

Legislation: Credit Bill shortcomings acknowledged

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'Widely divergent positions' on the controversial draft National Credit Amendment Bill nevertheless yielded 'largely constructive recommendations' during the first two days of this week's parliamentary hearings. This is according to a media statement released yesterday by the National Assembly's Trade and Industry Committee, writes Pam Saxby for **Legalbrief Policy Watch**. Noting that the draft Bill's intention is to 'provide relief to over-indebted South Africans ... (with) no other effective options' to pursue and to 'promote a change in ... borrowing and spending habits', the statement tends to suggest that the amendments mooted will be substantively reworked.

Regarding concerns expressed in some submissions about the constitutionality of certain clauses in the proposed new piece of legislation, the statement notes the importance of protecting the right of credit providers to 'a fair process'. It also acknowledges the 'significant practical challenges' entailed in reporting reckless lending: a requirement with daunting implications for credit providers and debt counsellors. This is especially given that the draft Bill seeks to criminalise non-compliance. Other matters raised during the hearings and noted in the statement include: the capacity of the National Credit

Regulator and National Consumer Tribunal to implement the measures envisaged; alternative process-related options; using a means test to identify genuinely over-indebted consumers qualifying for assistance; and lowering the caps on income and total unsecured debt, with the aim of reducing the impact of widespread debt write-offs on 'financial and economic stability'.