MEDIA STATEMENT

DATE: 25 MAY 2016

TO: ALL JOURNALISTS AND EDITORS

MINISTER DAVIES DETERMINES A NEW THRESHOLD FOR CREDIT PROVIDER REGISTRATION

The Minister of Trade and Industry, Dr Rob Davies, has determined the NIL (R0) threshold for everyone involved in the business of lending money. This is in line the Notice (Notice no. 513, Government Gazette no. 39981) that he issued on 11 May 2016, regarding the final determination of a threshold for credit provider registration.
Minister Davies previously published the Notice on the draft determination of the threshold, to cater for public comment on 4 February 2016 (Notice no. 158, Government Gazette no. 39663). A period of thirty (30) working days was allocated for public comment and input. Accordingly the period lapsed on 16 March 2016.

In terms of Section 42 (1) of the National Credit Act, 2005 (NCA) as amended, the Minister must determine a threshold, for the purpose of determining whether or not a credit provider is required to be registered with the National Credit Regulator (NCR) in terms of Section 40 (1) of the NCA.

The threshold as determined by Minister Davies means that any and every person or entity that trades as a credit provider, even the smallest, illegal and informal credit providers are encouraged to register with the NCR. The desired outcome is to locate, regulate and monitor all credit providers in the Republic, in order to promote responsible credit lending, to curb reckless credit lending and reduce the over indebtedness of consumers.

Further, registered credit providers are prohibited from engaging in unconscionable and unscrupulous conduct, such as the outright criminal practices often used by illegal and informal credit providers to unlawfully force repayments on defaulting consumers, such as the retention of banking cards or identity documents as security for the loan. Registered credit providers are able to enforce their right to repayment on unwilling consumers lawfully through established debt collection procedures to counter any undue enrichment of a consumer unwilling to repay a loan.

This new threshold is an innovation in the industry that will largely contribute to an equal playing field in the credit market. The threshold will increase legal and responsible credit lending, which will in turn lead to broader financial inclusion, if implemented and sustained effectively with the support of the public and the industry.

The Department of Trade and Industry (the dti) will embark on an education and awareness campaign across all nine provinces, to educate and encourage, small, illegal and informal credit providers, to register with the NCR. This campaign will manifest through community workshops and radio broadcasts, amongst others, to ensure that the message is effectively communicated and accessible to the broader public and the industry as a whole. This will benefit both consumers and credit providers, and allow government, through the NCR, to monitor all credit providers and eliminate the abuses in the market.

The NCR will come down heavily on any credit provider large and small, who operates without

registering. It is a prohibited and illegal conduct for credit providers to retain SASSA cards, bank cards and Identity Documents.

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