



SA Consumer Credit Index | Q2 2018

The TransUnion SA Consumer Credit Index (CCI) declined notably from 55* to 51 in Q2 2018. 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.

*Revised from 56. Data is subject to revision due to subsequent underlying data/estimation finalisation. Changes are typically not material.

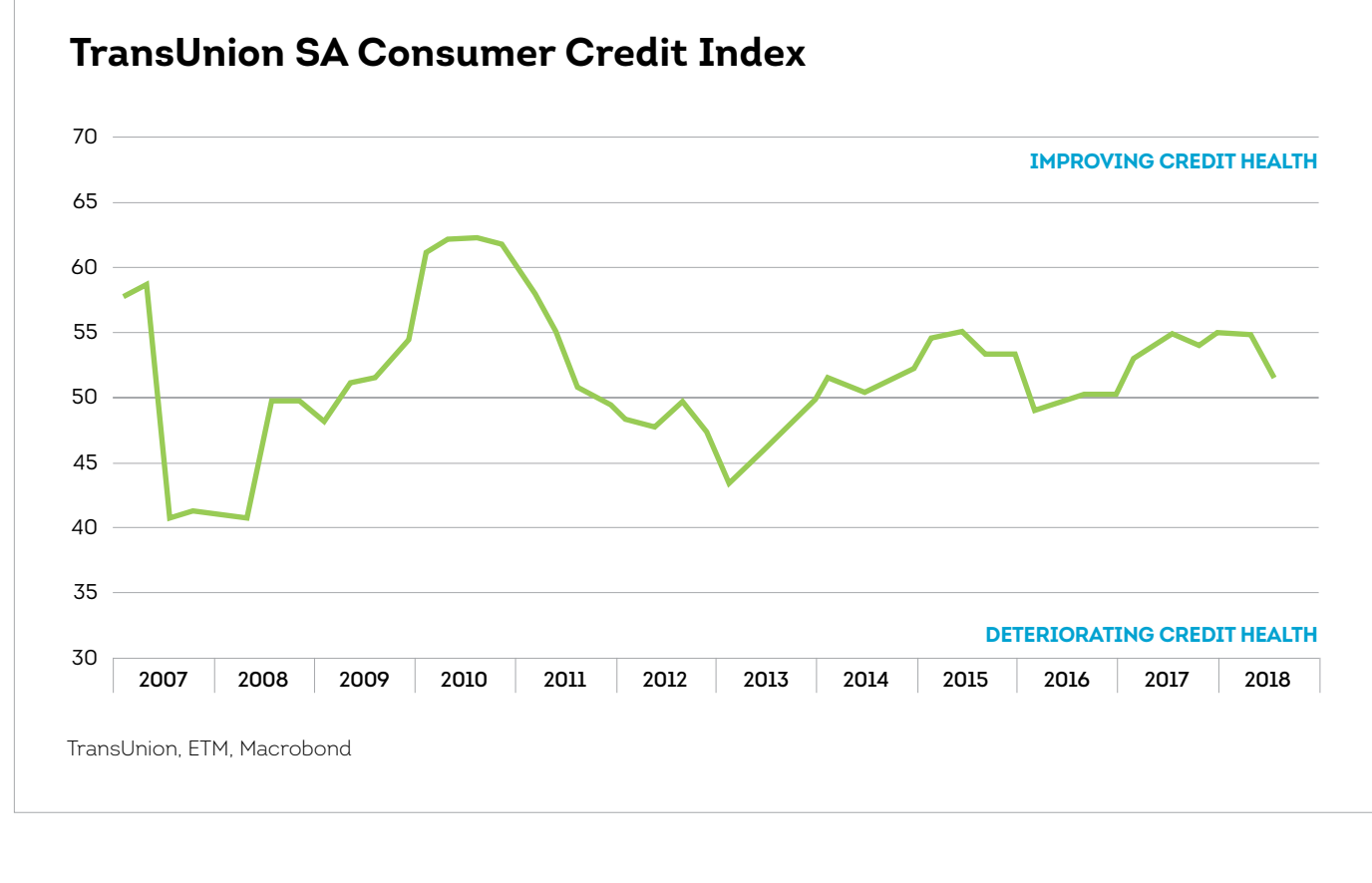
WHAT DOES IT MEAN?

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



The TransUnion Consumer Credit Index (CCI) declines markedly in Q2 2018.

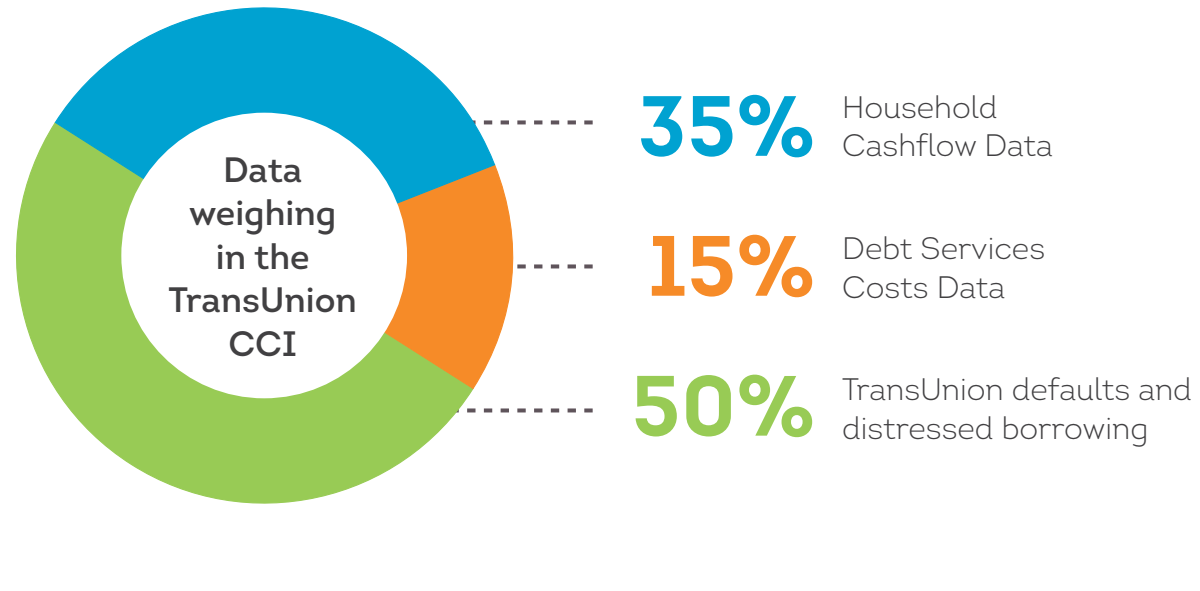


NEW ACCOUNTS IN DEFAULT

Accounts in early default (3 months in arrears) increased for the first time in over two years, suggesting some emerging additional consumer stress.

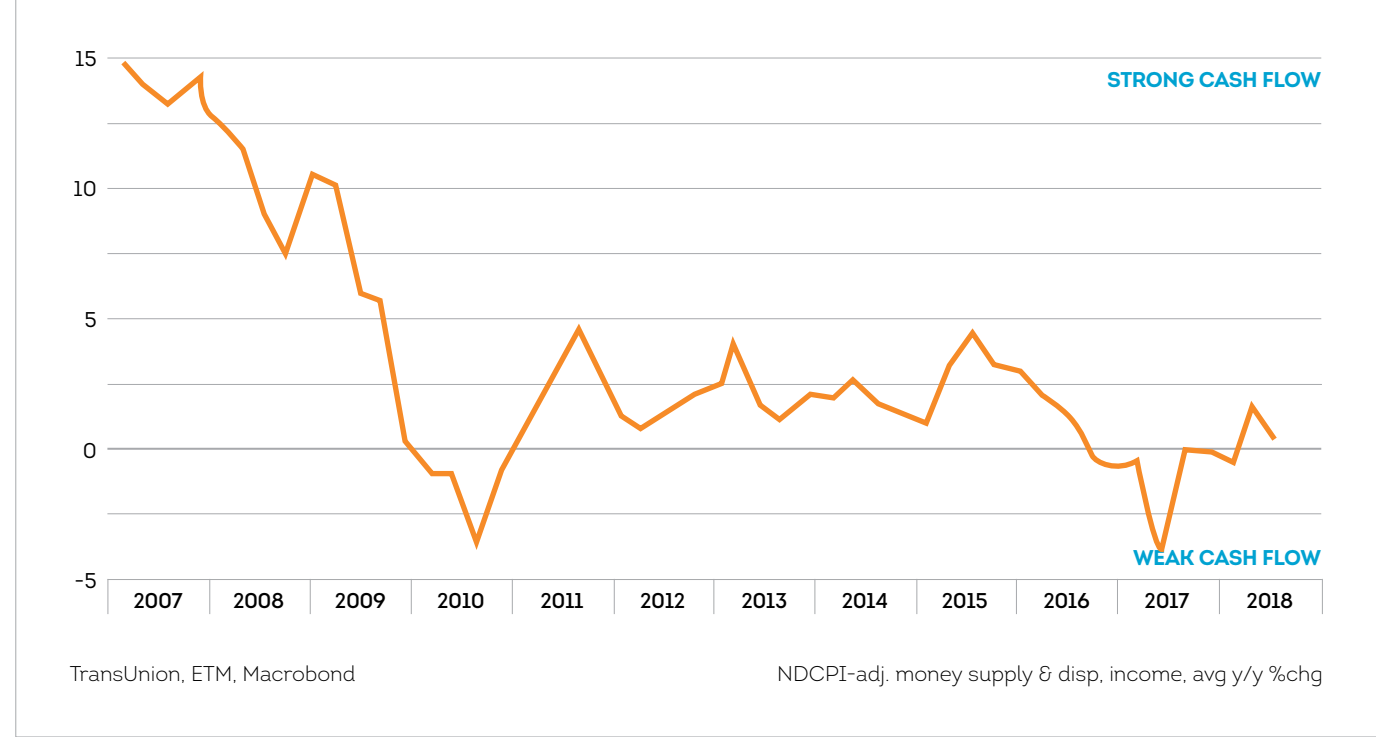


DATA USED TO COMPILE THE CCI



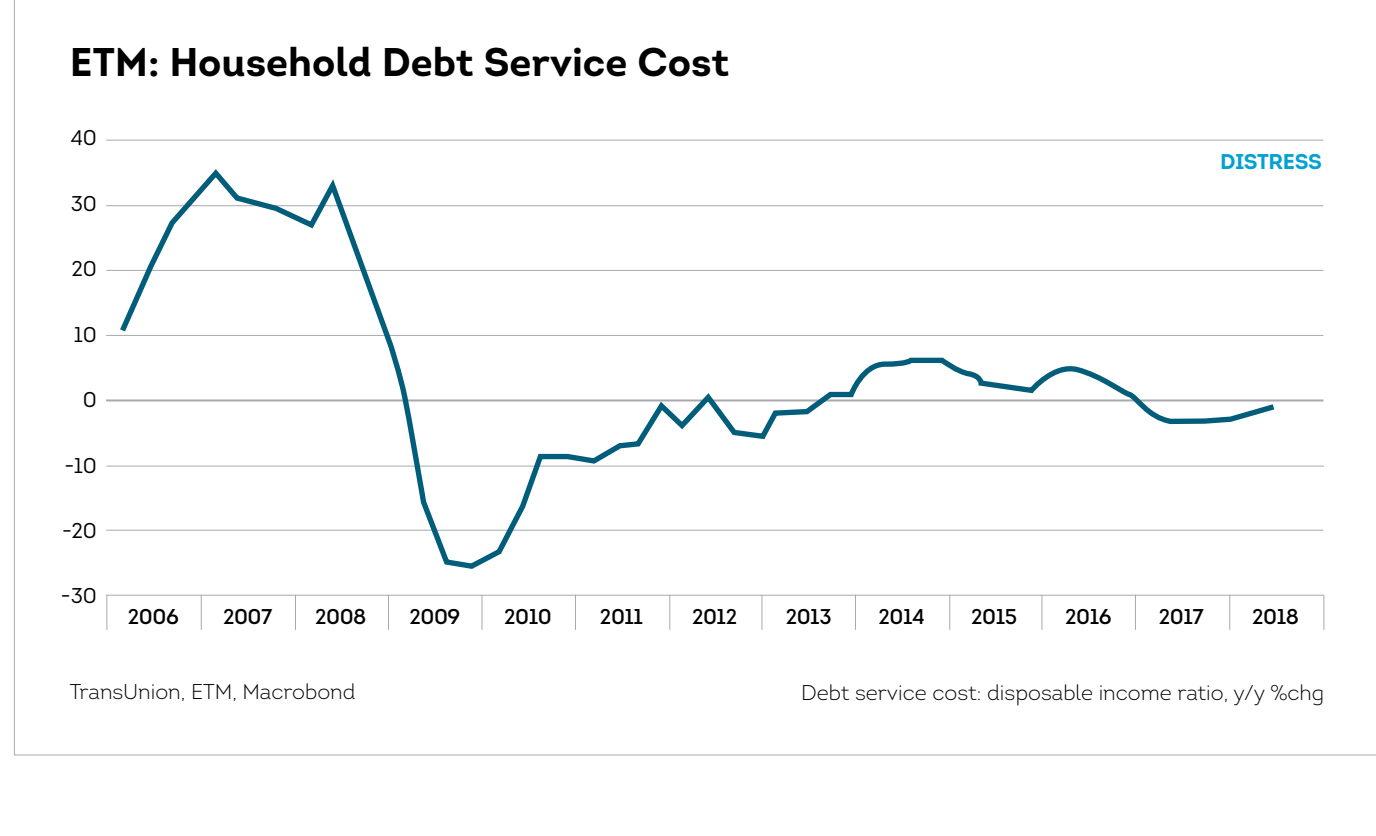
HOUSEHOLD CASH FLOW

Household cash flow decelerated to 0.4% y/y, showing lingering difficulty in household real earnings growth potential (based on Stats SA & SARB data).



HOUSEHOLD DEBT COST

Household debt service costs (South African Reserve Bank data) remained similar during the quarter. The Reserve Bank left the repo rate unchanged during Q2 2018.



KEY FACTS AND FINDINGS

R2.2 trillion estimated, aggregate, annual household disposable income	54.0 million consumer accounts measured
919,000 accounts 3 months in arrears	R150 billion Value of revolving credit measured

10.0%
prime overdraft rate at the end of Q2 2018

highest recorded CCI in series: **62** (Q3 2010)
lowest recorded CCI in series: **40** (Q2 2008)