

TRANSUNION INDUSTRY INSIGHTS REPORT

Quarterly Overview of Consumer Credit Trends Released by TransUnion South Africa

Fourth Quarter 2025



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Executive Summary

The Q4 2025 TransUnion® Industry Insights Report showed a credit market moving from tentative recovery to more broad-based stabilisation, supported by firmer macroeconomic undercurrents and clearer improvements in consumer repayment behaviour. Economic momentum continued into year-end as moderating inflation and a more accommodative interest-rate environment strengthened household affordability, even though structural pressures in employment still shape consumer choices. Against this backdrop, lenders balanced renewed appetite for growth with disciplined risk management — and consumers remained selective, stretching credit where needed while prioritising repayment.

Credit performance in Q4 reflected a market gradually regaining confidence. Credit cards sustained strong year-on-year growth in accounts, balances and originations — although lenders applied more caution on new-account limits and delinquency became more concentrated among borrowers who revolved deeper into their lines. Vehicle finance gained further traction as demand recovered and lenders advanced more and slightly larger loans, with meaningful improvement in missed-payment rates signalling a healthier borrower mix. The home loan sector maintained steady expansion, with balances rising faster than accounts and delinquency largely stable quarter on quarter, indicating controlled growth concentrated in higher-balance segments.

Retail credit presented a mixed but improving picture. Clothing accounts expanded alongside clear delinquency improvements, supported by measured growth in credit lines and strong consumer engagement. Revolving retail credit consolidated further as lenders reduced new-account inflows but deepened lines for stronger payers, driving substantial reductions in both consumer- and balance-level delinquency. Retail instalment credit grew mainly through existing accounts rather than new originations, and although more consumers showed some missed payments, the severity of arrears eased, pointing to broader but lighter repayment strain. In personal loans, banks shifted toward quality-led growth with stronger origination momentum and materially lower delinquency across all measures, while non-banks scaled rapidly on smaller tickets, acquiring many more customers even as stress became more concentrated on outstanding balances for those who fell behind.

Looking ahead, the dynamics of Q4 revealed a market cautiously repositioning for growth. Lenders are widening access where repayment strength is clear, tightening where risk accumulates and reshaping portfolios toward higher quality cohorts. Consumers continue to navigate affordability constraints, but improving repayment trends and sustained demand in key products suggest growing financial stabilisation. As the economy entered 2026, priority has shifted from stabilisation toward sustainable momentum, with lenders needing to pair cautious growth with sharper exposure discipline, deepen affordability insights as consumers regain confidence and refine product strategies that support resilience and long-term portfolio strength.

Source:

1. TransUnion consumer credit database
2. Stats SA
3. TransUnion Q4 Consumer Pulse Study
4. TransUnion Q4 Mobility Insights Report

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.

Credit Card Summary

CREDIT CARD METRICS	Q4 2025	QoQ Change	YoY Change
Number of Accounts	7.6M	1.7%	7.1%
Outstanding Balance	195.3B	3.1%	9.1%
Total Credit Lines	322.4B	5.3%	8.1%
Average Balance (per account)	25.6K	1.4%	1.9%
Average Credit Line (per account)	42.2K	3.5%	0.9%
Number of Consumers With an Active Trade	5.5M	1.3%	6.8%
Number of Consumers Carrying a Balance	4.9M	2.0%	7.3%
Origination Volumes	218.5K	-2.4%	8.0%
Average New Account Credit Line	24.0K	-1.7%	-10.0%
Account-Level Delinquency Rate (3+ MIA)	12.9%	10 bps	33 bps
Consumer-Level Delinquency Rate (3+ MIA)	17.4%	7 bps	21 bps
Balance-Level Delinquency Rate (3+ MIA)	19.5%	3 bps	71 bps

Source: TransUnion South Africa consumer credit database

The credit card market extended its upward trajectory in Q4 2025, with active accounts rising to 7.6 million and balances continuing to grow, underscoring the ongoing role of cards as a key liquidity tool for consumers navigating uneven financial conditions. More consumers are carrying a balance, reflecting sustained reliance on revolving credit, even as lenders apply greater caution in how they grant new credit.

Origination levels remained robust year on year, although quarterly momentum softened from earlier highs. Lenders continued to calibrate limit assignment rather than broadly expand access: Average new-account credit lines edged down from last year overall, but the pattern varied sharply by risk tier. Subprime and near-prime consumers received meaningfully lower limits than a year ago, while prime and above-prime consumers received higher limits; a clear signal lenders are leaning into up-market growth while deliberately constraining exposure to higher-risk segments.

The market’s risk mix has stabilised at a high-subprime composition, with subprime now consistently accounting for 58% of open card accounts. This distribution, combined with elevated utilisation among revolving consumers, continues to place pressure on delinquency. Missed-payment rates rose year on year across measures, driven by deeper stress among consumers already revolving, even as the overall size of new-account limits remains controlled.

Generational shifts reinforce the evolving acquisition landscape. Gen Z now represents a record 27% of new originations, up from 23% a year ago, while Gen X and Baby Boomers continue to decline as a share of new entrants. Millennials remain the largest acquiring cohort at around 45%. This tilt toward younger consumers reflects both underlying population dynamics and lenders’ targeted expansion into segments with rising income prospects but thinner credit histories.

For lenders, Q4’s trends highlight the need for differentiated growth strategies. With risk concentration persisting in the subprime segment, dynamic credit-line management and early-warning utilisation triggers remain critical in preventing roll-through into severe delinquency. Strengthening communication and hardship pathways for high-utilisation revolvers can help stabilise repayment behaviour, while acquisition strategies should continue to balance opportunity in younger cohorts with disciplined affordability checks and risk-based pricing. As the economy continues to normalise, maintaining this balance between access and resilience will be essential to preserving portfolio health.

Personal Loans Summary

PERSONAL LOANS (BANK) METRICS	Q4 2025	QoQ Change	YoY Change
Number of Accounts	5.7M	-0.6%	1.1%
Outstanding Balance	303.9B	-0.2%	5.5%
Average Balance (per account)	53.3K	0.4%	4.4%
Number of Consumers Carrying a Balance	4.1M	-0.8%	0.3%
Origination Volumes	1.2M	11.3%	10.2%
Average New Account Credit Line	27.1K	0.2%	10.7%
Account-Level Delinquency Rate (3+ MIA)	27.0%	-109 bps	-271 bps
Consumer-Level Delinquency Rate (3+ MIA)	29.6%	-105 bps	-366 bps
Balance-Level Delinquency Rate (3+ MIA)	30.4%	-127 bps	-326 bps

Source: TransUnion South Africa consumer credit database

PERSONAL LOAN(NON-BANK) METRICS	Q4 2025	QoQ Change	YoY Change
Number of Accounts	9.4M	8.1%	31.2%
Outstanding Balance	93.8B	8.5%	4.8%
Average Balance (per account)	10.0K	0.4%	-20.2%
Number of Consumers Carrying a Balance	5.9M	4.8%	21.8%
Origination Volumes	5.4M	10.7%	14.7%
Average New Account Credit Line	5.2K	3.4%	-2.8%
Account-Level Delinquency Rate (3+ MIA)	48.0%	-137 bps	50 bps
Consumer-Level Delinquency Rate (3+ MIA)	52.9%	-84 bps	-99 bps
Balance-Level Delinquency Rate (3+ MIA)	53.4%	33 bps	560 bps

Source: TransUnion South Africa consumer credit database

South Africa's personal loans market continued to show a clear divide in Q4 2025, with banks and non-bank lenders following distinct growth paths shaped by different consumer needs and risk appetites. This divergence has been building over the past year and became more pronounced in the final quarter, reflecting both the improving rate environment and shifting household affordability.

Banks delivered steady, quality-led expansion. While account volumes eased slightly, balances held firm and lenders advanced more, and generally larger, new loans. Origination activity strengthened year on year, supported by rising average limits at account opening. Delinquency improved across all measures, with fewer consumers, accounts and outstanding balances falling into arrears. This suggests banks are directing credit toward borrowers with stronger repayment capacity and using more precise affordability checks. The result is a portfolio that is expanding cautiously, with large loans increasingly used for consolidation and structured financial planning. For consumers, this is translating into better access to stabilising forms of credit at a time when household budgets remain stretched.

Non-bank lenders, by contrast, continued to expand rapidly through small-ticket, short-term loans aimed at meeting day-to-day liquidity needs. Accounts and origination volumes grew strongly again, but average loan sizes and new account limits fell further, underscoring a shift toward more frequent, lower-value borrowing.

This expansion plays an important role in financial inclusion, extending access to credit for consumers whose borrowing needs are better matched to short-term, smaller-value products. However, the risk profile is becoming more challenging. Although fewer consumers entered delinquency this quarter, the share and value of balances in arrears rose significantly. This points to deeper repayment stress among those already struggling, rather than broader contagion across the base. For lenders, long-term sustainability will depend on tighter assessment, more personalised interventions and support structures that prevent repeat borrowing from turning into persistent distress.

Overall, Q4 highlighted a personal loans market that's growing but not uniformly. Banks are strengthening portfolio performance through disciplined expansion, while non-banks are broadening access but confronting deeper repayment pressure. For the broader credit ecosystem, the lesson is clear: Expanding reach must go hand in hand with strengthening resilience. As lenders refine pricing, segmentation and hardship pathways, the next phase of growth will depend on ensuring consumers can both access credit and remain on track when pressures emerge.

Vehicle Finance Summary

VEHICLE FINANCE METRICS	Q4 2025	QoQ Change	YoY Change
Number of Accounts	2.2M	1.0%	2.2%
Outstanding Balance	584.9B	2.7%	8.0%
Average Balance (per account)	263.6K	1.7%	5.7%
Number of Consumers Carrying a Balance	1.9M	1.0%	2.2%
Origination Volumes	151.1K	7.8%	9.9%
Average New Account Credit Line	413.3K	0.2%	3.3%
Account-Level Delinquency Rate (3+ MIA)	6.8%	-48 bps	-59 bps
Consumer-Level Delinquency Rate (3+ MIA)	7.2%	-51 bps	-71 bps
Balance-Level Delinquency Rate (3+ MIA)	7.0%	-48 bps	-49 bps

Source: TransUnion South Africa consumer credit database

South Africa's vehicle finance market continued to build momentum in Q4 2025, with lender originations rising 9.9% year on year and balances growing faster than accounts. This points to a firmer recovery in demand and slightly larger ticket sizes, supported by a more accommodative rate environment and improving household affordability. Repayment performance strengthened at the same time, with delinquency easing across account, consumer and balance measures, indicating a healthier borrower mix and more disciplined structuring at the point of sale.

Market conditions helped sustain this improvement. According to the Q4 2025 TransUnion Mobility Insights Report, new vehicle inflation slowed to a record low of 1.2% year on year, supported by deeper OEM incentives, intensified competition from Chinese brands and a stronger rand lowering import costs. The report also highlights record-low price growth in hatchbacks and SUVs, a seven-year low in sedans. Used vehicle prices remained in mild deflation at minus 1.9% year on year, with most segments stabilising.

These pricing dynamics directly influenced the financing mix. The used-to-new finance ratio fell to 0.96 in Q4 2025, while used-to-new registrations, or sales, stood at 2.9, according to the Q4 2025 report. This indicates while used vehicles still dominate sales activity, the financing channel is shifting more quickly toward new vehicles. This helps explain why origination values increased and why balances grew faster than accounts, even in a low-inflation environment.

Affordability at the instalment level is increasingly being managed through extended loan terms. Loans exceeding 72 months reached 56.4% of new financing in Q4, up notably from a year ago — while mid-length terms continued to decline. These longer terms help consumers manage monthly instalments and support origination activity, but they also lengthen loss emergence windows, increase exposure to negative equity and raise sensitivity to future rate or income shocks. These risks are most acute where transaction prices are supported more by incentives than by underlying residual strength.

For lenders, sustaining quality led growth while managing these emerging structural risks will remain key. Tight guardrails on high loan to value and very long-term combinations, strong residual value forecasting, particularly in segments showing divergent price trends, and robust early warning triggers for negative equity will be central to preserving portfolio stability. Product design and insurance bundles should support value conscious buyers drawn back into the new vehicle market by incentives and softer pricing — while maintaining flexible pathways for households still dependent on used financing.

Taken together, Q4 reflected a market that's not just recovering but recalibrating. Demand is normalising, affordability is improving and risk is trending in the right direction. The challenge for 2026 will be capturing this growth without allowing lengthened terms and uneven residual trends to undermine the gains in performance seen at year end.

Home Loan Summary

HOME LOAN METRICS	Q4 2025	QoQ Change	YoY Change
Number of Accounts	1.9M	0.2%	0.3%
Outstanding Balance	1279.3B	1.5%	3.3%
Average Balance (per account)	682.2K	1.2%	3.0%
Number of Consumers Carrying a Balance	2.2M	0.1%	-0.5%
Origination Volumes	59.3K	-4.4%	8.5%
Average New Account Credit Line	964.7K	0.1%	4.8%
Account-Level Delinquency Rate (3+ MIA)	7.5%	0 bps	11 bps
Consumer-Level Delinquency Rate (3+ MIA)	7.9%	-2 bps	-10 bps
Balance-Level Delinquency Rate (3+ MIA)	7.0%	2 bps	11 bps

Source: TransUnion South Africa consumer credit database

Home loan activity in Q4 2025 continued to show modest year-on-year progress, supported by a more accommodative rate environment and steady demand in higher value segments. Active accounts held at 1.9 million and outstanding balances increased, with average balances per account rising again. The average new loan amount remained elevated, reinforcing the concentration of demand in mid- to upper-value properties where affordability has improved most.

Origination volumes reached 59,300 in Q4, slightly below the prior quarter but still above last year. This reflects a market that's responding to lower interest costs yet remains constrained by income and deposit hurdles that limit broad based participation. Rate relief is helping existing borrowers manage repayments and enabling some upgrading, although the pullback relative to Q3 shows momentum is still sensitive to affordability margins.

First-time buyers continued to gain ground. By Q2 2025 they accounted for 51% of financed purchases compared to 40% a year earlier. This shift suggests lower rates and softer price growth are opening some entry points for new buyers, even if significant barriers remain. For lenders, this requires calibrated affordability assessments and support structures that promote long-term repayment stability.

The risk mix shifted again in Q4. Subprime representation rose to 28.8% and near prime increased slightly. Prime held steady, while prime plus and super prime continued to contract. This pattern indicates lenders are cautiously widening access while still anchoring growth in borrowers with stable repayment histories. It also increases the importance of strong affordability checks and early identification of emerging stress.

Delinquency trends were broadly stable. Account-level delinquency held at 7.5%, consumer-level at 7.9% and balance-level near 7.0%. These steady readings suggest lower interest costs and lender engagement are helping consumers maintain repayment discipline. Balances growing faster than accounts also point to moderated exposure rather than excess leverage.

The home loan market therefore remains on a steady but selective growth path. Improved affordability, stable performance and rising participation from first-time buyers support gradual expansion, even as

affordability barriers limit broader acceleration. For lenders, sustaining momentum will require converting rate relief into accessible credit without loosening risk standards. This includes refining affordability models, monitoring the rising share of higher-risk borrowers and ensuring new entrants are supported so increased access leads to durable financial stability.

Retail Industry Summary

CLOTHING ACCOUNT METRICS	Q4 2025	QoQ Change	YoY Change
Number of Accounts	18.5M	2.9%	5.8%
Outstanding Balance	43.6B	4.3%	6.4%
Total Credit Lines	121.2B	4.5%	13.0%
Average Balance (per account)	2.4K	1.3%	0.6%
Average Credit Line (per account)	6.6K	1.5%	6.8%
Number of Consumers With an Active Trade	11.8M	3.1%	6.7%
Number of Consumers Carrying a Balance	10.1M	2.3%	5.0%
Origination Volumes	986.9K	0.4%	7.2%
Average New Account Credit Line	6.9K	-3.4%	5.8%
Account-Level Delinquency Rate (3+ MIA)	24.5%	-105 bps	-213 bps
Consumer-Level Delinquency Rate (3+ MIA)	36.7%	-117 bps	-321 bps
Balance-Level Delinquency Rate (3+ MIA)	27.3%	-152 bps	-133 bps

Source: TransUnion South Africa consumer credit database

RETAIL INSTALMENTS METRICS	Q4 2025	QoQ Change	YoY Change
Number of Accounts	1.4M	8.4%	8.8%
Outstanding Balance	14.7B	12.1%	11.3%
Average Balance (per account)	10.3K	3.4%	2.3%
Number of Consumers Carrying a Balance	1.2M	8.3%	8.8%
Origination Volumes	161.1K	-2.1%	-19.4%
Average New Loan Amount	13.1K	-1.1%	-11.7%
Account-Level Delinquency Rate (3+ MIA)	26.8%	-57 bps	-110 bps
Consumer-Level Delinquency Rate (3+ MIA)	27.2%	590 bps	316 bps
Balance-Level Delinquency Rate (3+ MIA)	31.0%	-147 bps	-58 bps

Source: TransUnion South Africa consumer credit database

RETAIL REVOLVING METRICS	Q4 2025	QoQ Change	YoY Change
Number of Accounts	2.3M	2.1%	2.4%
Outstanding Balance	15.8B	2.5%	0.7%
Total Credit Lines	34.6B	3.5%	6.5%
Average Balance (per account)	6.9K	0.4%	-1.7%
Average Credit Line (per account)	15.2K	1.4%	3.9%
Number of Consumers With an Active Trade	1.9M	2.3%	-12.2%
Number of Consumers Carrying a Balance	1.8M	0.5%	-0.6%
Origination Volumes	173.6K	-21.6%	-16.6%
Average New Account Credit Line	12.7K	-0.6%	-8.0%
Account-Level Delinquency Rate (3+ MIA)	17.6%	-29 bps	-238 bps
Consumer-Level Delinquency Rate (3+ MIA)	21.4%	-620 bps	-1244 bps
Balance-Level Delinquency Rate (3+ MIA)	17.5%	-71 bps	-233 bps

Source: TransUnion South Africa consumer credit database

Retail credit performance in Q4 2025 reflected gradual stabilisation across clothing accounts, retail instalments and retail revolving credit as consumers navigated affordability pressures — while lenders focused on disciplined expansion and repayment quality.

Clothing accounts remained the largest retail credit category and continued to grow steadily. Active accounts reached 18.5 million and outstanding balances rose, supported by higher credit lines and year-on-year growth in originations. The average credit line per account also increased, although lenders reduced average new account limits relative to the prior quarter, signalling a cautious approach to new exposure. More consumers held active trades and carried balances, indicating ongoing reliance on clothing credit for everyday spending. Delinquency improved across account, consumer and balance measures, suggesting repayment behaviour remains resilient even as borrowing persists. The combination of expanding credit lines and lower missed payments points to a portfolio growing with discipline while maintaining broad accessibility.

Retail instalment credit showed mixed performance. Active accounts rose and outstanding balances increased faster, reflecting higher utilisation among existing users. Origination volumes fell sharply year on year and average new account limits continued to decline. A growing share of smaller retail purchases is being financed through short-cycle checkout solutions rather than traditional instalment accounts. TransUnion's Q4 2025 Consumer Pulse Study showed 57% of South Africans now hold a BNPL product and 36% have used one multiple times in the past year, highlighting how consumers are shifting everyday purchases to these fixed or interest free options. This has reduced demand for new instalment loans and concentrated activity among existing users, helping explain why balances are supported by utilisation rather than new flow. While account- and balance-level delinquency improved compared to last year, consumer-level delinquency rose, indicating strain is becoming more widespread — even if the value of overdue balances has moderated. For lenders, this pattern highlights the need for early engagement and flexible repayment solutions that support consumers before repayment difficulties deepen.

Retail revolving credit continued to consolidate in Q4, with modest growth in active accounts and balances. Total credit lines expanded and average limits rose, indicating lenders are deepening relationships with existing customers rather than driving new account growth. Origination volumes fell year on year and new account limits declined, reinforcing this selective approach. Growing adoption of short-cycle checkout financing is absorbing much of the low-value spend that previously flowed through revolving credit, lowering new account demand and shifting activity toward higher engagement users with stronger repayment signals. Repayment performance improved, with lower delinquency across account, consumer and balance measures. The decline in consumers with active trades shows revolving credit is concentrated among households best able to manage ongoing utilisation.

Across all three retail products, Q4 highlighted a market adjusting to affordability constraints through measured growth, smaller ticket sizes and more selective acquisition. Clothing credit continues to serve as a key source of day-to-day liquidity. Instalment credit reflects cautious consumer behaviour as smaller purchases move to checkout financing. Revolving credit is consolidating around consumers with stronger repayment capabilities. For lenders, sustaining portfolio health will require sharp affordability checks, targeted limit management and proactive engagement with consumers who show early signs of strain. For households, retail credit remains an important support mechanism, but responsible use and budgeting remain essential as borrowing conditions evolve.



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