primarily fueled by younger and riskier consumers. Non-bank lenders tend to have a higher tolerance for riskier consumers than traditional banks. In terms of new account volumes, non-bank lenders originated 81% of new personal loans. Non-bank lenders' overall active book grew 17.9% YoY for below prime consumers, while personal loans to prime and above consumers declined 2% YoY. Bank personal loan delinquencies slightly improved by 8 basis points (bps), whereas non-bank personal loans deteriorated by 452 bps to 40.6%.

Non-bank lenders play a crucial role in credit inclusion, catering to consumers who are deep subprime or near prime and wouldn't typically qualify for loans from traditional banks. This segment is essential for providing access to credit for unserved and underserved consumers, helping them manage day-to-day expenses and contributing to the overall economic activity. For non-bank lenders, the continued growth trajectory presents an opportunity to expand their market share by catering to underserved consumers. However, they must address rising delinquencies by implementing robust account management solutions and enhancing financial education efforts to help ensure long-term sustainability.

Traditional banks, on the other hand, have tighter lending conditions — which serve as a barrier to some consumers. Bank lenders have taken a step back in terms of originations, focusing less on riskier consumers. As a result, traditional banks' share has declined significantly. The risk appetite in this segment remains stringent, ensuring that risk levels are managed effectively. For traditional banks, the focus should be on maintaining stringent risk management practices while exploring opportunities to innovate and offer products that can attract a broader range of consumers. By understanding the evolving needs of the market and adapting their strategies accordingly, banks can remain competitive and capitalize on growth opportunities within their risk appetites.

Vehicle Finance Summary

VEHICLE FINANCE METRICS	Q4 2024	QoQ change	YoY change
Number of Accounts	2.17M	1.95%	-0.16%
Outstanding Balance	R541.72B	3.89%	4.87%
Average Balance (per account)	R249.42K	1.9%	5.04%
Number of Consumers Carrying a Balance	1.90M	0.33%	-1.27%
Origination Volumes (Q4 2024)	137.54K	15.33%	9.59%
Average New Loan Amount (Q4 2024)	R400.03K	-0.23%	1.37%
Account-Level Delinquency Rate (3+ MIA)	4.84%	-30 bps	13 bps
Consumer-Level Delinquency Rate (3+ MIA)	5.13%	-24 bps	12 bps
Balance-Level Delinquency Rate (3+ MIA)	6.08%	-40 bps	50 bps

Vehicle finance showed signs of recovery after registering its second consecutive quarter of growth in Q4 2024. The TransUnion Q4 2024 Vehicle Pricing Index report highlights that used vehicle financing outpaced new vehicle financing at a ratio of 1.56:1 as consumers sought more cost-effective options. New vehicle prices increased 1.7% due to supply chain constraints, while used vehicle prices declined 2.8%, making pre-owned vehicles more attractive. New vehicle finance agreements grew 12.7% YoY, with mid-range financing (R250,000–R750,000) accounting for more than 65% of total financed vehicles. The underlying pricing trends of vehicles explains the continued rise in average balances which grew at 5% in the last quarter of 2024.

Alternative ownership models, such as leasing, subscriptions and rent-to-buy agreements gained traction, especially among younger buyers seeking flexible financing solutions. The Q4 2024 TransUnion Consumer Pulse Study also noted that consumers are increasingly considering alternative ownership models, reflecting a shift in consumer preferences towards more flexible and cost-effective options. The growth in used vehicle financing and alternative ownership models presents opportunities to cater to cost-conscious consumers.

As the market recovers, delinquencies are expected to grow and will need to be managed through robust risk management practices and innovative financing solutions. Evaluating consumers' capacities to borrow against existing obligations is an approach to consider for lenders to better ensure consumers can keep up with their commitments. Financial education is also key to consumers understanding the importance of healthy credit profiles, helping them progress through their lifecycles and take on a vehicle loan, which is an important step in the graduation journey of young and new-to-credit consumers.

The auto industry plays a crucial role in financial inclusion for South Africans. As the market recovers and gains traction, we need to work cohesively as an ecosystem that supports education and empowerment, consequently having a positive effect on consumers' financial dreams and lives.

Home Loan Summary

HOME LOAN METRICS	Q4 2024	QoQ change	YoY change
Number of Accounts	1.87M	0.81%	0.33%
Outstanding Balance	R1.24T	0.62%	2.52%
Average Balance (per account)	R662.33K	-0.18%	2.19%
Number of Consumers Carrying a Balance	2.20M	-2.17%	-2.73%
Origination Volumes (Q4 2024)	54.68K	-2.26%	-13.22%
Average New Loan Amount (Q4 2024)	R920.15K	0.32%	2.72%
Account-Level Delinquency Rate (3+ MIA)	7.14%	-9 bps	26 bps
Consumer-Level Delinquency Rate (3+ MIA)	7.74%	10 bps	40 bps
Balance-Level Delinquency Rate (3+ MIA)	6.83%	1 bps	53 bps

Source: TransUnion South Africa consumer credit database

In the home loan market, consumer demand remained high. However, affordability remained a significant challenge for many. Despite interest rate cuts in September and November 2024, home loans continued to see a decline in new accounts. This indicates affordability challenges persist as interest rates are heavily correlated with mortgage demand and supply. The recent cuts have not significantly boosted home loan originations.

The average new home loan amounts increased 2.7%YoY, reflecting the high loan amounts associated with this secured product. Serious level delinquencies (3+ MIA) have been rising for home loans, increasing 26 basis points (bps) YoY.

From a risk appetite perspective, growth in the home loan market continues to be driven by prime and super prime risk tiers. However, there's some opening of the gates for non-prime segments, particularly in affordable housing. The age distribution of borrowers is also shifting with older Gen Z consumers starting to enter the market.

According to the Q4 2024 TransUnion Consumer Pulse Study, about 31% of consumers were concerned about interest rates but planned to apply for or refinance a mortgage or home loan in the next year. Despite inflation concerns, some consumers, particularly Millennials, showed optimism about their financial futures, which could influence their decisions regarding home loans. However, inflation and rising prices remain leading concerns for many households, impacting their ability to afford new home loans.

Lenders' focus should be on addressing affordability challenges and exploring opportunities to serve non-prime segments, particularly in affordable housing. Understanding the evolving age and risk profiles of borrowers will be crucial in adapting strategies to meet market needs.

Retail Industry Summary

CLOTHING ACCOUNT METRICS	Q4 2024	QoQ change	YoY change
Number of Accounts	17.45M	0%	5.22%
Outstanding Balance	R40.95B	4.04%	6.84%
Total Credit Lines	R107.25B	2.72%	12.5%
Average Balance (per account)	R2.35K	4.04%	1.54%
Average Credit Line (per account)	R6.15K	2.72%	6.92%
Number of Consumers Carrying a Balance	9.61M	-0.89%	1.64%
Origination Volumes (Q4 2024)	920.54K	2.9%	-3.98%
Average New Account Credit Line (Q4 2024)	R6.55K	0.42%	16.61%
Account-Level Delinquency Rate (3+ MIA)	26.41%	-121 bps	-143 bps
Consumer-Level Delinquency Rate (3+ MIA)	39.49%	-84 bps	-69 bps
Balance-Level Delinquency Rate (3+ MIA)	28.3%	-250 bps	-95 bps

RETAIL INSTALMET METRICS	Q4 2024	QoQ change	YoY change
Number of Accounts	1.31M	2.42%	10.14%
Outstanding Balance	R13.19B	6.88%	16.68%
Average Balance (per account)	R10.08K	4.36%	5.94%
Number of Consumers Carrying a Balance	1.13M	-13.03%	-9.38%
Origination Volumes (Q4 2024)	199.94K	19.71%	14.88%
Average New Loan Amount (Q4 2024)	R14.85K	-6.15%	-6.82%
Account-Level Delinquency Rate (3+ MIA)	27.48%	-62 bps	-204 bps
Consumer-Level Delinquency Rate (3+ MIA)	33.40%	515 bps	409 bps

RETAIL REVOLVING METRICS	Q4 2024	QoQ change	YoY change
Number of Accounts	2.2M	3.30%	8.33%
Outstanding Balance	R15.70B	6.08%	14.49%
Total Credit Lines	R41.71B	31.21%	56.12%
Average Balance (per account)	R7.06K	2.69%	5.69%
Average Credit Line (per account)	R14.61	-1.05%	12.27%
Number of Consumers Carrying a Balance	1.78M	1.48%	6.71%
Origination Volumes (Q4 2024)	208.12K	-1.07%	11.91%
Average New Account Credit Line (Q4 2024)	R13.81K	13.99%	25.37%
Account-Level Delinquency Rate (3+ MIA)	14.47%	-260 bps	-500bps
Consumer-Level Delinquency Rate (3+ MIA)	17.10%	-274 bps	-580 bps
Balance-Level Delinquency Rate (3+ MIA)	15.03%	-211 bps	-282 bps

Source: TransUnion South Africa consumer credit database

In Q4 of 2024, the South African retail market saw an increase in originations, with the exception of clothing accounts which declined 4% YoY from an all-time high of 959,000 accounts in Q4 of 2023. In seeking new borrowers, retail lenders continued to expand originations to higher-risk consumers.

For below prime originations, clothing lenders' acquisitions grew 9.2% YoY, while retail instalment lenders grew 13.8% YoY, and the retail revolving book increased 24.2% YoY.

The average credit limit assigned to new clothing accounts grew across all risk tiers, with the most significant growth of 16.7% coming from super prime consumers. Retail instalments exhibited mixed results across different risk categories. Notably, super prime was the only risk tier to experience an increase in new average loan amounts (which rose by 4.2% YoY to R20,742).

Average balances increased across all products compared to the previous year. The growth in balances was reflected in retail trade sales which rose 2.1% YoY in the fourth quarter, with general dealers and retailers in clothing and textiles driving most of the upward growth. Seriously delinquent accounts (3+ MIA) across the retail sector continued to drop by more than 100 basis points, indicating that lenders have effective onboarding and account management strategies. It will be important for lenders to maintain and build on these strategies as the portfolio continues to grow.

The increase in spending aligns with the sentiment from the Q4 2024 TransUnion Consumer Pulse Survey which highlighted that Millennials, in particular, showed financial optimism with a significant portion reporting income increases and positive outlook on their future finances. Despite inflation, the majority of consumers planned to maintain or increase their holiday spending, with Millennials leading this trend.

For lenders, the growth in originations to higher-risk consumers, particularly in clothing and retail instalments, suggests an opportunity to expand market share. Developing products that cater to these segments while managing risk effectively will be crucial. The financial optimism among Millennials presents an opportunity for targeted promotions and incentives, especially during peak spending periods like holidays. The drop in seriously delinquent accounts indicates that current onboarding and account management strategies are effective, and lenders should continue to refine these strategies to maintain portfolio health and support sustainable growth. Additionally, the increase in average credit limits and balances across all products suggests growing consumer appetite for credit, and lenders should monitor these trends to ensure they're offering competitive credit limits and managing risk appropriately.



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