

Credit Industry Code of Conduct to Combat Over-Indebtedness in terms of section 48(1) (b) of the National Credit Act (NCA)

1. Preamble

- 1.1. The Code to Combat Over-indebtedness contains valuable provisions aimed at (a) preventing over-indebtedness and (b) measures for consumers who are experiencing financial difficulties due to over-indebtedness and are entitled to enter the statutory debt counselling process under the NCA.
- 1.2. As a Credit Provider, we hereby subscribe to this Code. We recognise that while the majority of our consumers incur debt in a responsible and sustainable manner, a certain number of consumers may from time to time experience financial difficulties resulting in over-indebtedness.
- 1.3. We undertake to implement a range of measures to ensure that we comply with the provisions of the NCA in respect of applications for credit and the statutory debt review in order that (a) consumers who cannot afford credit are not granted credit and (b) debt review cases are expeditiously resolved.
- 1.4. We recognise that consumers should not be provided with credit unless they are able to afford the credit for which they have applied. We recognise that where possible, over-indebted consumers should preferably obtain relief through consensual arrangements with their credit providers matched by reciprocal commitments from their side with the aim to allow them to recover from their financial difficulties. The achievement of both of these aims constitutes the primary objectives of this Code.

2. Our commitments

2.1. To prevent over-indebtedness:

We will:

- 2.1.1. Lend responsibly to our consumers to avoid over-indebtedness from occurring where possible, subject to the consumer's comprehensive and truthful participation in the application process.
- 2.1.2. Take all internal consumer credit performance information as well as all the information available on credit bureaus into consideration when granting credit to consumers.
- 2.1.3. Diligently and accurately report to the credit bureaus and, once established, the National Register of Credit Agreements envisaged in section 69 of the NCA in the prescribed manner and form.

- 2.1.4. Conduct an affordability assessment on each credit application or extension thereof.
- 2.1.5. Ensure that affordability assessments consider all the financial means and obligations of the consumers and shall collaborate with registered credit bureaux to ensure that additional datasets are made available to credit bureaux for use by credit providers in affordability assessments.
- 2.1.6. Take into consideration the affordability assessment guidelines issued by the NCR from time to time when conducting affordability assessments.
- 2.2. **To maintain relationships with other stakeholders in the statutory debt review process**

We will:

- 2.2.1. Support and co-operate fully with the NCR, debt counsellors and payment distribution agencies to facilitate agreement and co-operation amongst the respective stakeholders.
- 2.2.2. Make every effort in good faith to engage with debt counsellors and payment distribution agencies in order to resolve operational difficulties that may occur in implementing this Code.
- 2.2.3. Act co-operatively, fairly and reasonably in liaising with a consumer and a debt counsellor representing the consumer in the debt review process.

2.3. **To establish and implement internal policies and resources**

We will:

- 2.3.1. Ensure that the necessary measures are put in place in our businesses to facilitate the implementation of our commitments under this Code, including:
 - 2.3.1.1. Having in place clear internal policies and procedures regarding the treatment of debt review applications;
 - 2.3.1.2. Having a single appropriate mandated point of contact in our business with adequate resources to deal with all such matters;
 - 2.3.1.3. Ensuring that the policies and procedures our lawyers must follow reflect our commitments set out in this Code;
 - 2.3.1.4. Ensuring that our employees and representatives adhere to our commitments set out in this Code.

- 2.3.2. Diligently implement all the terms and consequential payment arrangement adjustments of any debt restructuring agreements to relieve over-indebtedness reached in the statutory debt counselling process where the debt counsellor has complied with all relevant legal and regulatory requirements.
- 2.3.3. Ensure that our employees are aware of procedures for handling complaints and disputes and the debt counselling processes to resolve financial distress due to over-indebtedness.
- 2.3.4. Not terminate debt review proceedings or resort to litigation in respect of the affected credit agreements whilst consumers acting in good faith, have lodged complaints with the NCR.
- 2.4. **To establish and implement complaint and dispute resolution policies and procedures**

We will:-

- 2.4.1. Have internal policies and procedures to resolve consumer complaints and disputes in accordance with the NCA.
- 2.4.2. If a consumer or a debt counsellor (on behalf of the consumer) lodges a complaint, we will endeavour to resolve the complaint ourselves. If they are not satisfied with the outcome, we will advise them to refer the complaint to the NCR.

2.5. **To create and support consumer awareness and education initiatives**

We will:

- 2.5.1. Make available through our websites, branch offices and periodically with statements to our consumers, educational material to:
 - 2.5.1.1. Improve our consumers' ability to manage their finances;
 - 2.5.1.2. Assist our consumers to avoid over-indebtedness;
 - 2.5.1.3. Warn them about the negative consequences of taking on too much credit;
 - 2.5.1.4. Inform them about their right to apply for debt counselling when they appear to be over-indebted;
 - 2.5.1.5. Support national and/or joint industry initiatives, as well as initiatives by independent or non-profit organisations aimed at promoting consumer education and financial literacy;

- 2.5.1.6. Periodically engage independent researchers to measure the levels of consumer awareness in respect of the matters referred to in this section.

2.6. Reporting

We will report annually to the NCR on:

- 2.6.1. The initiatives that we have undertaken and supported as well as the resources allocated to promote consumer awareness and education.

2.6.2. Statistical information on:

- 2.6.2.1. The number of debt re-arrangement proposals received;
- 2.6.2.2. The number of proposals accepted and rejected respectively, broken down according to type of credit transaction involved;
- 2.6.2.3. The number of debt reviews terminated and the reasons for the termination;
- 2.6.2.4. The number of debt review orders rescinded and the reasons for the rescission.

2.6.3. Our progress in regard to carrying out our obligations under this Code.

3. Monitoring and compliance

- 3.1. The NCR will monitor the implementation of and compliance with the Code.

4. Review of the Code

- 4.1. The NCR will review this Code as and when it considers it appropriate to do so.

5. Date of commencement

- 5.1. This Code shall come into effect on the 1st May 2013 and replaces the current Code.

6. Definitions

In this Code, the following expressions have the following meanings:

“Code” means this Credit Provider’s Code of Conduct to Combat Over-indebtedness.

“Consumer” has the meaning given to it in section 1 of the NCA.

“Credit Provider” means a registered Credit Provider as defined in section 1 of the NCA.

“NCA” means the National Credit Act 34 of 2005.

“NCR” means the National Credit Regulator as established in terms of the NCA.