September 2021

experian

A Look at the New Now

Experian Quarter 2 2021 | Consumer Default Index

With a special addendum on Women's Month insights

Contents Page

Experian Consumer Default Index (CDI) – Tracking first-time default rates for South African consumers

Overview of Index – What does it measure?

The Experian Consumer Default Index (CDI) is designed to measure the rolling default behaviour of South African consumers with Home Loan, Vehicle Loan, Personal Loan, Credit Card and Retail Loan accounts.

On a monthly basis, lenders typically classify their consumer accounts into one of several predetermined payment categories to reflect the level of arrears. When a lender deems the statement balance of a consumer account to be uncollectible due to being in arrears 90 or more days or having statuses such as repossession, foreclosure, charge-off or write-off, the consumer account is said to be in default.

The CDI tracks the marginal default rate as it measures the sum of first-time defaulted balances, i.e. accounts that have never previously defaulted, as a percentage of the total sum of balances outstanding.

The CDI is published quarterly with a two-month lag; the indices include a balance-weighted composite index, as well as the five product-specific sub-indices. Two grouped indices are also provided:

1. Home Loans, Vehicle Loans and Credit Cards (these products are typically held by the traditionally banked market segments); and
2. Personal Loans and Retail Loans (these products are usually used as entry products into the credit market).

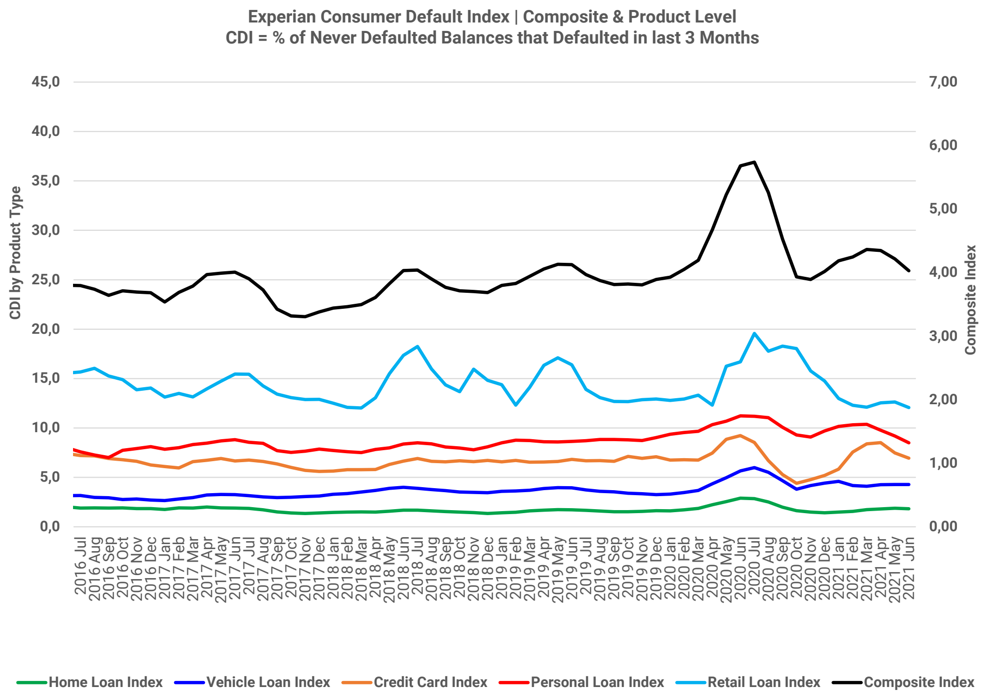
The indices are also determined at FAS Type level to provide further insight into the dynamics faced by specific consumer affluence-related segments that are experiencing different stress due to macro forces such as unemployment, interest rate changes and economic growth.

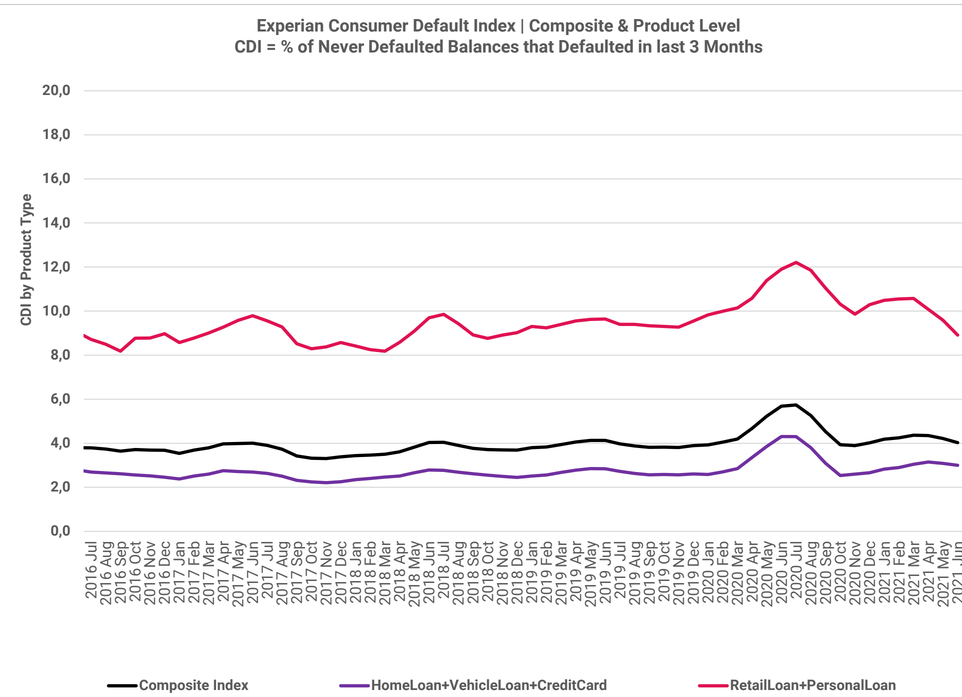
23.3 million consumers with Credit Card, Personal Loan, Vehicle Loan, Home Loan and/or Retail Loan accounts.

28.6 million active accounts across Credit Card, Personal Loan, Vehicle Loan, Home Loan and/or Retail Loan.

R1.90 trillion in outstanding debt.

Composite Consumer Default Index





	Index	CDI Jun'21	CDI Jun'20	Average Outstanding Apr'21-Jun'21	New Default Balances Apr'21-Jun'21
■	Composite	4,03	5,68	1 901 242 380 505	19 151 063 289
■	Home Loan	1,83	2,90	976 280 200 460	4 464 739 966
■	Vehicle Loan	4,28	5,66	449 935 804 946	4 815 361 625
■	Credit Card	6,94	9,23	144 696 314 944	2 511 976 242
■	Personal Loan	8,51	11,22	292 921 682 946	6 229 880 029
■	Retail Loan	12,07	16,69	37 408 377 208	1 129 105 427
■	Home Loan + Veicle Loan + Credit Card	3,00	4,31	1 570 912 320 351	11 792 077 833
■	Retail Loan + Personal Loan	8,91	11,90	330 330 060 154	7 358 985 456

The CDI improved in 2021 Q2, dropping from 4.33% in 2021 Q1 to 4.03% in 2021 Q2. This **Q-o-Q improvement** is partly the result of the **ease of lockdown** criteria in March 2021. In addition, we have also seen **new business volumes** ease in the early parts of 2021 – thus reducing the population from which first-time default stems. This reduction in new business volumes was particularly evident in Retail and Personal Loans. This is no surprise considering that these products saw a step increase in new business volumes over the Black Friday and festive season in 2020 Q4.

At 4.03% in 2021 Q2, the **Y-o-Y CDI is also tracking lower** than the all-time high of 5.68% observed in 2020 Q2, following the initial level 5 lockdown that was imposed on 27 March 2020. The CDI improved Y-o-Y across all products, most predominantly **Home Loans**, which improved from 2.90% in 2020 Q2 to 1.83% in 2021 Q2. Home Loan accounts for more than 50% of the composite CDI and, as such, this was the driving force behind the improvement, supported by improvement in all the other banking and retail products.

Composite Consumer Default Index by Macro-FAS

Composite CDI	CDI Jun' 20	CDI Jun' 21	Average Oustanding Apr' 21 - Jun' 21	New Default Balances Apr' 21 - Jun' 21	CDI % Change
Group 1: Luxury Living	3,85	2,99	R 600,13 Billion	R 4,49 Billion	-22%
Group 2: Aspirational Achievers	4,95	3,68	R 840,27 Billion	R 7,74 Billion	-26%
Group 3: Stable Spenders	8,91	5,45	R 197,69 Billion	R 2,69 Billion	-39%
Group 4: Money-Concious Majority	8,37	5,72	R 214,52 Billion	R 3,07 Billion	-32%
Group 5: Laboured Living	16,01	10,79	R 28,97 Billion	R ,78 Billion	-33%
Group 6: Yearning Youth	21,61	12,63	R 9,76 Billion	R ,31 Billion	-42%

The 6 groups that make up macro-FAS include:

- **FAS Group 1: Luxury Living** (2.5% of the credit-active population) - Affluent individuals representing the upper crust of South African society with the financial freedom to afford expensive homes and cars.
- **FAS Group 2: Aspirational Achievers** (9.3% of the credit-active population) - Young and middle-aged professionals with the resources to afford a high level of living while furthering their careers, buying property and establishing families.
- **FAS Group 3: Stable Spenders** (7.2% of the credit-active population) - Young adults with that rely on financial products to assist in making ends meet or to afford specific necessities such as clothing and school fees or seasonal luxuries.
- **FAS Group 4: Money-Conscious Majority** (40.0% of the credit-active population) - Older citizens that are conscious of where and how they spend their money, often seeking out financial products to cover basic needs or for unforeseen expenses.
- **FAS Group 5: Laboured Living** (24.6% of the credit-active population) - Financially limited individuals as salaries are below national tax thresholds; they spend their money on basic living necessities such as food and shelter.
- **FAS Group 6: Yearning Youth** (16.4% of the credit-active population) - Very young citizens that are new to the workforce; this mix of labourers and possibly working students earn low salaries and are limited to spending on non-essential goods.

How does the composite cdi look at the macro-FAS level?

Consistent with the observation that the most affluent FAS Groups were the most negatively affected in the CDI deterioration observed since the on-set of COVID, we again see the most affluent consumers benefitting least from the improvement in CDI.

FAS Groups 1 and 2 exhibited the least significant improvement (CDI% change) from 2020 Q2 to 2021 Q2.

- **Luxury Living:** With an average opening home loan balance in excess of R1.2m (54% owning one home and 25% owning multiple properties) and an average opening vehicle loan balance greater than R450k, this group is highly exposed to secured credit resulting in a relative 22% CDI improvement, moving from 3.85% in June 2020 to 2.99% in June 2021.
- **Aspirational Achievers:** With an average opening home loan balance of ~R550k (51% owning at least one home) and an average opening vehicle loan balance greater than R250k, this group is also highly exposed to secured credit. Their CDI improvement from 4.95% in June 2020 to 3.68% in March 2021 was also relatively modest, compared to the improvement observed for less affluent FAS Groups.

FAS Group 6, the **Yearning Youth**, which makes up ~ 16% of the South African population, saw the greatest Relative CDI improvement from 21.61% in June 2020 to 12.63% in June 2021 (42% relative CDI change). Their exposure to secured credit is negligible (<1%), but exposure to unsecured credit – particularly Retail Loans, is more substantial at 6%. The significant improvement in CDI in 2021 Q2 stems from low sales volumes – particularly in the retail space, where many providers opted for more stringent lending criteria, thus only lending to consumers who pose very low risk to the providers.

Composite Consumer Default Index by FAS Type

FAS		CDI		
FAS Type Name	**Description**	**Jun'21**	**Jun'20**	**Year on Year Δ**
01. Independent Investors	The most affluent members of South Africa the majority of which are directors and financially savvy individuals that understand how to make their money work for them.	3,11	4,09	-0,98
02. Affluent Couples	Well-educated power couples that understand the importance of investments, the correct handling of finances, and protecting their assets.	3,06	3,71	-0,65
03. Professional Players	Career-driven and well-educated individuals with exceptional entrepreneurial abilities that know how to work hard to support their lifestyles.	2,84	3,86	-1,02
04. Logged-On Lifestyles	Young professionals that are very active when it comes to online retail buying but understand the value investments such as property carry.	1,59	2,74	-1,15
05. Liquid Living	Upper-middle-class, mature individuals with strong family tendencies that rely on financing to afford the extra necessities in life.	2,84	4,10	-1,26
06. Successful Singles	Young and unmarried but successful individuals that are driven by prestige and seek to further their personal and professional accomplishments.	3,24	4,23	-0,99
07. Lifestyle Lending	Established individuals that are eager to spend but are still somewhat reliant on credit to support their lifestyles.	4,09	5,01	-0,91
08. Comfortable Retirees	Stable, mature individuals either approaching or in retirement that are set up for comfortable retirement.	4,31	5,37	-1,06
09. Secure Singles	Young singles that are setting up their lives and with the potential to become a more affluent type as they age and their incomes increase.	4,70	5,02	-0,33
10. Comfortable Couples	Couples leading enjoyable lives and whose basic needs are met; however, they are not prepared for the odd financial hiccough.	5,67	7,35	-1,68
11. Steady Entrepreneurs	Middle-aged small business entrepreneurs that can support themselves but would struggle to afford more expensive assets.	9,02	12,47	-3,44
12. Stand-Alone Singles	Young money-savvy and independent singles that are building their personal lives and careers by climbing the ranks and that understand the importance of assets.	3,75	5,90	-2,15
13. Plugged-In Purchasers	Having grown up with the development of technology, most have not known a world without the internet and would leverage technology in their careers.	3,73	7,25	-3,52
14. Payday Pursuers	Living from month to month, these middle-aged individuals rely on finance to bridge the gap between paydays.	4,14	7,35	-3,21
15. Deficient Directors	Owners of small enterprises that are unlikely to see any significant increase in income and whose financial limits impact their ability to budget for unforeseen financial needs.	6,93	10,39	-3,46
16. Credit-Reliant Consumers	Young adults are relying on financing to cover monthly expenses, especially for retail purchases; most likely to elevate their level of lifestyle.	10,64	17,21	-6,57

17. Secure Seniors	Senior citizens who are mostly in their retirement with enough income to provide for the basics and financial security.	3,77	4,74	-0,97
18. Coping Couples	Mature couples in the late stages of their careers as employees with enough income to cover basic needs until they retire.	2,90	4,34	-1,44
19. Restricted Retirees	Senior citizens who struggle to afford the basics, and therefore need to continue working despite being in retirement.	6,41	7,91	-1,51
20. Low Earners	With some of the lowest salaries, these middle-aged individuals are severely restricted in terms of access to financing and purchasing power.	9,89	13,10	-3,21
21. Misfortunate Mature	Approaching retirement age, these wage-based employees would need to continue working well into retirement to supplement their state pensions.	7,96	9,90	-1,95
22. Concerning Citizens	Late middle-aged employees that are ill-equipped to accumulate adequate savings or investments for retirement, instead they use salaries to cover basic needs.	6,93	10,37	-3,44
23. Money-Wise Mature	Mature individuals that are not financially secure and may even need to work part-time during retirement to supplement any pensions received.	6,53	9,52	-2,99
24. Depleted Resources	Employees, probably in the unskilled worker sector, with low resources which restrict access to financial services to afford monthly necessities.	7,52	12,90	-5,37
25. Strained Adults	Low finances leave these middle-aged individuals strained to afford little more than the basics.	9,48	16,42	-6,94
26. Online Survivors	Young adult unskilled or shift workers that are likely cohabiting with significant others or family and are unable to afford more than their basic needs.	11,64	12,56	-0,93
27. Struggling Earners	While these individuals struggle to make ends meet, which has led to a reliance on financing to supplement their income, they do understand the value of insuring the little they have.	7,71	11,36	-3,65
28. Minimum-Money Workers	Unskilled labourers, with salaries barely above the minimum wage for South Africa, whose meagre salaries are a huge obstacle in obtaining finance with which to buy assets.	11,51	20,79	-9,28
29. Inexperienced Earners	Young salaried employees that are new to the job market and are beginning to set up their lives; however, they are likely still residing with family or are renting cheaper accommodation.	11,85	21,01	-9,16
30. Eager Youth	The youngest entry-level employees that are beginning to realise the cost of living and are likely reliant on family for support or accommodation.	14,44	22,95	-8,50

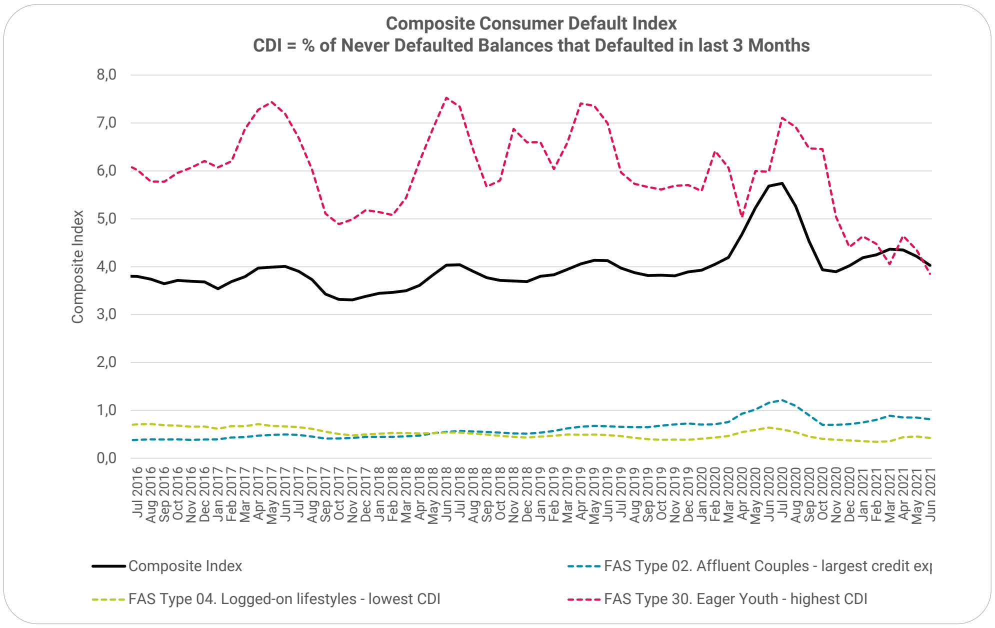
Considering the low base, the 2021 Q2 CDI is compared to the Y-o-Y movement in CDI which highlights that the most significant improvements were observed for the less affluent FAS Types, whereas more affluent FAS Types showed less pronounced improvement on a Y-o-Y basis. It is important to note, though, that new business volumes over the last year have been even more skewed to the less risky market segments, as many lenders tightened lending criteria. The smallest improvement in CDI was observed for Secure Singles (FAS Type 9), whereas the biggest improvement was observed for Minimum-Money Workers (FAS Type 28).

- **Secure Singles (Type 9):** improved from 5.02 in 2020 Q2 to 4.70 in 2021 Q2. This was the least significant CDI improvement in 2021 Q2.
- These consumers form part of FAS Group 2, which still reflects the more affluent, and thus perceived to be less risky, end of the market. They would typically have gained approval under more stringent lending criteria. However, due to their high exposure to business enterprises through their relatively high directorship, Secure Singles suffered significant reductions in income off the back of various lockdown criteria.

Minimum-Money Workers (FAS Type 28): These consumers are some of the least affluent members of South African society. They earn average annual salaries less than R50 000, and only 1% of them own a property. They are, on average, 34 years old and are mostly single. They are typically dependent on public transport and prepaid airtime and are highly exposed to unsecured credit (they hold ~5% of the Retail market, and most of the individuals in this type have unsecured loans).

- **Minimum-Money Workers** showed a significant Y-o-Y improvement in CDI from 20.79% in June 2020 to 11.51% in June 2021.
- These consumers exhibited very high risk to lenders and were therefore typically not extended new products since the introduction of more strict lending criteria by credit providers. As a result, Minimum-Money Workers saw a very significant improvement in CDI – not because of their improved ability to service their debt commitments, but because they typically were not extended new credit products due to more stringent criteria.

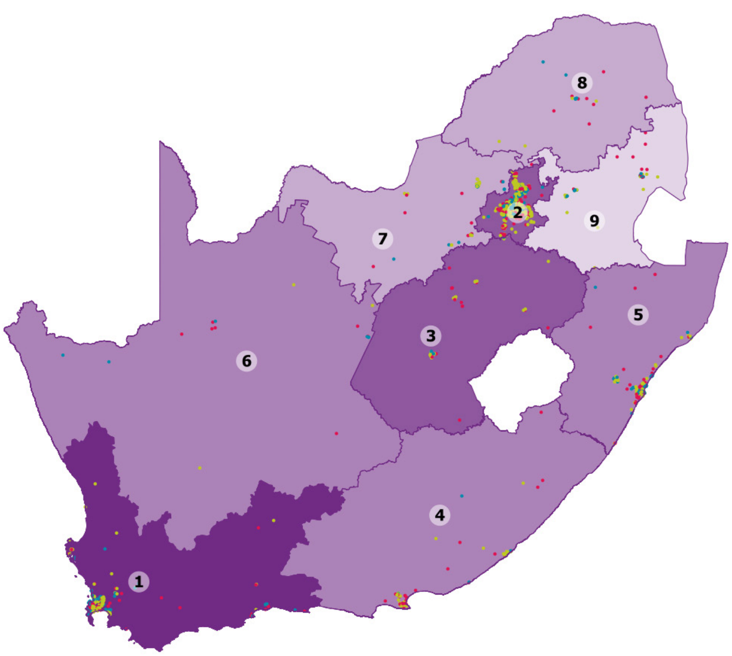
Composite Consumer Default Index by Province.



4.03%
of balances on an annualized basis defaulted for first time over the period Apr 2021 to Jun 2021.

R19.15bn
in value defaulted for first time over the period Apr 2021 to Jun 2021.

	CDI Jun'21	CDI Jun'20	New Default Balances Apr'21-Jun'21
Composite Index	4,03	5,68	19 151 063 289
FAS Type 2 - Largest Credit Exposure	3,06	3,71	1 879 702 380
FAS Type 4 - Lowest CDI	1,59	2,74	582 753 324
FAS Type 30 - Highest CDI	14,44	22,95	105 753 746



FAS Type 2 - Largest Credit Exposure
FAS Type 4 - Lowest CDI
FAS Type 30 - Highest CDI

Composite	CDI	
Rank & Province	Jun'20	Jun'21
1. Western Cape	4,63	3,16
2. Gauteng	5,52	3,86
3. Free State	5,62	3,96
4. Eastern Cape	5,62	4,33
5. KwaZulu-Natal	6,26	4,66
6. Northern Cape	6,21	4,72
7. North West	7,13	4,82
8. Limpopo	7,25	5,14
9. Mpumalanga	7,07	5,18

At a provincial level, the improvement in CDI was most prominent in the North West, Limpopo and Mpumalanga, where there is a high representation of the less affluent members of the South African society.

- The CDI in the **Western Cape** is still the lowest, at 3.16%, down from the 4.63% observed in June 2020. The Western Cape, with its high representation of more affluent consumers, showed a less pronounced improvement than some of the provinces with less affluent profiles.
- At the opposite end of the scale, **Mpumalanga** is the province with the lowest but one of the most improved CDIs, showing a decrease in CDI from 7.07% in June 2020 to 5.18% in June 2021. Compared with other provinces, the performance in Mpumalanga aligns with the higher proportion of FAS Groups 4, 5 and 6 residing in this province, who tend to be more financially distressed.

The high representation of more affluent consumers leads to less pronounced improvement in CDI. Still, all provinces showed a significant Y-o-Y improvement in CDI, as the lockdown levels 5 and 4 measures imposed during Q2 of 2020 caused record-level deterioration in CDI this time last year.

Composite Consumer Default Index by Micro-FAS

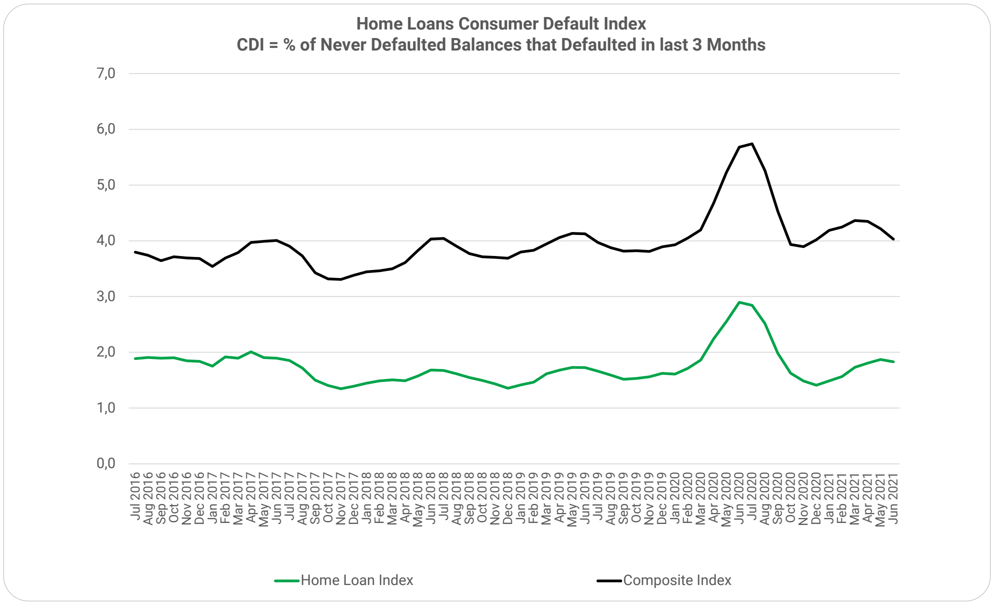
FAS	CDI		
FAS Type Name	Mar'21	Mar'20	Year on Year Δ
01. Independent Investors	3,11	4,09	-0,98
02. Affluent Couples	3,06	3,71	-0,65
03. Professional Players	2,84	3,86	-1,02
04. Logged-On Lifestyles	1,59	2,74	-1,15
05. Liquid Living	2,84	4,10	-1,26
06. Successful Singles	3,24	4,23	-0,99
07. Lifestyle Lending	4,09	5,01	-0,91
08. Comfortable Retirees	4,31	5,37	-1,06
09. Secure Singles	4,70	5,02	-0,33
10. Comfortable Couples	5,67	7,35	-1,68
11. Steady Entrepreneurs	9,02	12,47	-3,44
12. Stand-Alone Singles	3,75	5,90	-2,15
13. Plugged-In Purchasers	3,73	7,25	-3,52
14. Payday Pursuers	4,14	7,35	-3,21
15. Deficient Directors	6,93	10,39	-3,46
16. Credit-Reliant Consumers	10,64	17,21	-6,57
17. Secure Seniors	3,77	4,74	-0,97
18. Coping Couples	2,90	4,34	-1,44
19. Restricted Retirees	6,41	7,91	-1,51
20. Low Earners	9,89	13,10	-3,21
21. Misfortunate Mature	7,96	9,90	-1,95
22. Concerning Citizens	6,93	10,37	-3,44
23. Money-Wise Mature	6,53	9,52	-2,99
24. Depleted Resources	7,52	12,90	-5,37
25. Strained Adults	9,48	16,42	-6,94
26. Online Survivors	11,64	12,56	-0,93
27. Struggling Earners	7,71	11,36	-3,65
28. Minimum-Money Workers	11,51	20,79	-9,28
29. Inexperienced Earners	11,85	21,01	-9,16
30. Eager Youth	14,44	22,95	-8,50

At a Financial Affluence Segment Group-level, FAS groups 1 and 2 jointly have ~ 75% of the total Banking and Retail market exposure. These consumers have the largest exposure to credit – particularly secured credit – and are generally deemed to be of lower risk. Hence, the CDI for these consumers is typically at the lower end of the scale. The FAS Types that make up these 2 groups also showed the lowest Y-o-Y improvement in CDI in 2021 Q2, as these were the consumers who typically still qualified for new products over the last year.

- **Affluent Couples (FAS Type 2)** are well-educated power couples that understand the importance of investments, finances, and insurance. They have the ***largest credit exposure*** across all segments. This type similarly showed improvement in CDI from 3.71% in June 2020 to 3.06% in June 2021.
- **Logged-on Lifestyles (FAS Type 4)** are young professionals that are very active when it comes to online retail buying but understand the value of investments such as property. They have the ***lowest CDI*** and are showing improvement in their first-time default rate from a CDI of 2.74% in June 2020 to 1.59% in June 2021.
- **Eager Youth (FAS Type 30)** who are the youngest entry-level employees that are beginning to realise the cost of living and are likely reliant on their family for support or accommodation, have the ***highest CDI***. However, as this is the population that is typically excluded from credit in a tightening environment, their CDI has shown a marked improvement over the past year, moving from a CDI of 22.95% in June 2020 to 14.44% in June 2021.

	CDI Jun'21	CDI Jun'20	New Default Balances Apr'21-Jun'21
Composite Index	4,03	5,68	19 151 063 289
FAS Type 2 - Largest Credit Exposure	3,06	3,71	1 879 702 380
FAS Type 4 - Lowest CDI	1,59	2,74	582 753 324
FAS Type 30 - Highest CDI	14,44	22,95	105 753 746

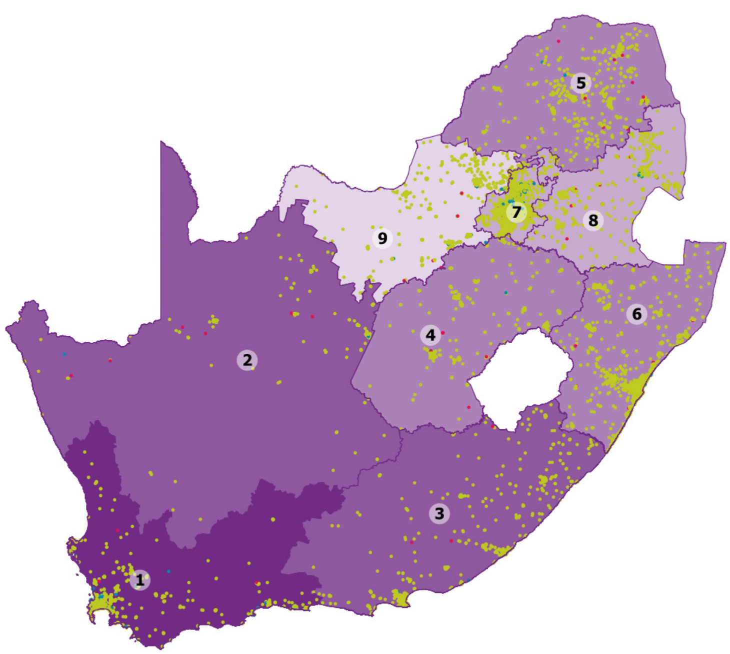
Home Loan Consumer Default Index by Province



1.83%
of home loan balances on an annualized basis defaulted for first time over the period Apr 2021 to Jun 2021.

R4.46bn
in value defaulted for first time over the period Apr 2021 to Jun 2021.

	CDI Jun'21	CDI Jun'20	New Default Balances Apr'21-Jun'21
Home Loan Index	1,83	2,90	4 464 739 966
FAS Type 2 - Largest Credit Exposure	2,08	2,70	813 260 756
FAS Type 26 - Lowest CDI	0,80	2,74	1 413 415
FAS Type 11 - Highest CDI	4,20	7,17	40 973 815



FAS Type 2 - Largest Credit Exposure
FAS Type 26 - Lowest CDI
FAS Type 11 - Highest CDI

Home Loans	CDI	
Rank & Province	Jun'20	Jun'21
1. Western Cape	2,22	1,39
2. Northern Cape	2,57	1,54
3. Eastern Cape	2,42	1,70
4. Free State	3,07	1,78
5. Limpopo	3,16	1,81
6. KwaZulu-Natal	3,18	1,91
7. Gauteng	3,07	1,98
8. Mpumalanga	3,33	2,01
9. North West	3,71	2,17

The most significant relative improvement in CDI was seen in Home Loans, moving from 2.90% in June 2020 to 1.83% in June 2021. This constituted a 37% relative improvement. This improvement, coupled with the fact that Home Loans contribute 51% to the Composite CDI, resulted in Home Loans being the main driver behind the improved Composite CDI.

- The Home Loans CDI in the **Western Cape** exhibited the smallest absolute improvement, moving from 2.22% in June 2020 to 1.39% in June 2021. The province remains the province with the lowest CDI for Home Loans.
- At the opposite end of the scale, the **North West** is the most improved province from a first default perspective, improving in Home Loans CDI of 3.71% in June 2020 to 2.17% in June 2021. It is, however, still the province with the highest CDI. This is reflective of the relatively low representation of high-affluence FAS groups, who have been under severe strain from a CDI perspective.

Home Loan Consumer Default Index by Micro-FAS

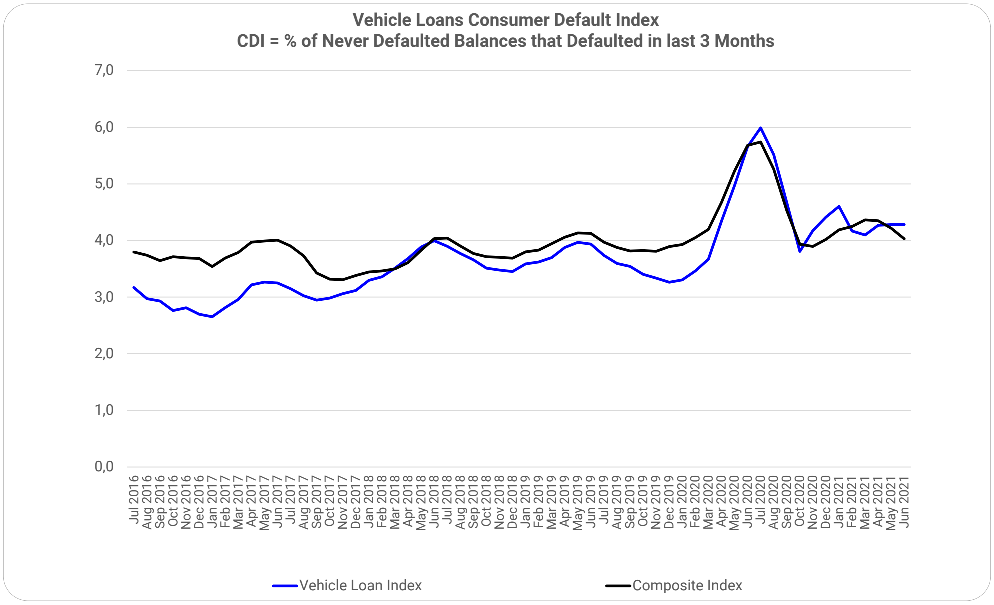
FAS	CDI		
FAS Type Name	Mar' 20	Mar' 21	Year on Year Δ
01. Independent Investors	2,22	3,47	-1,25
02. Affluent Couples	2,08	2,70	-0,62
03. Professional Players	1,57	2,59	-1,02
04. Logged-On Lifestyles	1,29	2,28	-0,99
05. Liquid Living	1,60	2,71	-1,10
06. Successful Singles	1,41	2,05	-0,64
07. Lifestyle Lending	2,54	3,42	-0,88
08. Comfortable Retirees	2,45	3,61	-1,16
09. Secure Singles	1,97	2,80	-0,83
10. Comfortable Couples	2,74	4,20	-1,46
11. Steady Entrepreneurs	4,20	7,17	-2,97
12. Stand-Alone Singles	0,80	1,76	-0,96
13. Plugged-In Purchasers	1,37	2,98	-1,61
14. Payday Pursuers	1,25	3,60	-2,34
15. Deficient Directors	2,29	4,85	-2,56
16. Credit-Reliant Consumers	2,17	4,09	-1,92
17. Secure Seniors	2,57	3,71	-1,14
18. Coping Couples	1,91	3,19	-1,28
19. Restricted Retirees	3,35	5,68	-2,33
20. Low Earners	2,37	3,69	-1,31
21. Misfortunate Mature	3,23	3,54	-0,32
22. Concerning Citizens	2,31	3,79	-1,47
23. Money-Wise Mature	2,89	4,76	-1,86
24. Depleted Resources	2,53	4,43	-1,90
25. Strained Adults	3,83	5,98	-2,15
26. Online Survivors	0,80	2,74	-1,94
27. Struggling Earners	1,80	3,04	-1,24
28. Minimum-Money Workers	3,33	6,75	-3,43
29. Inexperienced Earners	3,50	9,36	-5,86
30. Eager Youth	1,59	4,41	-2,82

The largest credit exposure from a Home Loans perspective falls in the FAS Groups 1 and 2. While not immune to the distressed environment, consumers with access to home loans have a lower likelihood of defaulting on loans due to the strict credit risk criteria lenders have in place when assessing applicants.

- **Affluent Couples (FAS Type 2)**, are typically well-educated power couples that understand the importance of investments, the correct handling of finances, and protecting their assets and have by far ***the largest credit exposure in Home Loans***. While financially mature, this type experienced a relatively modest improvement in Home Loans CDI from 2.70% in June 2020 to 2.08% in June 2021.
- **Online Survivors (FAS Type 26)**, who are young adult unskilled or shift workers that are likely cohabiting with significant others or family and are unable to afford more than their basic needs, have the ***lowest CDI for Home Loans***. They also saw a significant improvement in CDI from 2.74% in June 2020 to 0.80% in June 2021. Rather than signifying stellar performance of this segment, this result reflects the low exposure (< 1% exposure) of this segment to Home Loans and hence of the relatively high volatility in their CDI.
- **Steady Entrepreneurs (FAS Type 11)**, are mostly single males in their thirties. These consumers most likely own SMEs in the small trades industry, and they earn a moderate income of ~R274 000 p.a. The livelihood of these consumers was probably heavily impacted by the COVID lockdown regulations over the past year and thus, although they show an improvement in CDI from 7.17% in June 2020 to 4.20% in June 2021, this FAS type has the ***highest Home Loans CDI.***

	CDI Jun'21	CDI Jun'20	New Default Balances Apr'21-Jun'21
Home Loan Index	1,83	2,90	4 464 739 966
FAS Type 2 - Largest Credit Exposure	2,08	2,70	813 260 756
FAS Type 26 - Lowest CDI	0,80	2,74	1 413 415
FAS Type 11 - Highest CDI	4,20	7,17	40 973 815

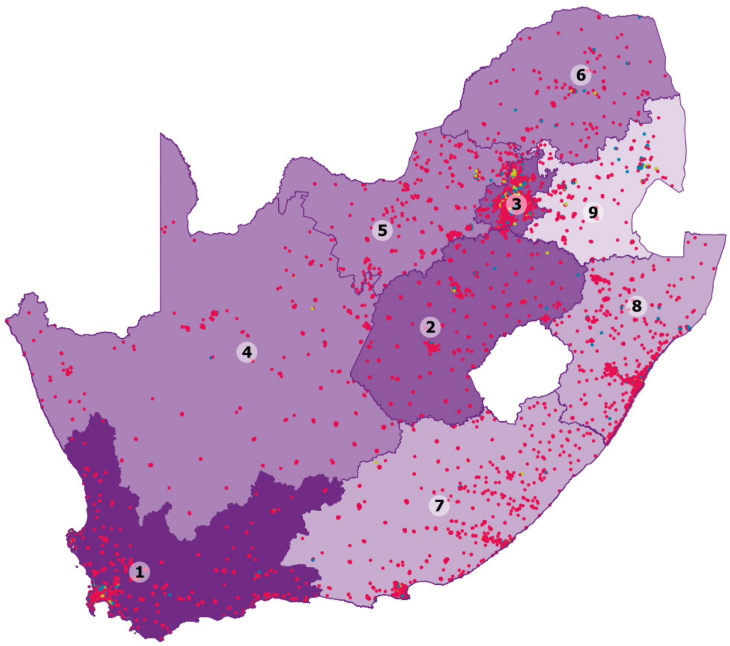
Vehicle Loan Consumer Default Index by Province



4.28%
of vehicle loan balances on an annualised basis defaulted for the first time over the period of Apr 2021 to Jun 2021.

R4.82bn
in value defaulted for the first time over the period of Apr 2021 to Jun 2021.

	CDI Jun'21	CDI Jun'20	New Default Balances Apr'21-Jun'21
Vehicle Loan Index	4,28	5,66	4 815 361 625
FAS Type 5 - Largest Credit Exposure	3,19	4,49	478 516 989
FAS Type 4 - Lowest CDI	1,62	2,68	77 545 963
FAS Type 19 - Highest CDI	18,57	10,98	4 050 564



FAS Type 5 - Largest Credit Exposure
FAS Type 4 - Lowest CDI
FAS Type 19 - Highest CDI

Vehicle Loans	CDI	
Rank & Province	Jun'20	Jun'21
1. Western Cape	4,62	3,43
2. Free State	4,69	3,46
3. Gauteng	5,77	4,17
4. Northern Cape	5,36	4,34
5. North West	6,32	4,35
6. Limpopo	6,35	4,58
7. Eastern Cape	5,37	4,62
8. KwaZulu-Natal	5,79	4,94
9. Mpumalanga	6,54	4,99

Vehicle Loans CDI has also shown improvement, moving from 5.66% in June 2020 to 4.28% in June 2021.

- The Vehicle Loans CDI in the **Western Cape** again ranks the lowest of all the South African provinces. This is reflective of the high representation of the more affluent FAS Groups 1 and 2 in the province. As was the case with all provinces, the Western Cape also showed an improvement in Vehicle Loans CDI, moving from 4.62% in June 2020 to 3.43% in June 2021.
- The **North West** is the province that showed the greatest improvement in Vehicle Loan CDI, moving from 6.32% in June 2020 to 4.35% in June 2021.
- **Mpumalanga** is still showing the highest CDI for Vehicle Loans, despite the improvement from 6.54% in June 2020 to 6.54% in June 2021.

Vehicle Loan Consumer Default Index by Micro-FAS

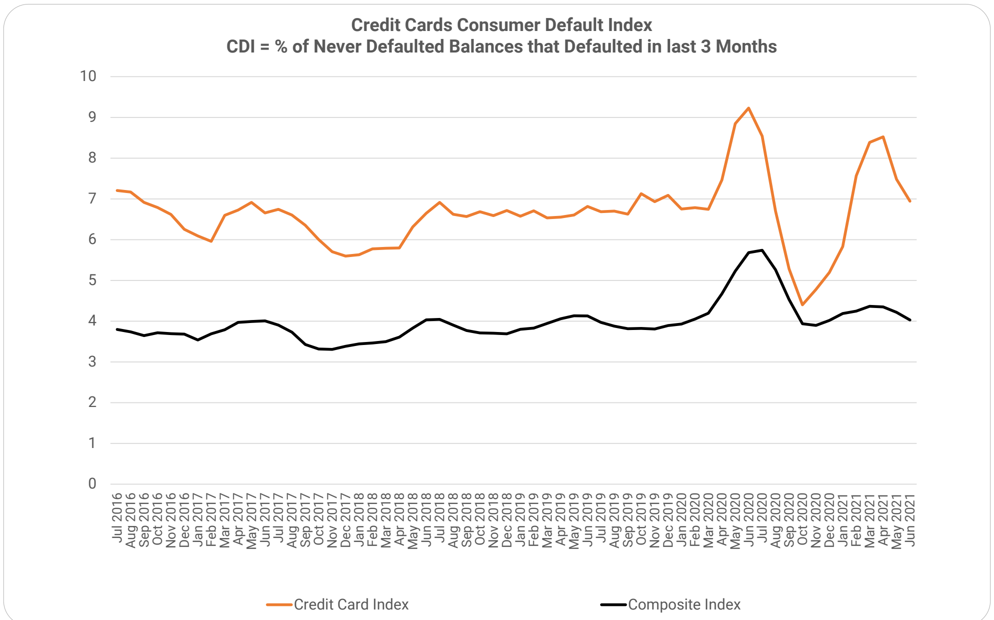
FAS	CDI		
FAS Type Name	Mar' 20	Mar' 21	Year on Year Δ
01. Independent Investors	3,93	5,06	-1,13
02. Affluent Couples	3,54	4,66	-1,12
03. Professional Players	3,68	4,90	-1,22
04. Logged-On Lifestyles	1,62	2,68	-1,06
05. Liquid Living	3,19	4,49	-1,31
06. Successful Singles	4,48	5,78	-1,30
07. Lifestyle Lending	3,80	4,71	-0,92
08. Comfortable Retirees	3,99	4,39	-0,40
09. Secure Singles	4,71	4,47	0,24
10. Comfortable Couples	4,85	5,92	-1,07
11. Steady Entrepreneurs	7,77	10,71	-2,94
12. Stand-Alone Singles	4,54	6,27	-1,74
13. Plugged-In Purchasers	5,40	7,97	-2,57
14. Payday Pursuers	6,25	9,44	-3,18
15. Deficient Directors	7,61	10,45	-2,84
16. Credit-Reliant Consumers	9,40	13,98	-4,57
17. Secure Seniors	5,74	5,76	-0,02
18. Coping Couples	3,83	4,36	-0,53
19. Restricted Retirees	18,57	10,98	7,58
20. Low Earners	13,63	10,88	2,75
21. Misfortunate Mature	10,70	6,88	3,82
22. Concerning Citizens	12,26	10,35	1,91
23. Money-Wise Mature	8,90	11,05	-2,14
24. Depleted Resources	8,47	14,15	-5,68
25. Strained Adults	8,43	14,33	-5,90
26. Online Survivors	17,71	10,58	7,13
27. Struggling Earners	14,94	6,22	8,72
28. Minimum-Money Workers	13,96	18,65	-4,69
29. Inexperienced Earners	14,53	20,84	-6,31
30. Eager Youth	9,98	20,92	-10,94

Access to vehicle loans is predominantly targeted at macro-FAS Groups 1 and 2. The largest credit exposure is in FAS Group 2, who holds 48% of the market.

- **Liquid Living (Type 5)**, upper-middle-class mature individuals, with an average age of 52. 69% of them are married, probably having children who are in their late teens and early twenties. With an average annual income of R415 000 and 78% of them having Vehicle Loans, these consumers have ***the largest credit exposure*** in Vehicle Loans. This type similarly experienced an improvement in Vehicle Loan CDI over the period, moving from 4.49% in June 2020 to 3.19% in June 2021.
- **Logged-on Lifestyles (Type 4)** who are young professionals that are very active when it comes to online retail buying, but understand the value of investments such as property, have the ***lowest Vehicle Loan CDI*** and are showing improvement in their first-time default rate from a CDI of 2.68% in June 2020 to 1.62% in June 2021.
- **Restricted Retirees (Type 19)** are senior citizens who struggle to afford the basics and therefore need to continue working despite being in retirement. As such, the few individuals in this segment who do have a Vehicle Finance product (6%) are likely to be pushing their limits in terms of affordability and, as a result, are exhibiting the ***highest Vehicle Loans CDI.***

	CDI Jun'21	CDI Jun'20	New Default Balances Apr'21-Jun'21
Vehicle Loan Index	4,28	5,66	4 815 361 625
FAS Type 5 - Largest Credit Exposure	3,19	4,49	478 516 989
FAS Type 4 - Lowest CDI	1,62	2,68	77 545 963
FAS Type 19 - Highest CDI	18,57	10,98	4 050 564

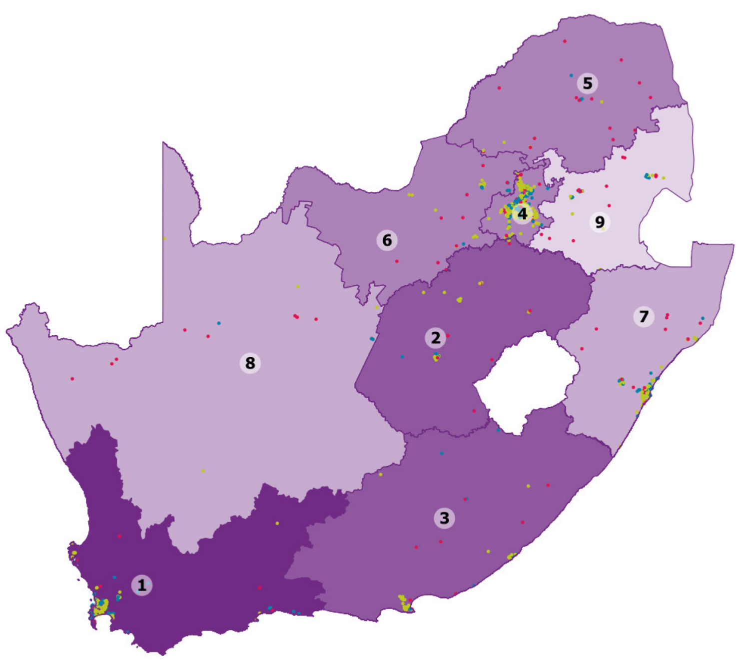
Credit Card Consumer Default Index by Province



6.94%
of credit card balances on an annualised basis defaulted for the first time over the period of Apr 2021 to Jun 2021.

R2.99bn
in value defaulted for the first time over the period of Apr 2021 to Jun 2021.

	CDI Jun'21	CDI Jun'20	New Default Balances Apr'21-Jun'21
Credit Card Index	6,94	9,23	2 511 976 242
FAS Type 2 - Largest Credit Exposure	5,60	6,25	267 188 238
FAS Type 4 - Lowest CDI	4,04	6,87	42 205 373
FAS Type 11 - Highest CDI	13,16	17,63	157 036 977



FAS Type 2 - Largest Credit Exposure
FAS Type 4 - Lowest CDI
FAS Type 11 - Highest CDI

Credit Cards	CDI	
Rank & Province	Jun'20	Jun'21
1. Western Cape	7,94	6,36
2. Free State	8,46	6,65
3. Eastern Cape	9,01	6,72
4. Gauteng	9,17	6,83
5. Limpopo	9,86	7,41
6. North West	10,60	7,46
7. KwaZulu-Natal	10,17	7,58
8. Northern Cape	9,70	7,98
9. Mpumalanga	10,78	8,09

The Credit Card CDI has improved significantly from the high CDI observed in 2021 Q1, with the Q-o-Q improvement from 8.39% in March 2021 to 6.94% in June 2021. This index also follows suit in terms of the Y-o-Y movement, improving to 6.94% in June 2021.

- The Credit Card CDI in the **Western Cape** again proved to be the lowest when compared to other provinces at 6.36% in June 2021. This, although a significant improvement from the 7.94% observed in June 2020, was still a relatively modest shift when compared with the improvement seen in provinces like the North West and Mpumalanga. This aligns with the high representation of FAS Groups 1 and 2 in this province, where these are the consumer groups that showed a more modest recovery in CDI than other groups.
- **North West** is showing the most significant improvement, moving from 10.60% in June 2020 to 7.46% in June 2021. The performance again aligns with the higher proportion of FAS Groups 4, 5 and 6, residing in this province, who have shown the most significant improvement in CDI Y-o-Y.
- The CDI in the **Mpumalanga** remains the highest, despite improving from 10.78% in June 2020 to 8.09% in June 2021..



Credit Card Consumer Default Index by Micro-FAS

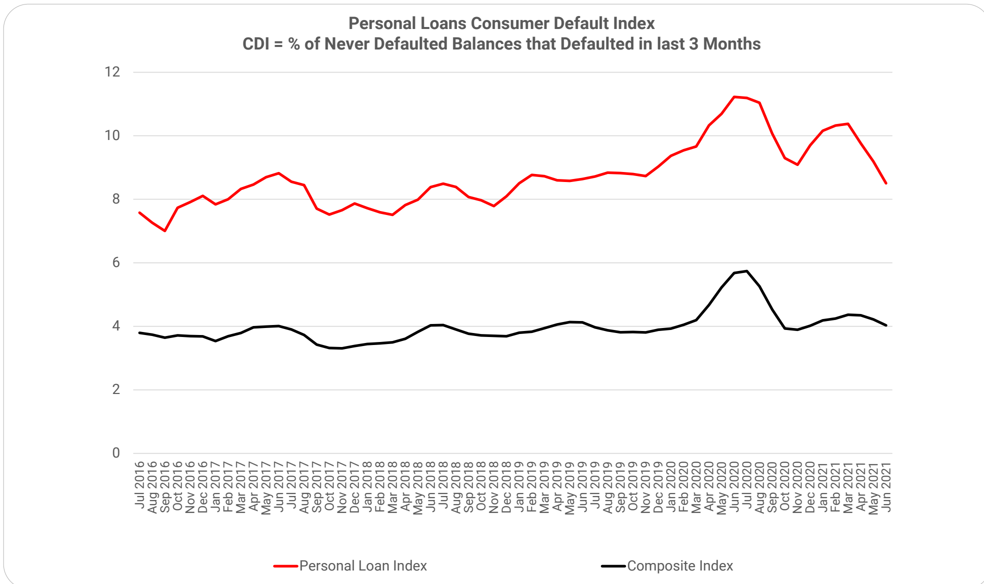
FAS	CDI		
FAS Type Name	**Jun'20**	**Jun'21**	**Year on Year Δ**
01. Independent Investors	4,98	5,09	-0,12
02. Affluent Couples	5,60	6,25	-0,66
03. Professional Players	6,26	7,49	-1,23
04. Logged-On Lifestyles	4,04	6,87	-2,83
05. Liquid Living	5,55	7,54	-1,99
06. Successful Singles	7,72	8,94	-1,22
07. Lifestyle Lending	7,68	8,90	-1,22
08. Comfortable Retirees	6,50	8,40	-1,90
09. Secure Singles	7,76	8,94	-1,19
10. Comfortable Couples	8,81	10,85	-2,04
11. Steady Entrepreneurs	13,16	17,63	-4,47
12. Stand-Alone Singles	5,85	9,73	-3,88
13. Plugged-In Purchasers	6,74	12,27	-5,53
14. Payday Pursuers	7,45	11,94	-4,50
15. Deficient Directors	9,74	14,97	-5,23
16. Credit-Reliant Consumers	13,04	18,65	-5,61
17. Secure Seniors	4,06	5,43	-1,37
18. Coping Couples	5,23	8,07	-2,84
19. Restricted Retirees	7,21	10,16	-2,96
20. Low Earners	9,00	10,16	-1,16
21. Misfortunate Mature	7,56	12,05	-4,49
22. Concerning Citizens	10,94	10,91	0,03
23. Money-Wise Mature	8,42	12,52	-4,10
24. Depleted Resources	10,42	12,16	-1,73
25. Strained Adults	11,86	16,05	-4,19
26. Online Survivors	7,70	17,46	-9,76
27. Struggling Earners	11,54	12,07	-0,53
28. Minimum-Money Workers	12,81	18,42	-5,60
29. Inexperienced Earners	12,79	20,63	-7,83
30. Eager Youth	9,45	21,94	-12,49

The wider access to credit cards across the various FAS segments results in the overall Credit Card CDI and the overall rate of default being substantially higher than that of secured products. Still, FAS Groups 1 and 2 have the biggest value exposure to Credit Cards.

- **Affluent Couples (Type 2)**, who can best be described as well-educated power couples that understand the importance of investments, the correct handling of finances, and protecting their assets, have by far the ***largest credit exposure*** across all segments. Their Credit Card CDI improved from 6.25% in June 2020 to 5.60% in June 2021.
- **Logged-on Lifestyles (Type 4),** who are young professionals that are very active when it comes to online retail buying, but understand the value of investments such as property, have the ***lowest Credit Card CDI*** and are showing improvement in their first-time default rate from a CDI of 6.87% in June 2020 to 4.04% in June 2021.
- **Steady Entrepreneurs (Type 11)** are mostly single males in their thirties. These consumers most likely own SMEs in the small trades industry, and they earn a moderate income of ~R274 000 p.a. The livelihood of these consumers was probably heavily impacted by the COVID lockdown regulations and thus, although they show an improvement in CDI from 17.63% in June 2020 to 13.16% in June 2021, have the ***highest Credit Card CDI***. Steady Entrepreneurs have 3.32% exposure in the Credit Card market.

	CDI Jun'21	CDI Jun'20	New Default Balances Apr'21-Jun'21
Credit Card Index	6,94	9,23	2 511 976 242
FAS Type 2 - Largest Credit Exposure	5,60	6,25	267 188 238
FAS Type 4 - Lowest CDI	4,04	6,87	42 205 373
FAS Type 11 - Highest CDI	13,16	17,63	157 036 977

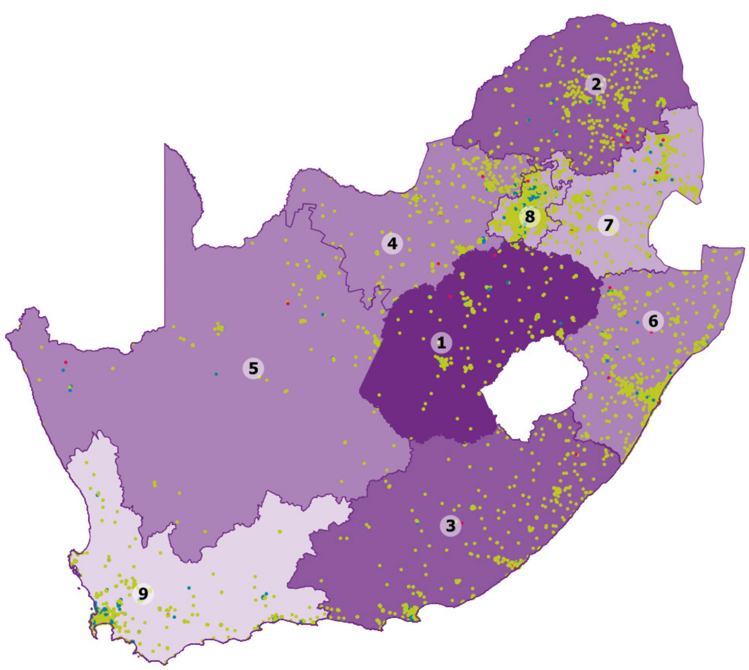
Personal Loan Consumer Default Index by Province



8.51%
of personal loans on an annualised basis defaulted for the first time over the period of Apr 2021 to Jun 2021.

R6.23bn
in value defaulted for the first time over the period of Apr 2021 to Jun 2021.

	CDI Jun'21	CDI Jun'20	New Default Balances Apr'21-Jun'21
Personal Loan Index	8,51	11,22	6 229 880 029
FAS Type 5 - Largest Credit Exposure	7,04	8,34	383 375 751
FAS Type 26 - Lowest CDI	3,91	4,65	14 373 322
FAS Type 16 - Highest CDI	11,76	18,87	623 727 062



FAS Type 5 - Largest Credit Exposure
FAS Type 26 - Lowest CDI
FAS Type 16 - Highest CDI

Personal Loans	CDI	
Rank & Province	Mar'20	Mar'21
1. Free State	9,59	7,24
2. Limpopo	9,99	7,50
3. Eastern Cape	9,60	7,68
4. North West	11,07	7,87
5. Northern Cape	10,26	8,13
6. KwaZulu-Natal	11,01	8,75
7. Mpumalanga	11,30	8,75
8. Gauteng	11,73	8,85
9. Western Cape	12,43	8,86

As with the other Banking products, the Personal Loans CDI also showed significant improvement from 11.22% in June 2020 to 8.51% in June 2021. Q-o-Q this figure also improved, decreasing from the 10.42% observed in March 2021.

From a market-exposure and credit-active population penetration perspective, the primary FAS segments that actively engage with credit providers for this product are more concentrated in the FAS Groups 4, 5 and 6.

- The **Western Cape** has shown the most significant improvement in Personal Loans CDI, moving from 12.43% in June 2020 to 8.86% in June 2021. Nonetheless, this is still the province with the highest CDI.
- The **Free State** represented the most favourable CDI in June 2021, also showing significant improvement from 9.59% in June 2020 down to 7.24% in June 2021.
- The smallest Y-o-Y improvement in CDI was observed for the **Eastern Cape**, moving from 9.60% in June 2020 to 7.68% in June 2021.

Personal Loan Consumer Default Index by Micro-FAS

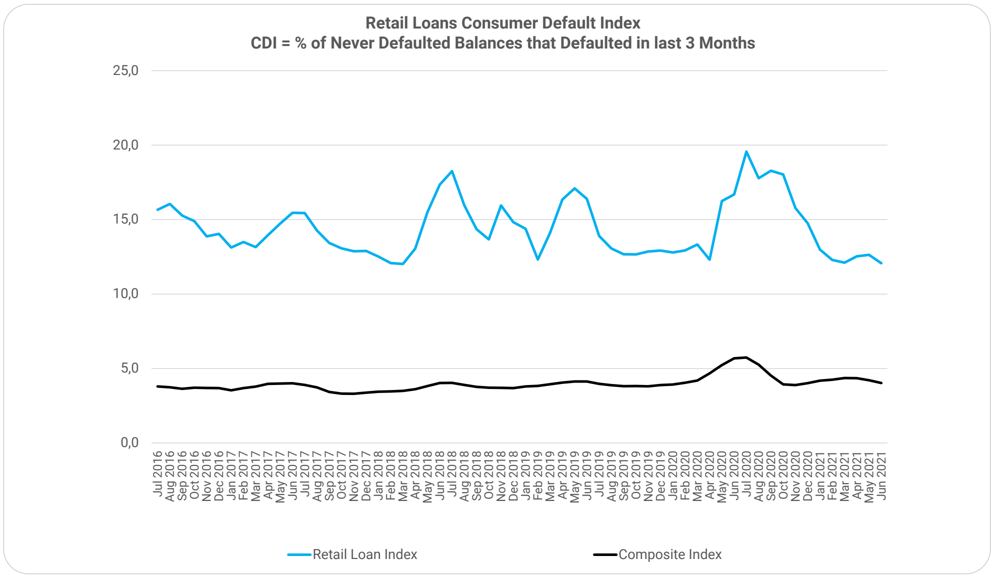
FAS	CDI		
FAS Type Name	Jun'20	Jun'21	Year on Year Δ
01. Independent Investors	7,50	5,62	1,88
02. Affluent Couples	8,12	7,38	0,74
03. Professional Players	8,70	8,57	0,13
04. Logged-On Lifestyles	5,07	7,13	-2,06
05. Liquid Living	7,04	8,34	-1,30
06. Successful Singles	9,85	10,33	-0,49
07. Lifestyle Lending	8,30	9,33	-1,03
08. Comfortable Retirees	7,02	8,31	-1,29
09. Secure Singles	9,98	8,81	1,17
10. Comfortable Couples	8,67	10,85	-2,18
11. Steady Entrepreneurs	10,49	14,76	-4,26
12. Stand-Alone Singles	6,70	8,71	-2,01
13. Plugged-In Purchasers	7,67	10,08	-2,41
14. Payday Pursuers	6,43	8,34	-1,90
15. Deficient Directors	9,28	10,97	-1,69
16. Credit-Reliant Consumers	11,76	18,87	-7,11
17. Secure Seniors	6,00	5,43	0,58
18. Coping Couples	4,78	6,31	-1,54
19. Restricted Retirees	5,84	7,08	-1,24
20. Low Earners	8,47	10,63	-2,16
21. Misfortunate Mature	7,26	8,28	-1,02
22. Concerning Citizens	7,37	11,17	-3,81
23. Money-Wise Mature	7,27	10,43	-3,16
24. Depleted Resources	8,57	14,56	-5,99
25. Strained Adults	9,34	16,64	-7,29
26. Online Survivors	3,91	4,65	-0,73
27. Struggling Earners	8,18	9,74	-1,56
28. Minimum-Money Workers	10,63	20,16	-9,54
29. Inexperienced Earners	11,35	20,87	-9,52
30. Eager Youth	5,54	12,06	-6,52

The wider access to personal loans across, specifically macro-FAS Groups 4, 5 and 6 results in the overall Personal Loans CDI and rate of default being substantially higher than that of other traditional banking products.

- **Liquid Living (Type 5)**, upper-middle-class mature individuals, with an average age of 52. 69% of them are married, probably having children in their late teens and early twenties. With an average annual income of R415 000, these consumers have the ***largest credit exposure in Personal Loans*** and are typically deemed to be of relatively low credit risk. This type saw an improvement in Personal Loan CDI over the period, moving from 8.34% in June 2020 to 7.04% in June 2021.
- **Online Survivors (Type 26)** who are young adult unskilled or shift workers that are likely cohabiting with significant others or family and are unable to afford more than their basic needs had ***the lowest Personal Loans CDI*** and is an improvement from 4.65% in June 2020 to 3.91% in June 2021. Note that this is not reflective of a drastic improvement in their financial circumstances. Instead, it should be noted that Online Survivors hold <1% of the Personal Loans market and, as such, are prone to high volatility.
- **Credit-reliant Consumers (Type 16)** are consumers earning average salaries of ~145k p.a., and they have high unsecured loans, with utilisation standing at 80% of these consumers using more than 75% of the maximum credit. They are highly reliant on credit for monthly expenses, mostly using revolving loans. They have the ***highest Personal Loans CDI***, showing significant improvement from 18.87% in June 2020 to 11.76% in June 2021.

	CDI Jun'21	CDI Jun'20	New Default Balances Apr'21-Jun'21
Personal Loan Index	8,51	11,22	6 229 880 029
FAS Type 5 - Largest Credit Exposure	7,04	8,34	383 375 751
FAS Type 26 - Lowest CDI	3,91	4,65	14 373 322
FAS Type 16 - Highest CDI	11,76	18,87	623 727 062

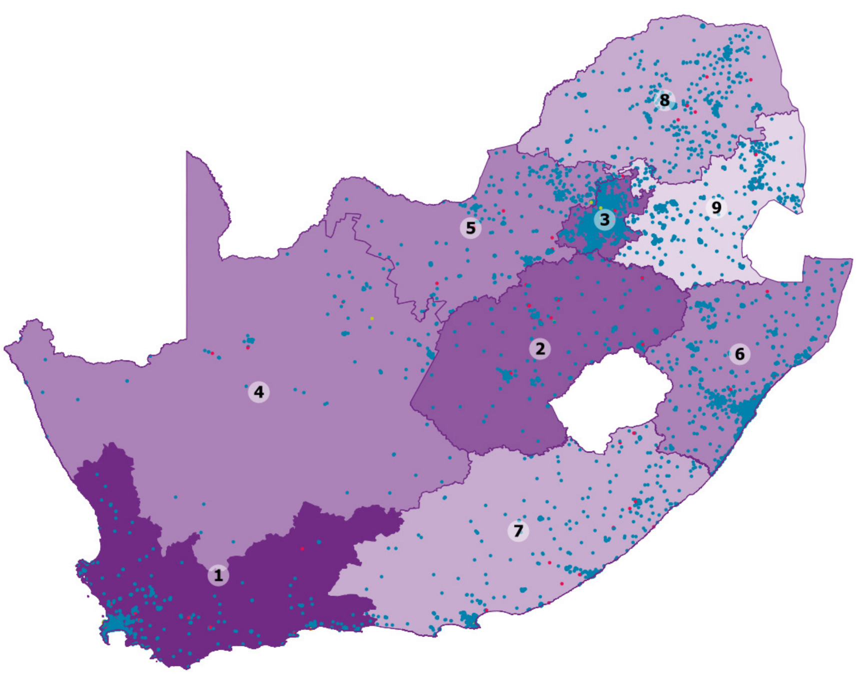
Retail Loans Consumer Default Index by Province



12.07%
of retail loans on an annualised basis defaulted for the first time over the period of Apr 2021 to Jun 2021.

R1.06bn
in value defaulted for first time over the period Apr 2021 to Jun 2021.

	CDI Jun'21	CDI Jun'20	New Default Balances Apr'21-Jun'21
Retail Loan Index	12,07	16,69	1 129 105 427
FAS Type 26 - Largest Credit Exposure	16,57	23,28	171 913 249
FAS Type 1 - Lowest CDI	5,31	8,35	3 975 842
FAS Type 30 - Highest CDI	22,31	29,62	79 442 407



FAS Type 26 - Largest Credit Exposure
FAS Type 1 - Lowest CDI
FAS Type 30 - Highest CDI

Retail Loans	CDI	
Rank & Province	Jun'20	Jun'21
1. Western Cape	16,22	10,36
2. Free State	14,18	11,60
3. Gauteng	16,69	11,70
4. Northern Cape	14,18	11,79
5. North West	15,88	12,16
6. KwaZulu-Natal	17,20	12,21
7. Eastern Cape	16,30	12,40
8. Limpopo	19,33	14,43
9. Mpumalanga	18,30	14,80

As was the case with Banking products, the Retail Loans CDI also improved significantly Y-o-Y, moving from 16.69% in June 2020 to 12.07% in June 2021. Retail Loans are the one product set in which the least affluent consumer groups, FAS 4, 5 and 6, hold a significant portion (~60%) of the market. Q-o-Q, the Retail Loans CDI showed deterioration, increasing slightly from the 11.20% observed in March 2021.

- **Western Cape** has shown the greatest improvement in Retail Loans CDI, moving from 16.22% in June 2020 to 10.36% in June 2021. This is also the province with the lowest Retail CDI.
- The smallest improvement was again observed for the **Northern Cape**, moving from 14.18% in June 2020 to 11.79% in June 2021.
- **Mpumalanga** fared the worst in provincial Retail Loans CDI ranking but still showed an improvement from 18.30% in June 2020 to 14.80% in June 2021.

All provinces saw a substantial improvement in Retail CDI. This is partly due to the low volumes of new business that was written for retailers in the early part of 2021.

Retail Loans Consumer Default Index by Micro-FAS

FAS	CDI		
FAS Type Name	**Jun'20**	**Jun'21**	**Year on Year Δ**
01. Independent Investors	5,31	8,35	-3,04
02. Affluent Couples	6,74	9,98	-3,24
03. Professional Players	7,61	11,55	-3,94
04. Logged-On Lifestyles	5,33	9,92	-4,59
05. Liquid Living	6,23	10,25	-4,02
06. Successful Singles	10,15	12,38	-2,24
07. Lifestyle Lending	9,74	13,52	-3,78
08. Comfortable Retirees	6,73	10,79	-4,06
09. Secure Singles	14,15	14,32	-0,17
10. Comfortable Couples	10,60	14,88	-4,28
11. Steady Entrepreneurs	15,66	17,82	-2,16
12. Stand-Alone Singles	12,22	13,52	-1,29
13. Plugged-In Purchasers	10,56	12,86	-2,31
14. Payday Pursuers	9,36	13,59	-4,22
15. Deficient Directors	12,66	18,39	-5,74
16. Credit-Reliant Consumers	18,79	22,67	-3,89
17. Secure Seniors	5,46	8,04	-2,59
18. Coping Couples	5,55	9,73	-4,18
19. Restricted Retirees	9,44	10,62	-1,18
20. Low Earners	15,03	20,79	-5,76
21. Misfortunate Mature	9,81	13,68	-3,88
22. Concerning Citizens	13,07	19,28	-6,21
23. Money-Wise Mature	9,97	16,71	-6,73
24. Depleted Resources	13,38	20,47	-7,09
25. Strained Adults	13,64	19,41	-5,77
26. Online Survivors	16,57	23,28	-6,71
27. Struggling Earners	15,18	20,78	-5,60
28. Minimum-Money Workers	20,94	28,36	-7,41
29. Inexperienced Earners	20,59	24,53	-3,95
30. Eager Youth	22,31	29,62	-7,31

On a Y-o-Y basis, the Retail CDI decreased in 2021 Q2 improved from 16.69% in June 2020 to 12.57% in June 2021. This decline in CDI is likely due to low new business volumes in the Retail space not yet having recovered to pre-COVID levels. Also, the comparatively lower exposure of FAS Groups 1 and 2 for these products (~ 30% only) means that it was less susceptible to the more subdued Y-o-Y CDI recoveries that were observed for these higher affluent consumers. When looking at the FAS type-level segmentation, we observe the following:

- **Online Survivors (Type 26)**, who are young adult unskilled or shift workers that are likely cohabiting with significant others or family and are unable to afford more than their basic needs, still have the ***largest Retail Loans credit exposure***, but also saw a significant improvement in CDI from 23.28% in June 2020 to 16.57% in June 2021.
- **Independent Investors (Type 1)** consumers are the most affluent members of South African society. They earn average annual salaries over R1 million and have the largest percentage of business entrepreneurs and directors at 86% (73% of Independent investors hold multiple directorships). These consumers had the ***lowest Retail Loans CDI***, improving from 8.45% in June 2020 to 5.31% in June 2021.
- **Eager Youth (Type 30)** are the youngest entry-level employees that are beginning to realise the cost of living. They are likely reliant on family for support or accommodation, and 94% are likely to have retail clothing accounts. This FAS type has the ***highest Retail Loans CDI*** but still show an improvement from 29.62% in June 2020 to 22.31% in June 2021.

	CDI Jun'21	CDI Jun'20	New Default Balances Apr'21-Jun'21
Retail Loan Index	12,07	16,69	1 129 105 427
FAS Type 26 - Largest Credit Exposure	16,57	23,28	171 913 249
FAS Type 1 - Lowest CDI	5,31	8,35	3 975 842
FAS Type 30 - Highest CDI	22,31	29,62	79 442 407

ADDENDUM

Consumer Default Index

Experian Quarter 2 2021 – Women's Day Addendum

Market exposure of South African Women

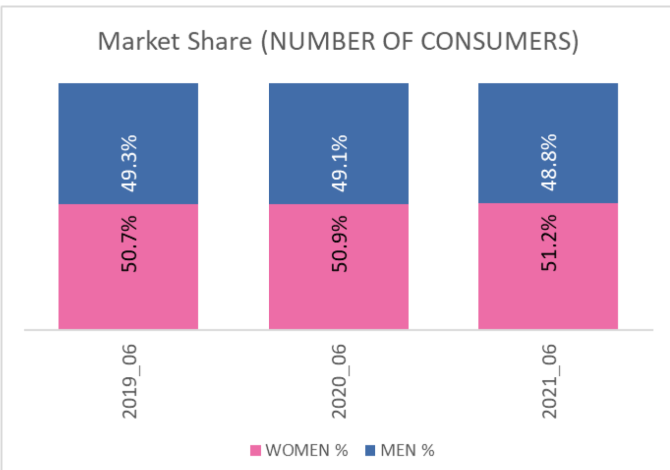
Data reflects June 2021 totals

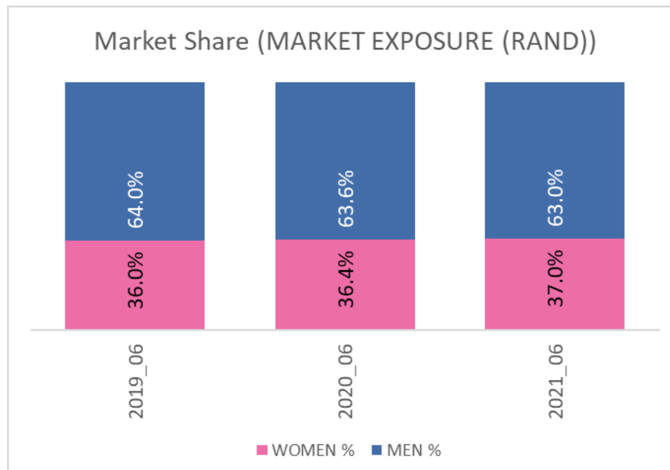
TOTAL South African Market	South African Women
23.3m consumers with Credit Card, Personal Loan, Vehicle Loan, Home Loan and/or Retail Loan accounts.	**11.9m** female consumers with Credit Card, Personal Loan, Vehicle Loan, Home Loan and/or Retail Loan accounts.
28.6m active accounts across Credit Card, Personal Loan, Vehicle Loan, Home Loan and/or Retail Loan.	**14.9m** active Female accounts across Credit Card, Personal Loan, Vehicle Loan, Home Loan and/or Retail Loan.
R1.90 Trillion in outstanding debt.	**R0.7** Trillion in outstanding debt held by women.

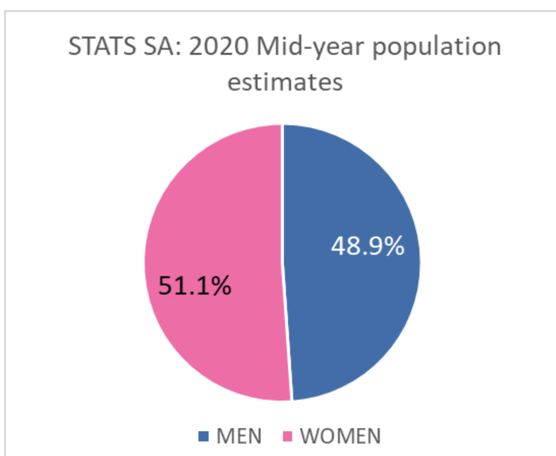
Market exposure of Women

Banking and Retail Credit (June 2019, 2020, 2021)

Women constitute just over **half of the South African adult population**, and this is reflected in women's market share in terms of the number of consumers represented on the bureau. However, women represent just over **a third of the market when looking at the Rand value of their exposure**. This is because, at an individual level, women typically take on less debt than their male counterparts do.



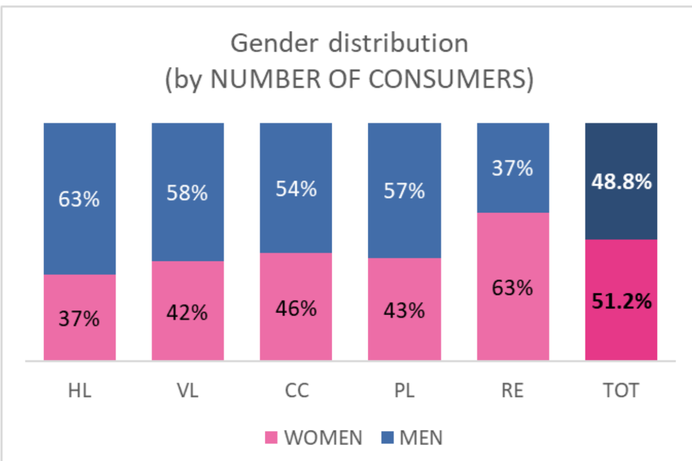


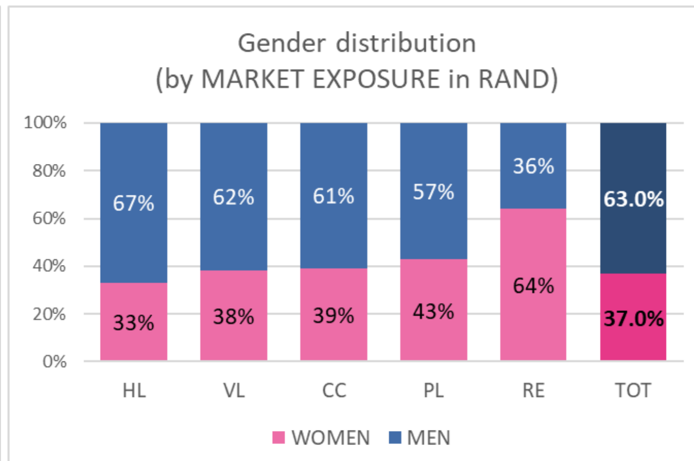


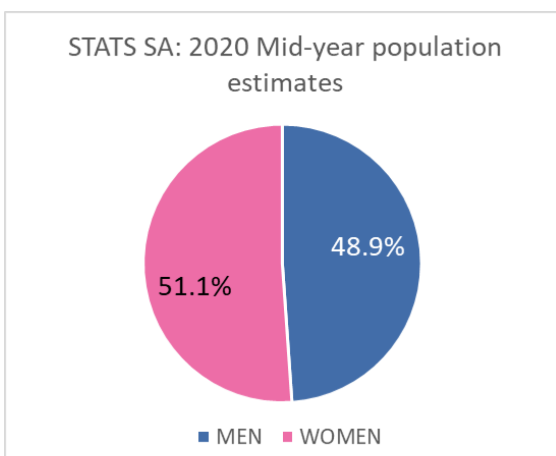
Market exposure of Women

Banking and Retail Credit (June 2021)

Women are particularly under-represented when it comes to **secured lending products** – both in terms of consumer numbers and market exposure. Interestingly, women account for almost two-thirds of the **Retail Loans** market in both volume and Rand value.



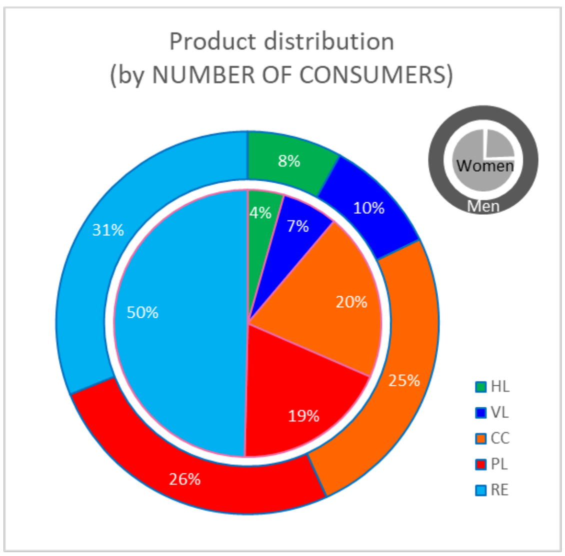


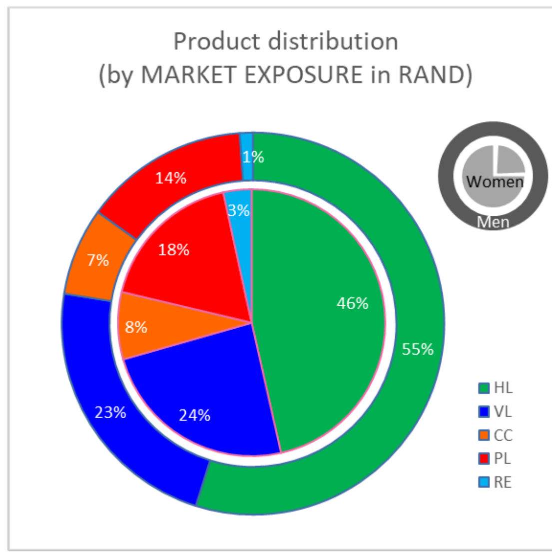


Product Distribution

Banking and Retail Credit (June 2021)

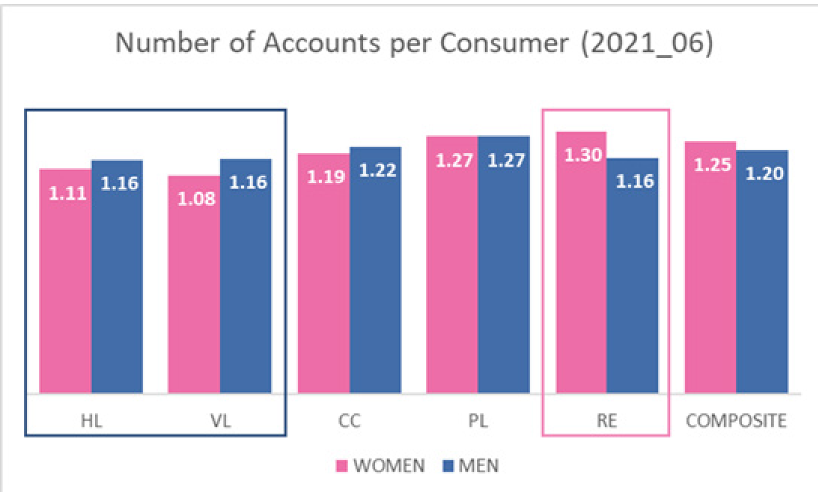
When comparing the distribution of product holding between men and women, we again see that women make substantially **more use of Retail Loan** products than their male counterparts, with roughly half of the female consumers on the bureau having Retail Loans (vs 31% of males). The value of these loans is only a fraction of banking loans – particularly secured lending like Home Loans and Vehicle Loans. As a result, Retail Loans only constitute 3% of the total exposure of women in the South African market (vs the 1% of men). Conversely, 46% of women's exposure is in Home Loans, whilst 55% of men's exposure is in Home Loans.





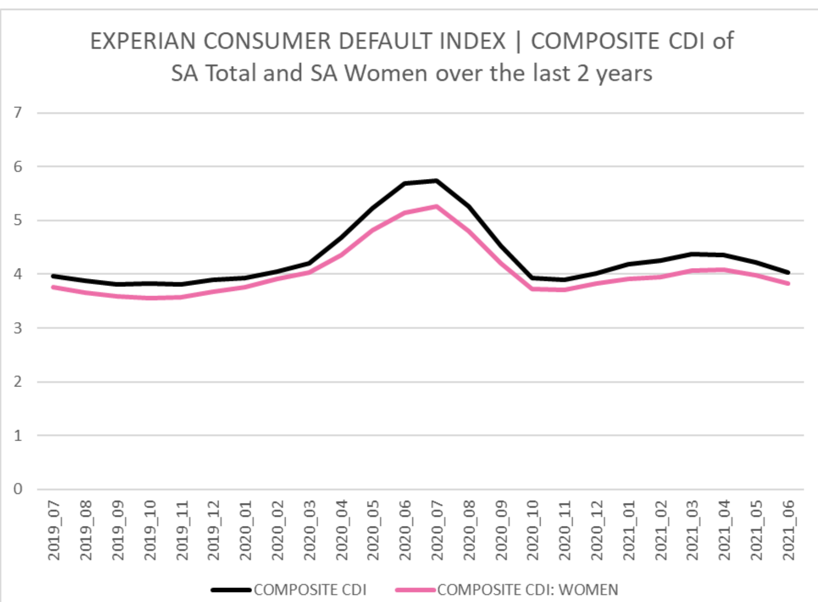
Number of Accounts per Consumer

Banking and Retail Credit (June 2021)



On average, a South African credit-active woman will have **slightly fewer banking loan accounts** than her male counterpart will – particularly when it comes to Vehicle Loans. However, when it comes to **Retail Loans**, credit-active women on average have more accounts per person than men do.

Consumer Default Index: Women



South African Women exhibit a lower CDI than the total South African credit market does. This might be because women have less exposure in the credit market (and thus have more manageable monthly debt commitments to keep), but it also might point towards women putting a higher priority on meeting their debt obligations.

Experian Financial Affluence Segmentation

What is FAS, and how is it calculated?

What is FAS?

Financial Affluence Segmentation is a powerful tool that gives you the ability to...

- understand your most profitable customers' demographics, affluence, lifestyles and life stage traits.
- benchmark your customer penetration within each market segment.
- compare your most valuable customer segments to an affinity or loyalty partners' customer segments by using a common market segmentation currency.
- align or design your offers and marketing campaigns to appeal to available market segments.
- target ONLY specific market segments in both above- and below-the-line marketing campaigns to reduce wastage in spend.

Applications of FAS

Applications of Financial Affluence Segmentation include:

- Lead generation matched from proprietary data
- Lead generation using groups and types
- Marketing strategies and execution
- Product development
- Like-audience matching
- Digital media audiences and execution
- Business expansion strategies
- Targeted marketing campaigns

How FAS Works

1. Data or Description

The Financial Affluence Segmentation tool uses either a supplied list of customers or a broad description of your overall target market. Supplied data is cleaned and deduplicated to ensure that quality data used.

2. Development

During the development phase, we stamp FAS onto the supplied dataset at an individual level and overlay additional information as required, typically demographic and geolocation information. For those supplying a description, a suitable audience is matched according to that description and your output needs.

3. Delivery

We deliver the data in several ways, such as a raw batch, in a visualised format or as a ready-to-go campaign file, depending on your needs.

4. Deployment

You can execute your marketing campaigns using the output dataset, whether you are using one of our execution products, an in-house marketing execution team or a marketing agency.

A Universe of Data

To create 6 groups and 30 subtypes, Experian's Financial Affluence Segmentation tool uses machine learning, analytics, our universe of data and a variety of data points, including:

- Affluence/Income
- Age
- Gender
- Marital status
- Business ownership
- Property holding
- Purchasing behaviour
- Vehicle ownership
- Financial products
- Online activity
- Risk profile
- Financial limitations
- Rental use

Smart Coverage

Marketing to a wide audience is a costly method with unreliable results. The Financial Affluence Segmentation tool allows you to be smart in your marketing strategies by only targeting those that match your best customer.

Accuracy

Marketing targeting is only as accurate as the data it consumes. This tool accesses our up-to-date, clean and accurate bureau and non-bureau data to provide you with actionable marketing insights and.

Find potential customers

By matching the Financial Affluence Segmentation profile of your consumer database, lookalike audiences are developed for digital media matching and lead generation.

Safe and Secure

Data security and data access are one of our top priorities. All our products adhere to the strictest data security protocols, and business practices are 100% compliant with the latest legislation and regulations.

Group 1

Luxury Living – 2,5%

Luxury Living is exactly what individuals in this group do! They represent the upper crust of South African society with the financial freedom to afford expensive homes and cars. Luxury Living are the highest earners across all groups, which allows them to make maximum use of their high-limit credit facilities, while still being able to service these agreements. With almost half having multiple directorships, their professional lives are important to them and are the gateway to their ability to invest in multiple properties and live in luxury.

R58 962,33
Average Gross Monthly Income

R707 547,96
Average Estimated Annual Income

37% Female

63% Male

68% Married

44 Average Age
25-65 Age Range

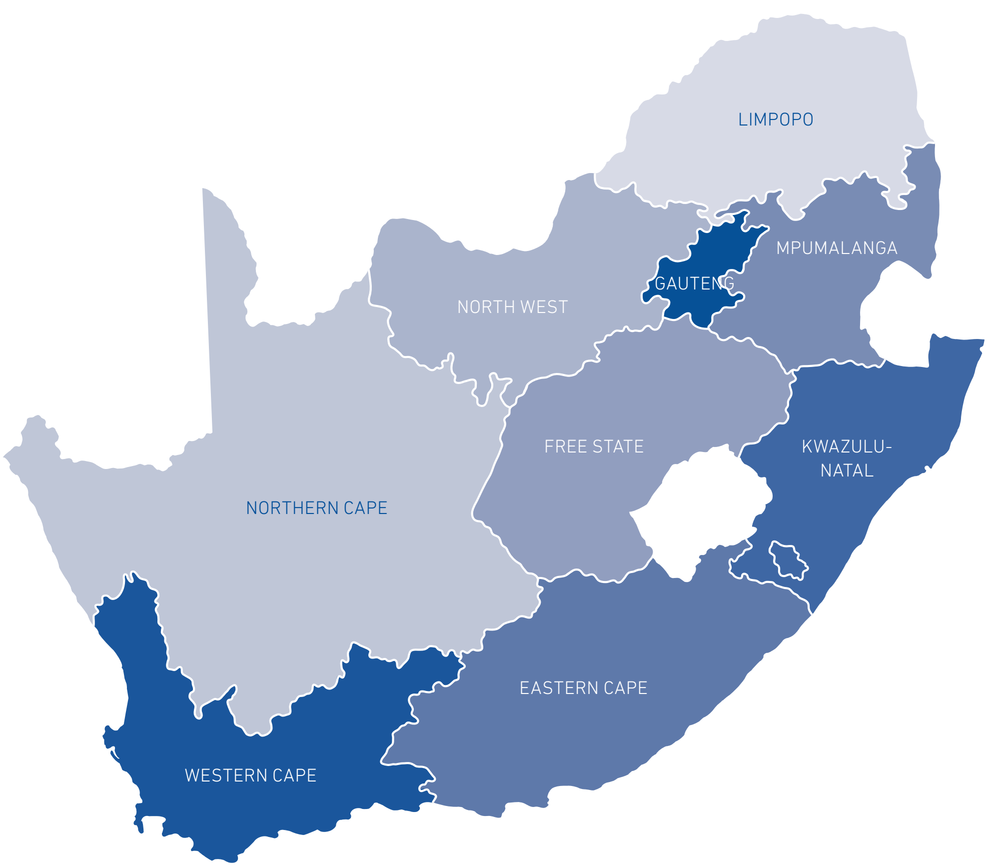
68% Directors
46% Multiple Directorships

54% Own 1 Property
25% Own Multiple Properties

R1 258 325,73
Opening Home Loan Balance:

R481 329,22
Opening Balance on Vehicle and Asset Finance

Black: 43.51%
Coloured: 2.99%
Indian: 7.38%
White: 45.27%



- Gauteng: 38.73%
- Western Cape: 20.69%
- KwaZulu-Natal: 14.24%
- Eastern Cape: 6.82%
- Mpumalanga: 3.62%
- Free State: 3.16%
- North West: 3.01%
- Northern Cape: 1.87%
- Limpopo: 1.36%

Aspirational Achievers – 9,3%

Aspirational Achievers are made up of young and middle-aged individuals, most many of which have grounded professional careers and personal lives. While money isn't in excess for Aspirational Achievers, they are mostly able to meet their home loan agreements of half a million Rand and vehicle finance for a mid-range car. Easy access to credit encourages these individuals to buy retail, especially online. Understanding the value of their possessions, the majority have insurance. However, Aspirational Achievers don't always have the cash to buy that which they desire, and therefore rely somewhat on revolving and retail accounts, as well as personal loans to achieve the lifestyles they aspire to live.

R27 388,45
Average Gross Monthly Income

R328 661,40
Average Estimated Annual Income

47% Female

53% Male

53% Married

42 Average Age
25-65 Age Range

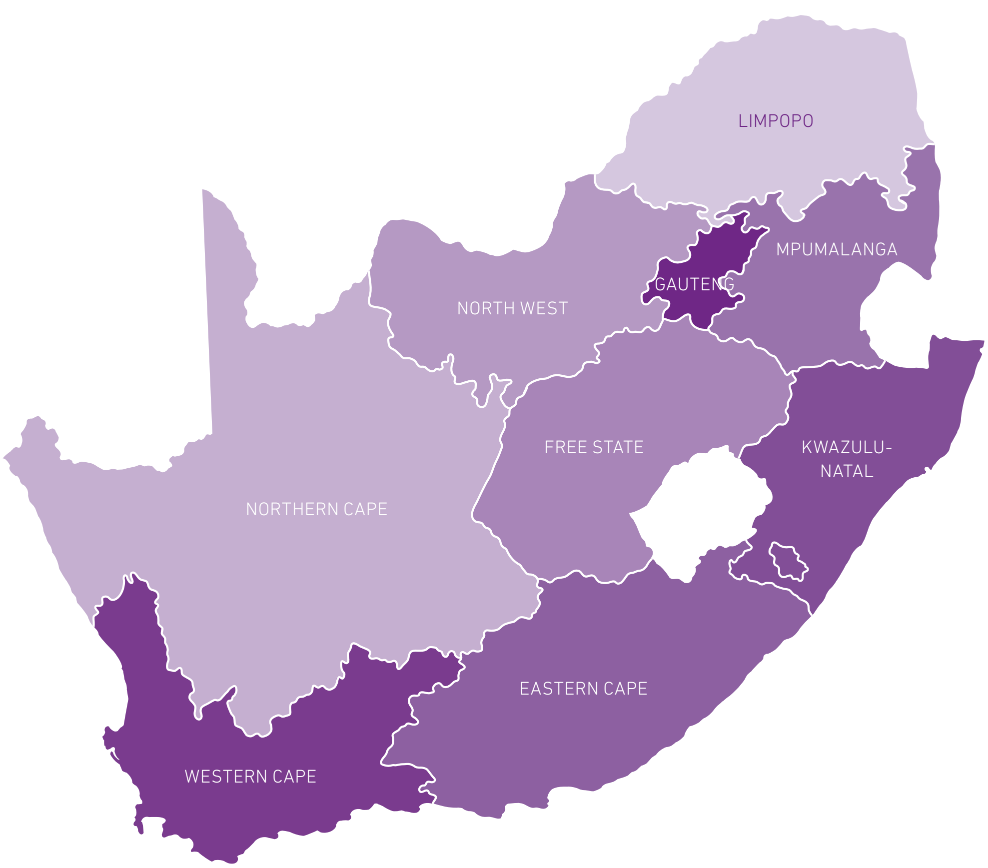
41% Directors
19% Multiple Directorships

43% Own 1 Property
8% Own Multiple Properties

R557 150,16
Opening Home Loan Balance:

R244 919,88
Opening Balance on Vehicle and Asset Finance

Black: 62.6%
Coloured: 4.69%
Indian: 4.18%
White: 28.07%



Gauteng: 35.75%
Western Cape: 19.5%
KwaZulu-Natal: 15.04%
Eastern Cape: 7.57%
Mpumalanga: 4.09%
Free State: 3.95%
North West: 3.61%
Northern Cape: 2.15%
Limpopo: 2.1%

Stable Spenders – 7,2%

Stable Spenders comprise mostly of young adults that are starting their careers as well as those approaching middle age. Finances are rather tight for these individuals as their below-average incomes need to be stretched. The majority live month to month and turn to credit to either tie them over, or to afford certain necessities such as clothing and school fees, or seasonal luxuries. With low homeownership rates, it's highly probable that they've used paid-day loans to cover the rent on which they are short. Despite financial limits, there are only a few who have access to home loans and vehicle and asset finance; however, more than half of Stable Spenders have difficulties paying back the money.

R12 954,88
Average Gross Monthly Income

R155 458,56
Average Estimated Annual Income

40% Female

60% Male

22% Married

33 Average Age
20-45 Age Range

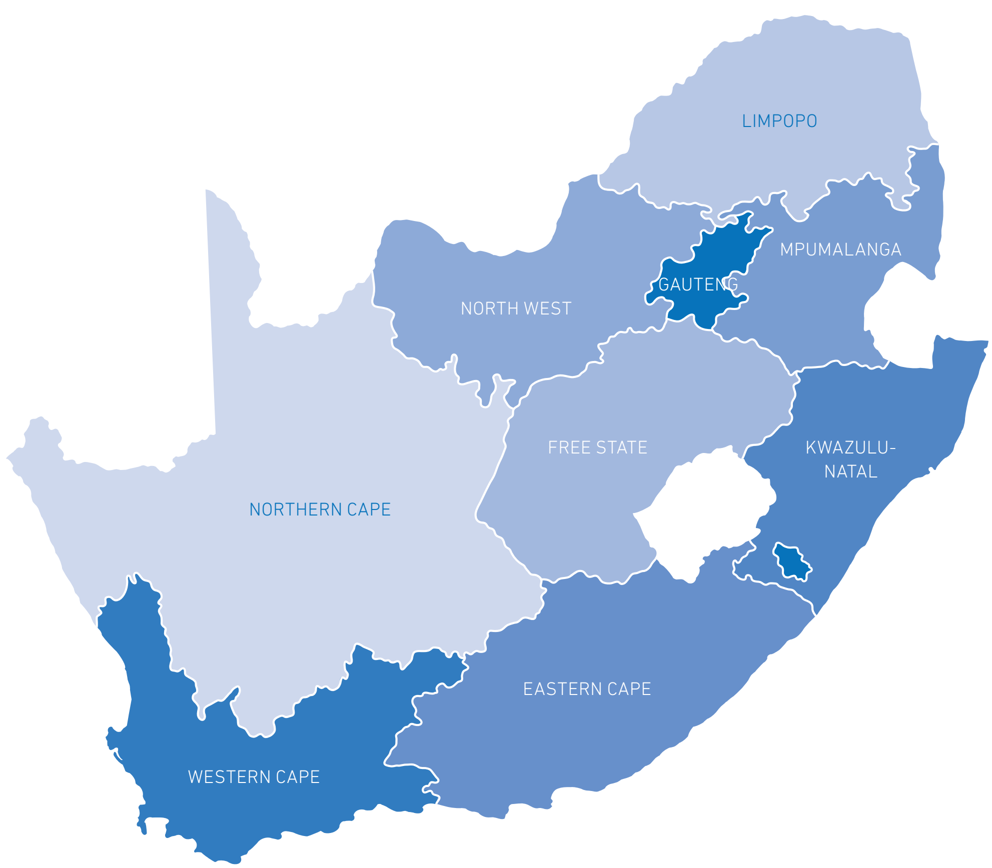
26% Directors
9% Multiple Directorships

10% Own 1 Property
1% Own Multiple Properties

R405 630,90
Opening Home Loan Balance:

R171 290,04
Opening Balance on Vehicle and Asset Finance

Black: 73.16%
Coloured: 4.83%
Indian: 2.94%
White: 18.75%



- Gauteng: 35.99%
- Western Cape: 18.58%
- KwaZulu-Natal: 15.04%
- Eastern Cape: 7.07%
- Mpumalanga: 4.61%
- North West: 4.19%
- Free State: 3.95%
- Limpopo: 2.38%
- Northern Cape: 2.29%

Group 4

Money-Conscious Majority – 40,0%

The Money-Conscious Majority are the largest group and have the highest average age. These are individuals that are unable to afford luxuries and can barely get by on their salaries of less than R100 000 a year. Constantly needing to be conscious of how they spend their money, not many can afford communication accounts, credit cards or insurance, but rather opt for furniture accounts and unsecured loans to ensure they cover their basic needs. Their ability to maximise on credit use is stunted by their inability to afford the repayments and indirectly correlates with delinquency rates.

R7 719,80
Average Gross Monthly Income

R92 637,60
Average Estimated Annual Income

50% Female

50% Male

44% Married

51 Average Age
40-75 Age Range

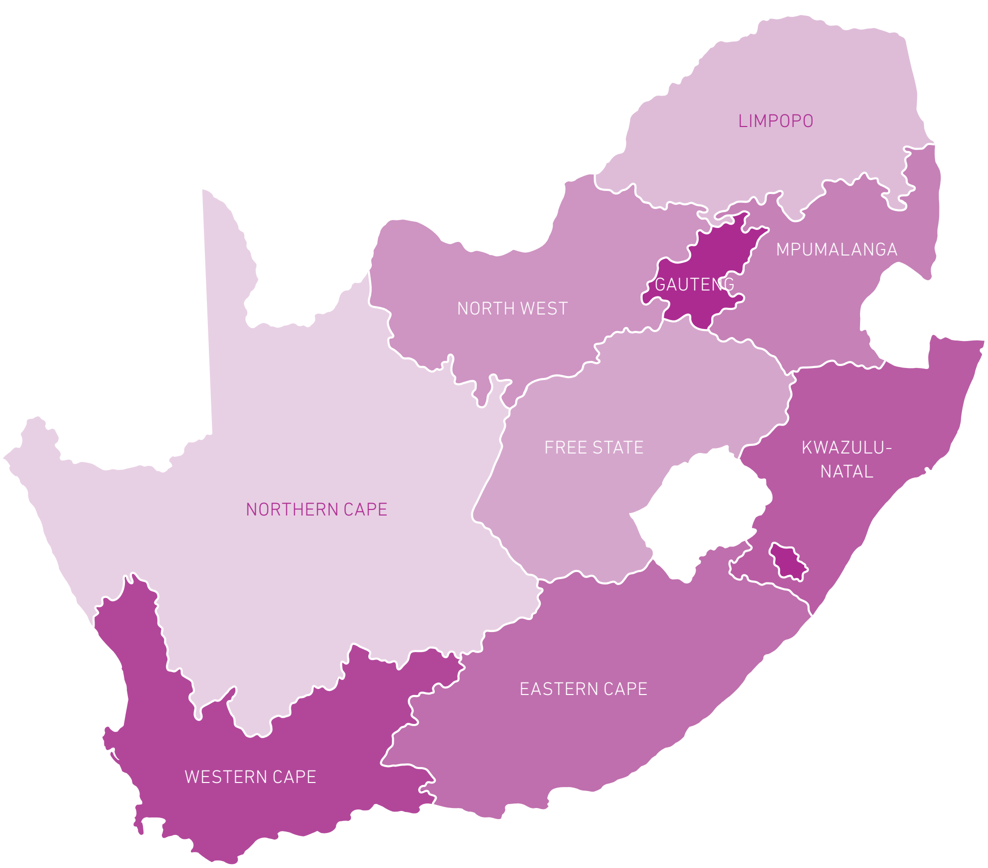
12% Directors
4% Multiple Directorships

23% Own 1 Property
2% Own Multiple Properties

R239 494,30
Opening Home Loan Balance:

R165 722,20
Opening Balance on Vehicle and Asset Finance

Black: 78.68%
Coloured: 5.77%
Indian: 1.59%
White: 13.67%



- Gauteng: 33.81%
- Western Cape: 17.97%
- KwaZulu-Natal: 14.39%
- Eastern Cape: 8.43%
- Mpumalanga: 4.92%
- North West: 4.78%
- Free State: 4.32%
- Limpopo: 3.15%
- Northern Cape: 2.21%

Laboured Living – 24,6%

The Laboured Living lead very restricted lives. Their monthly salaries are so low they don't even qualify to pay tax. They most likely work in the unskilled job sector. These are individuals that struggle to afford basic life necessities such as clothing, shelter and security. Their access to additional finance is severely limited. Those that can access finance, use it to compensate for their low salaries, resulting in high occurrences of unsecured loans, retail accounts and revolving accounts. Unable to afford the basics means that the Laboured Living also have difficulty in paying back their debts, resulting in the highest delinquency rates of all groups.

R4 836,25
Average Gross Monthly Income

R58 035,00
Average Estimated Annual Income

53% Female

47% Male

15% Married

34 Average Age
25-40 Age Range

10% Directors
2% Multiple Directorships

3% Own 1 Property
0% Own Multiple Properties

R272 128,46
Opening Home Loan Balance:

R141 934,81
Opening Balance on Vehicle and Asset Finance

Black: 86.18%
Coloured: 4.54%
Indian: 1.06%
White: 7.99%

Gauteng: 33.7%
Western Cape: 17.84%
KwaZulu-Natal: 15.29%
Eastern Cape: 7.75%
Mpumalanga: 5.4%
North West: 4.34%
Free State: 4.09%
Limpopo: 3.19%
Northern Cape: 2.12%

Yearning Youth – 16,4%

The Yearning Youth are the youngest of all 6 groups; they also have the lowest salaries. Despite carrying a very high risk, there are those few Yearning Youth that manage to get access to formal credit, mostly in the form of unsecured loans. Understandably, they have the lowest spread of account types with the majority using less than 75% of the balances. Limited salaries contribute both to the low maximised use of credit limits but also the high delinquency rates amongst the Yearning Youth.

R4 621,36
Average Gross Monthly Income

R55 456,32
Average Estimated Annual Income

45% Female

55% Male

15% Married

26 Average Age
low - 30 Age Range

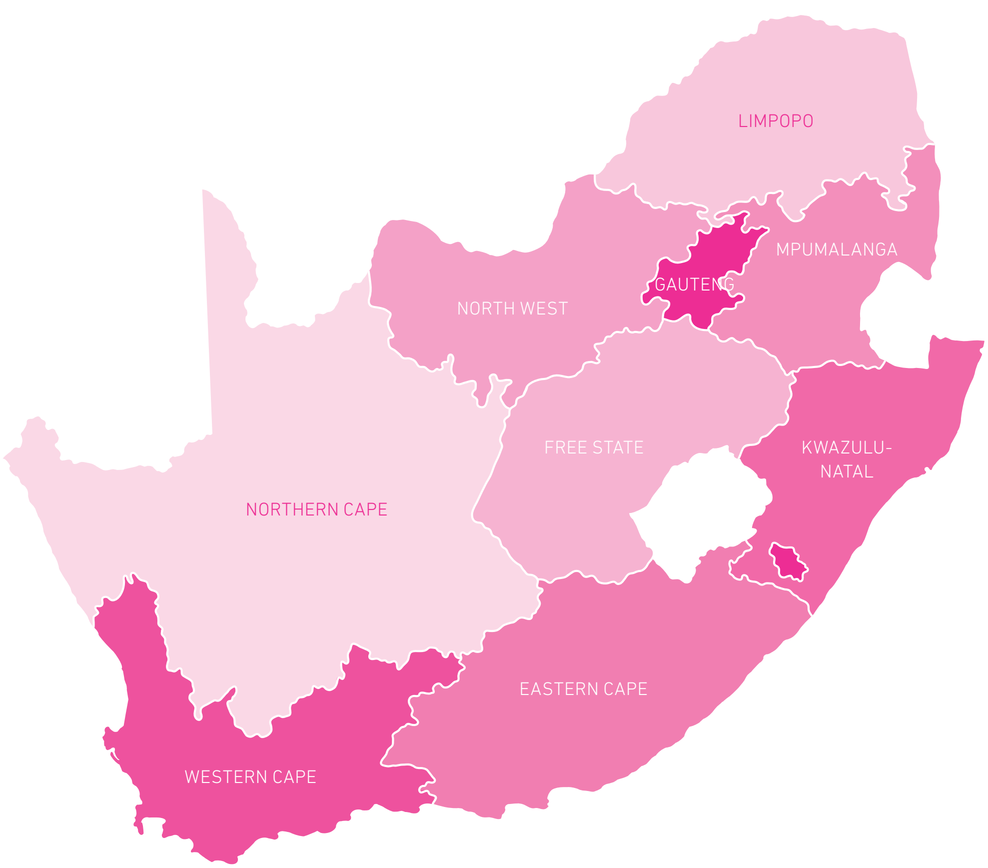
5% Directors
1% Multiple Directorships

1% Own 1 Property
0% Own Multiple Properties

R259 100,76
Opening Home Loan Balance:

R152 401,58
Opening Balance on Vehicle and Asset Finance

Black: 80.27%
Coloured: 5.17%
Indian: 1.66%
White: 12.57%



- Gauteng: 32.74%
- Western Cape: 17.84%
- KwaZulu-Natal: 15.23%
- Eastern Cape: 7.75%
- Mpumalanga: 5.11%
- North West: 3.91%
- Free State: 3.85%
- Limpopo: 2.9%
- Northern Cape: 2.12%

Scoresharp

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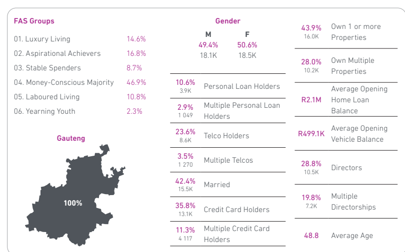
The unpredictable nature of the future can be daunting – let us help you understand your situation and how you can overcome your business obstacles through data and analytics.

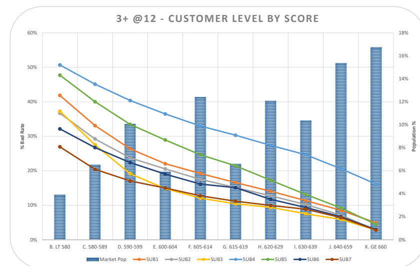
Understanding your Customers

The Financial Affluence Segmentation tool helps companies ideal target populations likely to take up your product or engage with your services.



Locate your Ideal Customer

Experian's FAS Location solution allows you to select your ideal segment based on their FAS profiles and/or area to get insights into the population at a more granular level.



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