February 2021

A Look at the New Normal

Experian Quarter 4 2020 | Consumer Default Index

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 typically are 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.

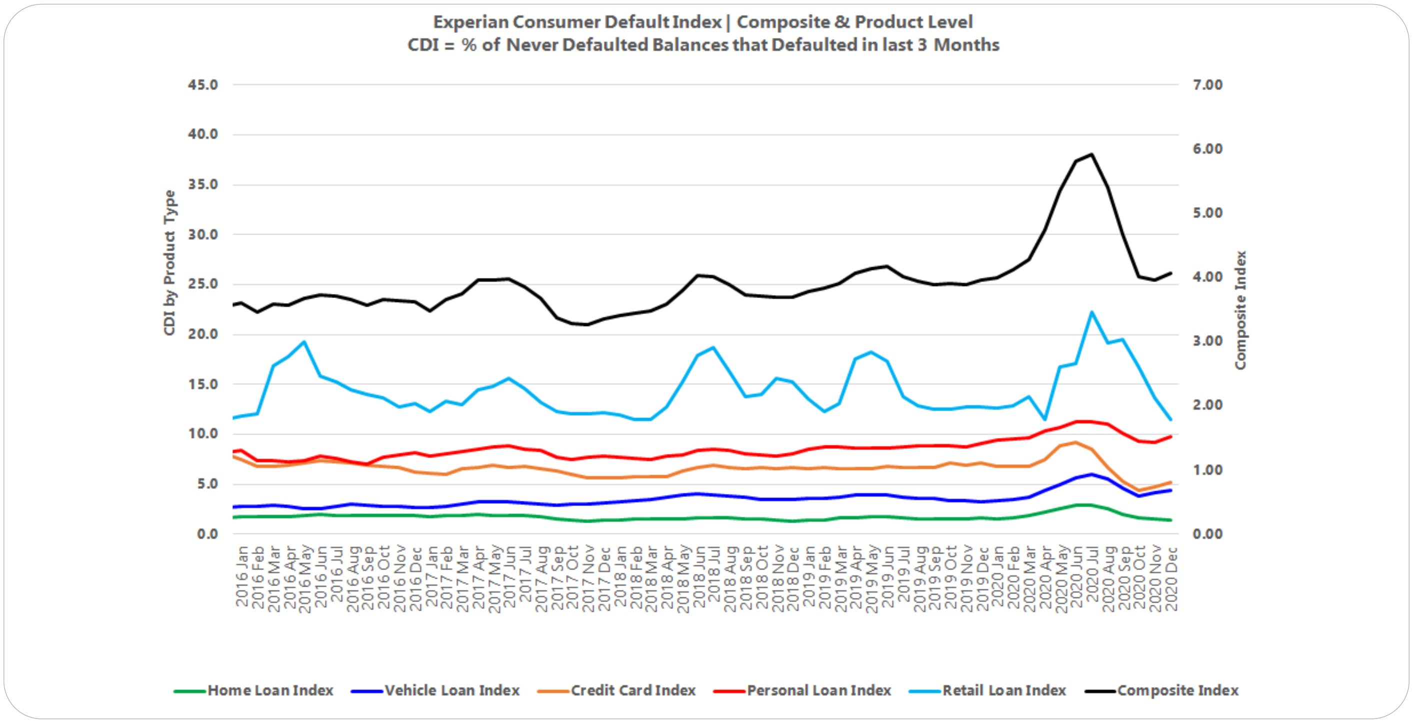
23.1 m* consumers with Credit Card, Personal Loan, Vehicle Loan, Home Loan and/or Retail Loan accounts.

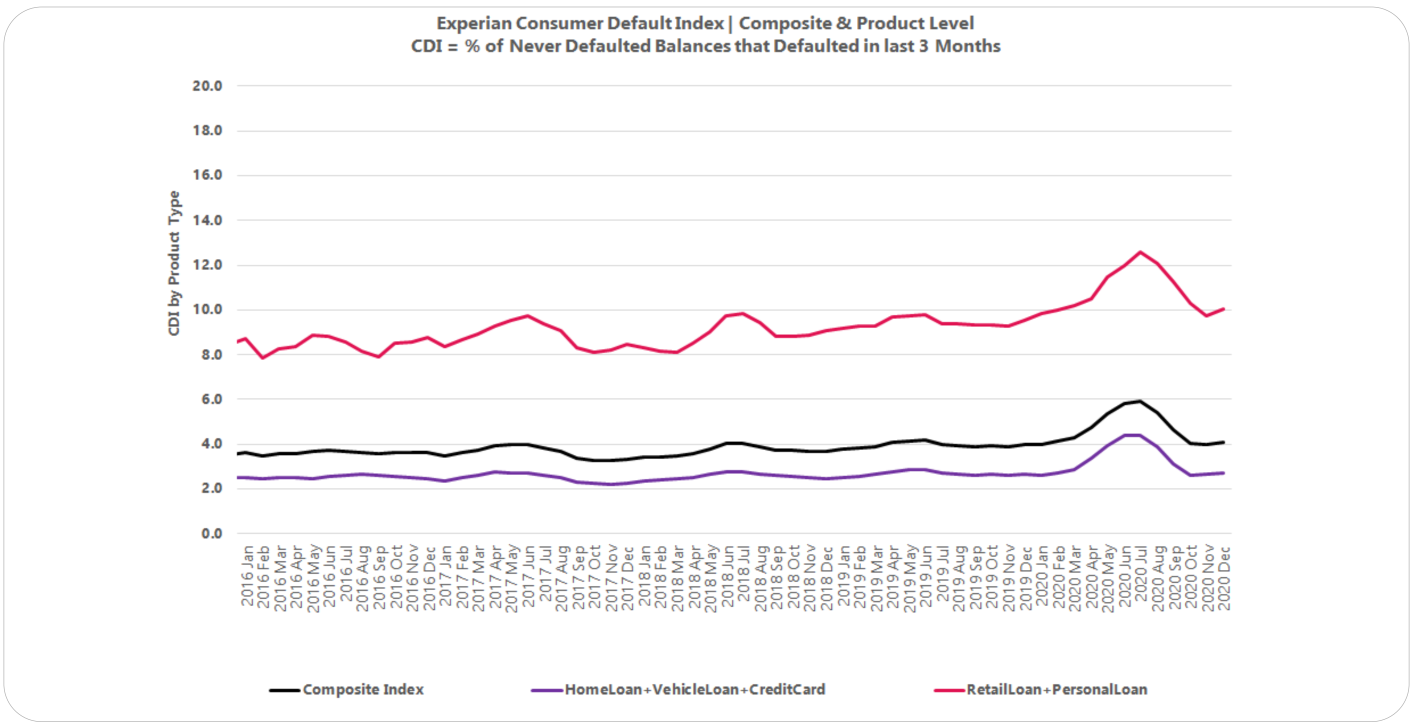
28.0 m* active accounts across Credit Card, Personal Loan, Vehicle Loan, Home Loans and/or Retail Loans.

R1.81 trillion* in outstanding debt.

* Due to delayed bureau submissions of a major Retail Group, all of their data has been excluded from the entire analyses in this report. This supplier group will be included as soon as the data becomes available.

Composite Consumer Default Index[1]





[1] Due to delayed bureau submissions of a major Retail Group, all of their data has been excluded from the entire analyses in this report.This supplier group will be included as soon as the data becomes available.

	Index	CDI Dec 2020	CDI Dec 2019	Average Oustanding Oct 2020 - Dec 2020	New Default Balances Oct 2020 - Dec 2020
■	Composite	4,07	3,97	1 803 417 727 675	18 356 228 486
■	Home Loan	1,42	1,61	866 445 270 856	3 073 234 760
■	Vehicle Loan	4,42	3,26	463 678 703 303	5 118 906 705
■	Credit Card	5,20	7,09	140 955 940 499	1 830 890 238
■	Personal Loan	9,81	9,04	290 366 418 432	7 121 562 720
■	Retail Loan	11,55	12,76	41 971 394 584	1 211 634 063
■	Home Loan + Veicle Loan + Credit Card	2,73	2,64	1 471 079 914 659	10 023 031 703
■	Retail Loan + Personal Loan	10,03	9,55	332 337 813 016	8 333 196 783

The CDI continued to improve from 4.68% in September 2020 to 4.07% in December 2020. Although this improvement is in part the result of the significant further relaxation of lock-down criteria (Level 1 for the most part of the 4th quarter), another major reason for this improvement is the relatively low new business volumes for credit products (in particular unsecured credit) since the start of the COVID-19 lock-down in March 2020. The combination of these two aspects has resulted in a further reduction in the incidence and value of first-time defaults among SA consumers.

At 4.07% in December 2020, the CDI was still tracking higher Y-o-Y than the 3.97% observed in December 2019.

The deterioration is largely on the back of the significant worsening in Vehicle Loans (deteriorating from 3.26% in December 2019 to 4.42% in December 2020). This could be related to the fact that the significant payment holidays granted for Vehicle Loans were only observed for May – June 2020, after which the payment holiday grants came to an abrupt return to normal levels. Personal Loans also showed a significant increase in first-time default rate, up from 9.04% in December 2019 to 9.81% in December 2020.

The Home Loans and Credit Card CDIs improved notably Y-o-Y (from 1.61% to 1.42% and from 7.09% to 5.20%, respectively). Retail Loans also improved from 12.76% to 11.55% Y-o-Y.

[1] Due to delayed bureau submissions of a major Retail Group, all of their data has been excluded from the entire analyses in this report. This supplier group will be included as soon as the data becomes available.

Composite Consumer Default Index by Macro-FAS

Composite CDI	CDI Dec 2019	CDI Dec 2020	Average Oustanding Oct 2020 - Dec 2020	New Default Balances Oct 2020 - Dec 2020
Group 1: Luxury Living	2,40	2,72	R 599,07 Billion	R 4,08 Billion
Group 2: Aspirational Achievers	3,39	3,67	R 751,04 Billion	R 6,89 Billion
Group 3: Stable Spenders	7,35	5,98	R 175,93 Billion	R 2,63 Billion
Group 4: Money-Concious Majority	5,71	6,05	R 220,62 Billion	R 3,34 Billion
Group 5: Laboured Living	11,48	9,95	R 37,6 Billion	R 0,93 Billion
Group 6: Yearning Youth	18,42	14,44	R 10,78 Billion	R 0,39 Billion

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?

We continue to see macro-FAS segments with the highest exposure to secured lending being the most negatively affected.

FAS Groups 1 and 2 exhibited the most significant deterioration between December 2019 and December 2020 (considering the low base these segments come off), primarily due to the high levels of exposure to secured debt.

- **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 CDI deterioration from 2.40% in December 2019 to 2.72% in December 2020. This deterioration is off the back of their high exposure to Vehicle Loans specifically, where Luxury Living holds > 30% of the market. They are exposed to < 15% of the Personal Loans market.
- **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 exposed to secured credit resulting in a CDI deterioration from 3.39% in December 2019 to 3.67% in December 2020. Aspirational Achievers have ~45% of the Vehicle Loan market and ~35% of the Personal Loans market, which makes them highly exposed in both of the products that showed deterioration in December 2020.

FAS Group 4, the **Money Conscious Majority**, which makes up the majority of the South African credit-active population (~40%), also saw a significant deterioration in CDI from 5.71% in December 2019 to 6.05% in December 2020. While exposure to secured credit facilities is low in this group (25% own at least one property, and the average opening vehicle loan balances is ~R160k), exposure to unsecured facilities like Personal Loans and Retail Credit is very high, with these consumers holding ~ 30% of the market in both these products. The worsening in Personal Loans CDI has a particularly negative effect on these consumers.

Interestingly, FAS Group 3, the **Stable Spenders**, saw a meaningful improvement in CDI, down from 7.35 % in December 2019 to 5.98% in December 2020. Considering that these consumers typically earn below-average incomes and are often highly exposed to Retail Credit, it seems Stable Spenders, in particular, are less likely to take up new loan products, which is helping them to meet their existing debt commitments better.

Composite Consumer Default Index by Micro-FAS

FAS		CDI		
FAS Type Name	**Description**	**Dec'20**	**Dec'19**	**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.	2,83	2,32	0,52
02. Affluent Couples	Well-educated power couples that understand the importance of investments, the correct handling of finances, and protecting their assets.	2,67	2,39	0,28
03. Professional Players	Career-driven and well-educated individuals with exceptional entrepreneurial abilities that know how to work hard to support their lifestyles.	2,70	2,49	0,21
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.	1,41	1,63	-0,22
05. Liquid Living	Upper-middle-class, mature individuals with strong family tendencies that rely on financing to afford the extra necessities in life.	2,87	2,48	0,39
06. Successful Singles	Young and unmarried but successful individuals that are driven by prestige and seek to further their personal and professional accomplishments.	3,04	2,72	0,32
07. Lifestyle Lending	Established individuals that are eager to spend but are still somewhat reliant on credit to support their lifestyles.	3,97	3,62	0,34
08. Comfortable Retirees	Stable, mature individuals either approaching or in retirement that are set up for comfortable retirement.	4,28	3,67	0,62
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.	4,83	4,09	0,74
10. Comfortable Couples	Couples leading enjoyable lives and whose basic needs are met; however, they are not prepared for the odd financial hiccough.	5,98	5,71	0,26
11. Steady Entrepreneurs	Middle-aged small business entrepreneurs that can support themselves but would struggle to afford more expensive assets.	8,95	9,65	-0,70
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.	3,84	4,53	-0,69
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.	4,17	5,12	-0,94
14. Payday Pursuers	Living from month to month, these middle-aged individuals rely on finance to bridge the gap between paydays.	5,00	5,40	-0,40
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.	7,05	8,02	-0,98

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.	11,34	14,57	-3,23
17. Secure Seniors	Senior citizens who are mostly in their retirement with enough income to provide for the basics and financial security.	3,11	2,95	0,16
18. Coping Couples	Mature couples in the late stages of their careers as employees with enough income to cover basic needs until they retire.	2,80	2,66	0,13
19. Restricted Retirees	Senior citizens who struggle to afford the basics, and therefore need to continue working despite being in retirement.	5,02	4,16	0,85
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.	8,54	7,95	0,59
21. Misfortunate Mature	Approaching retirement age, these wage-based employees would need to continue working well into retirement to supplement their state pensions.	7,08	6,10	0,98
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.	5,77	5,08	0,68
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.	7,74	6,57	1,18
24. Depleted Resources	Employees, probably in the unskilled worker sector, with low resources which restrict access to financial services to afford monthly necessities.	8,00	8,80	-0,80
25. Strained Adults	Low finances leave these middle-aged individuals strained to afford little more than the basics.	10,47	12,16	-1,69
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.	7,40	8,19	-0,79
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.	8,08	8,27	-0,19
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.	12,99	16,51	-3,51
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.	13,57	17,12	-3,55
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.	16,54	21,61	-5,07

Considering the impact of the distressed economic environment in South Africa during 2020 Q3 at a more micro level, two specific consumer segments seem to be most impacted.

- **Money-wise Mature (Type 23):** This consumer type has an average age of 59 years and is predominantly male (72%). 18% of these consumers have Vehicle Loans (avg. opening balance ~R150k). They earn annual salaries of ~R140k, but due to the high proportion being married (65%), their household income is probably a bit higher.
    - Money-wise Mature saw the most significant Y-o-Y deterioration in CDI, deteriorating from 6.57% in December 2019 to 7.74% in December 2020.
    - During times of financial need, 69% of Money-wise Mature make use of Personal Loans, thus explaining the drastic deterioration in their CDI.
- **Misfortunate Mature (Type 21)**: These consumers earn an average salary of R66k per annum and are on average 57 years old. Predominantly female (70%) and less than half of them being married, these consumers probably are unskilled labourers.

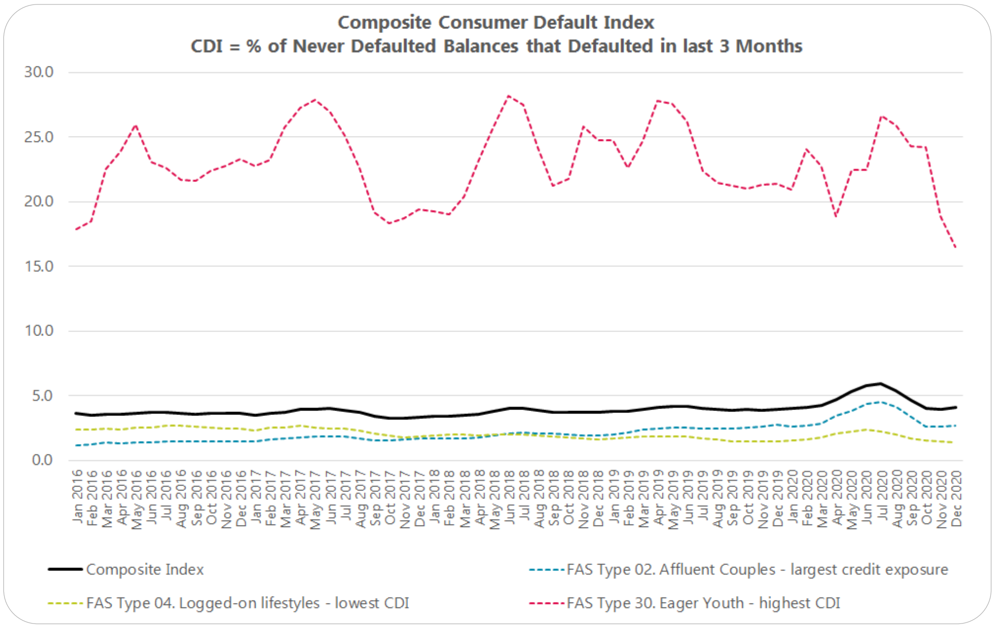
- Due to their low income, 80% of Misfortunate Mature consumers rely on unsecured loans.
- They have a high tendency (52%) to be 3 or more months in arrears on payments.
- It seems that the current economic environment is weighing down particularly hard on the Misfortunate Mature, with their CDI deteriorating from 6.10% in December 2019 to 7.08% in December 2020.

In contrast, there are a few consumer segments that are showing notable improvement in CDI.

One of these is the **Eager Youth (Type 30)**, forming part of FAS Group 6, Yearning Youth, of which both types are showing significant Y-o-Y improvement. Eager Youth are relatively young consumers, having average annual salaries of <R60k, and have high exposure (97%) to revolving credit. They also have high utilisation (~30% of them using their allocated credit to the maximum) of unsecured loans, and ~50% of these consumers are in arrears (3+). Due to the fact that very little new credit was extended to these consumers over the last 9 months, their first-time default rate has improved significantly.

The CDI of Eager Youth has improved from 21.61% in December 2019 to 16.54% in December 2020.

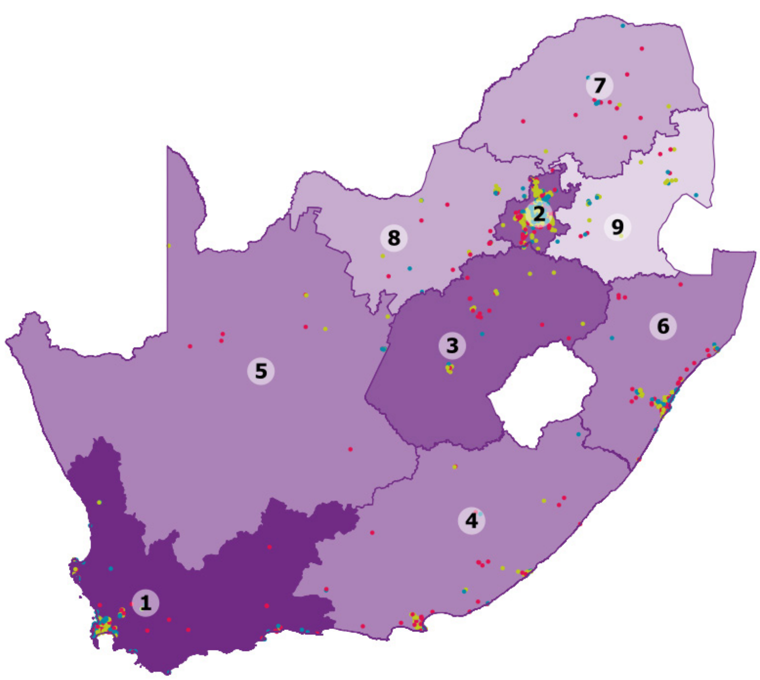
Composite Consumer Default Index by Province.



4.07%
of balances on an annualised basis defaulted for the first time over the period of Oct 2020 to Dec 2020.

R18.36bn
in value defaulted for the first time over the period of Oct 2020 to Dec 2020.

	CDI Dec 2020	CDI Dec 2019	New Default Balances Oct 2020 - Dec 2020
Composite Index	4,07	3,97	18 356 228 486
FAS Type 2 - Largest Credit Exposure	2,67	2,39	1 614 783 229
FAS Type 4 - Lowest CDI	1,41	1,63	447 306 500
FAS Type 30 - Highest CDI	16,54	21,61	131 070 792



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

Composite	CDI	
Rank & Province	Dec '19	Dec'20
1. Western Cape	3,14	3,38
2. Gauteng	3,88	3,89
3. Free State	4,23	3,99
4. Eastern Cape	4,04	4,17
5. Northern Cape	4,44	4,40
6. KwaZulu-Natal	4,32	4,44
7. Limpopo	5,13	5,11
8. North West	4,88	5,27
9. Mpumalanga	4,81	5,30

At a provincial level, the deterioration in CDI was most prominent in the coastal provinces of the Eastern Cape, Western Cape, KZN, as well as in North-West and Mpumalanga.

- The CDI in the Western Cape, while deteriorating from 3.14% in December 2019 to 3.38% in December 2020, remains the province least impacted by the distressed environment. The performance aligns with the general FAS makeup of the province, with a higher proportion of FAS Groups 1 and 2 residing in the Western Cape.
- At the opposite end of the scale, Mpumalanga is the province most impacted by the distressed environment, deteriorating most significantly from a CDI of 4.81% in December 2019 to 5.30% in December 2020. The performance in Mpumalanga aligns with the higher proportion of FAS Groups 4, 5 and 6 residing in this province, whom, at an aggregated level, are more financially distressed.

The disparity in performance at the provincial level aligns with the general access to wealth-creating secured banking products, with the lowest CDI levels evident in provinces where consumers have broader access to employment and thus the ability to access such products.



Composite Consumer Default Index by Micro-FAS

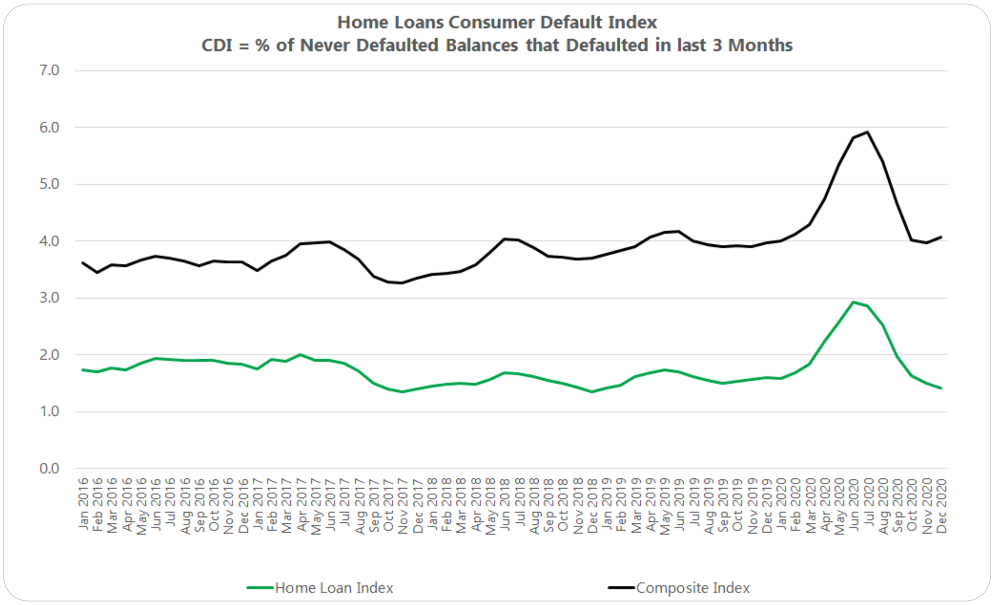
FAS	CDI		
FAS Type Name	**Dec'20**	**Dec'19**	**Year on Year Δ**
01. Independent Investors	2,83	2,32	0,52
02. Affluent Couples	2,67	2,39	0,28
03. Professional Players	2,70	2,49	0,21
04. Logged-On Lifestyles	1,41	1,63	-0,22
05. Liquid Living	2,87	2,48	0,39
06. Successful Singles	3,04	2,72	0,32
07. Lifestyle Lending	3,97	3,62	0,34
08. Comfortable Retirees	4,28	3,67	0,62
09. Secure Singles	4,83	4,09	0,74
10. Comfortable Couples	5,98	5,71	0,26
11. Steady Entrepreneurs	8,95	9,65	-0,70
12. Stand-Alone Singles	3,84	4,53	-0,69
13. Plugged-In Purchasers	4,17	5,12	-0,94
14. Payday Pursuers	5,00	5,40	-0,40
15. Deficient Directors	7,05	8,02	-0,98
16. Credit-Reliant Consumers	11,34	14,57	-3,23
17. Secure Seniors	3,11	2,95	0,16
18. Coping Couples	2,80	2,66	0,13
19. Restricted Retirees	5,02	4,16	0,85
20. Low Earners	8,54	7,95	0,59
21. Misfortunate Mature	7,08	6,10	0,98
22. Concerning Citizens	5,77	5,08	0,68
23. Money-Wise Mature	7,74	6,57	1,18
24. Depleted Resources	8,00	8,80	-0,80
25. Strained Adults	10,47	12,16	-1,69
26. Online Survivors	7,40	8,19	-0,79
27. Struggling Earners	8,08	8,27	-0,19
28. Minimum-Money Workers	12,99	16,51	-3,51
29. Inexperienced Earners	13,57	17,12	-3,55
30. Eager Youth	16,54	21,61	-5,07

At a Financial Affluence Segment Group-level, FAS groups 1 and 2, who jointly have the largest exposure to credit, while both negatively impacted by the distressed environment, remain the segments with the lowest aggregated level of first-time defaulters in the country.

- **Affluent Couples (FAS 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. While financially mature, this type similarly experienced a deterioration in CDI from 2.39% in December 2019 to 2.67% in December 2020.
- **Logged-on Lifestyles (FAS 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 CDI***; however, they are showing improvement in their first-time default rate from a CDI of 1.63% in December 2019 to 1.41% in December 2020.
- **Eager Youth (FAS Type 30),** wwho 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 typically is the population that is excluded from credit in a tightening environment, their CDI has shown a marked improvement over the past year, moving from a CDI of 21.61% to 16.54%..

	CDI Dec 2020	CDI Dec 2019	New Default Balances Oct 2020 - Dec 2020
Composite Index	4,07	3,97	18 356 228 486
FAS Type 2 - Largest Credit Exposure	2,67	2,39	1 614 783 229
FAS Type 4 - Lowest CDI	1,41	1,63	447 306 500
FAS Type 30 - Highest CDI	16,54	21,61	131 070 792

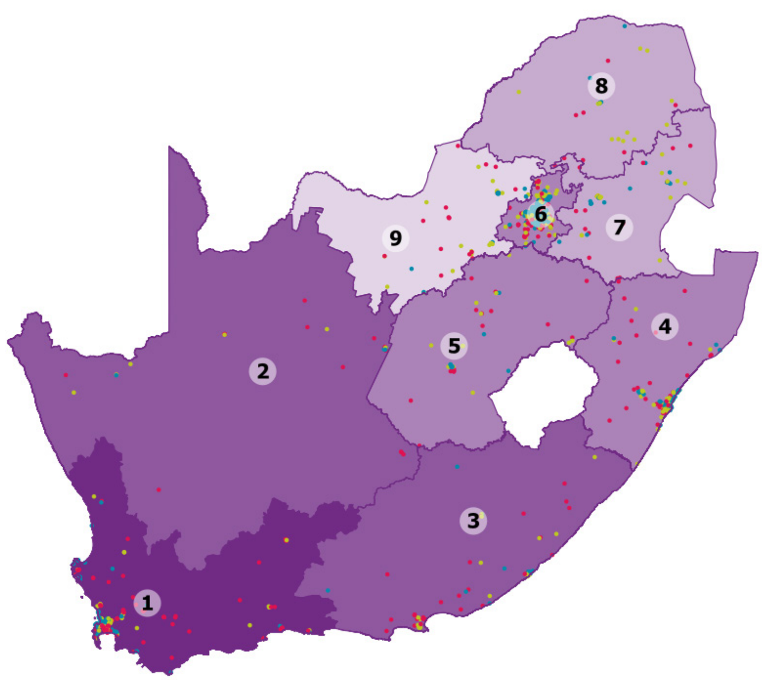
Home Loan Consumer Default Index by Province



1.42%
of home loan balances on an annualised basis defaulted for the first time over the period of Oct 2020 to Dec 2020.

R3.07bn
in value defaulted for the first time over the period of Oct 2020 to Dec 2020.

	CDI Dec 2020	CDI Dec 2019	New Default Balances Oct 2020 - Dec 2020
Home Loan Index	1,42	1,61	3 073 234 760
FAS Type 2 - Largest Credit Exposure	1,30	1,56	477 400 900
FAS Type 12 - Lowest CDI	0,68	1,34	26 632 233
FAS Type 29 - Highest CDI	5,20	2,06	3 722 809



FAS Type 2 - Largest Credit Exposure
FAS Type 12 - Lowest CDI
FAS Type 29 - Highest CDI

Home Loans	CDI	
Rank & Province	Dec'19	Dec'20
1. Western Cape	1,17	1,00
2. Northern Cape	1,57	1,13
3. Eastern Cape	1,34	1,20
4. KwaZulu-Natal	1,66	1,37
5. Free State	1,69	1,44
6. Gauteng	1,76	1,55
7. Mpumalanga	1,70	1,69
8. Limpopo	1,56	1,81
9. North West	1,99	2,11

The improvement in the Home Loans CDI is the main reason why the Composite CDI has shown only a moderate deterioration of 0.1%. This is due to the sheer magnitude of the outstanding balances on home loans portfolios relative to that of other credit products. The Home Loans CDI showed a Y-o-Y improvement from 1.61% in December 2019 to 1.42% in December 2020.

- The Home Loans CDI in the **Western Cape** improved from 1.17% in December 2019 to 1.00% in December 2020; this remains the province least impacted by the distressed environment. The performance aligns with the general improvement in Home Loans first-time default rates.
- At the opposite end of the scale, **North West** is the most impacted from a first default perspective, deteriorating from a Home Loans CDI of 1.99% in December 2019 to 2.11% in December 2020. The performance in North West aligns with the higher proportion of FAS Groups 4, 5 and 6 residing in this province, who at an aggregated level are more financially distressed.
- **Limpopo** has seen the most significant deterioration over the past year, moving from a CDI of 1.56% in December 2019 to 1.81% in December 2020.

Home Loan Consumer Default Index by Micro-FAS

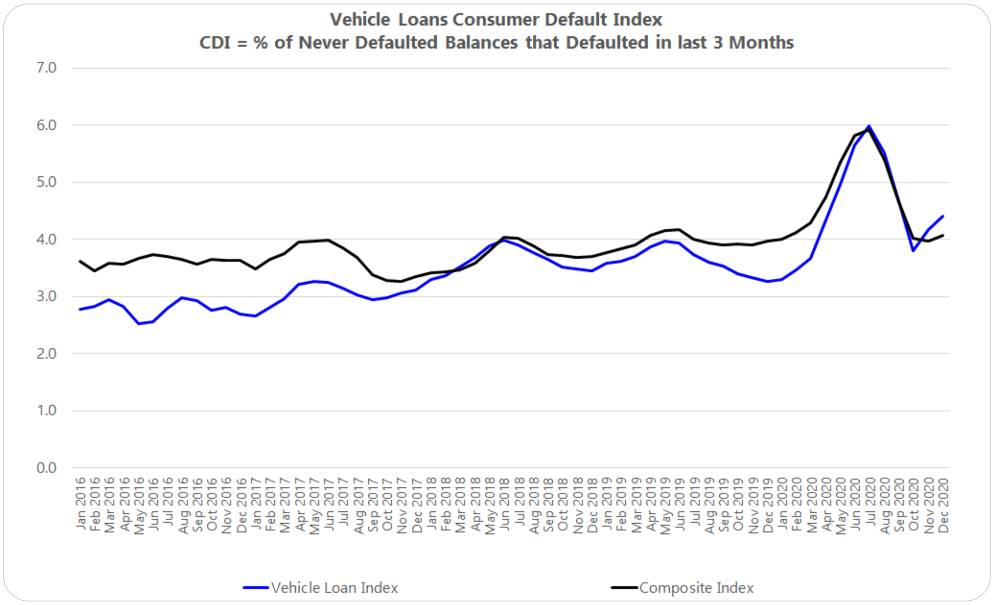
FAS	CDI		
FAS Type Name	**Dec'20**	**Dec'19**	**Year on Year Δ**
01. Independent Investors	1,74	1,89	-0,15
02. Affluent Couples	1,30	1,56	-0,26
03. Professional Players	1,15	1,37	-0,22
04. Logged-On Lifestyles	1,10	1,22	-0,12
05. Liquid Living	1,26	1,49	-0,23
06. Successful Singles	0,84	1,14	-0,30
07. Lifestyle Lending	2,24	2,21	0,03
08. Comfortable Retirees	1,84	1,91	-0,07
09. Secure Singles	1,88	1,96	-0,08
10. Comfortable Couples	2,21	2,46	-0,25
11. Steady Entrepreneurs	3,55	5,62	-2,06
12. Stand-Alone Singles	0,68	1,34	-0,66
13. Plugged-In Purchasers	1,21	1,32	-0,10
14. Payday Pursuers	1,15	2,16	-1,01
15. Deficient Directors	1,92	3,01	-1,09
16. Credit-Reliant Consumers	2,34	2,03	0,31
17. Secure Seniors	2,16	1,93	0,23
18. Coping Couples	1,82	1,71	0,10
19. Restricted Retirees	2,23	1,83	0,40
20. Low Earners	1,98	1,13	0,86
21. Misfortunate Mature	1,70	1,79	-0,09
22. Concerning Citizens	1,25	1,76	-0,51
23. Money-Wise Mature	2,76	2,32	0,44
24. Depleted Resources	1,71	1,82	-0,11
25. Strained Adults	2,53	2,00	0,53
26. Online Survivors	0,69	1,28	-0,60
27. Struggling Earners	1,38	0,96	0,42
28. Minimum-Money Workers	2,60	3,68	-1,08
29. Inexperienced Earners	5,20	2,06	3,13
30. Eager Youth	-	3,18	-

The largest credit exposure from a home loans perspective falls in the Macro-FAS Groups 1 and 2. Again, this is a function of the ability of these FAS segments to gain access to secured lending products due to their financial standing. 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)**, 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***. While financially mature, this type similarly experienced a deterioration in Home Loans CDI from 1.50% in December 2019 to 1.98% in December 2020.
- **Stand-alone Singles (FAS Type 12)**, independent singles, ~20% of which have a ~R500k opening balance on their home loan, earning comfortable salaries of R200k per annum on average. They have the ***lowest Home Loans CDI***, improving from 1.34% in December 2019 to 0.68% in December 2020. They have a mature approach to credit (generally a low delinquency rate around 34%).
- **Inexperienced Earners (FAS Type 29)**, young salaried employees that are new to the job market and are beginning to set up their lives, have the ***highest Home Loans CDI***, having deteriorated from 2.06% in December 2019 to a staggering 5.20% in December 2020. This is plainly the result of very low product ownership (0.1% exposure to Home Loan market) in this type.

	CDI Dec 2020	CDI Dec 2019	New Default Balances Oct 2020 - Dec 2020
Home Loan Index	1,42	1,61	3 073 234 760
FAS Type 2 - Largest Credit Exposure	1,30	1,56	477 400 900
FAS Type 12 - Lowest CDI	0,68	1,34	26 632 233
FAS Type 29 - Highest CDI	5,20	2,06	3 722 809

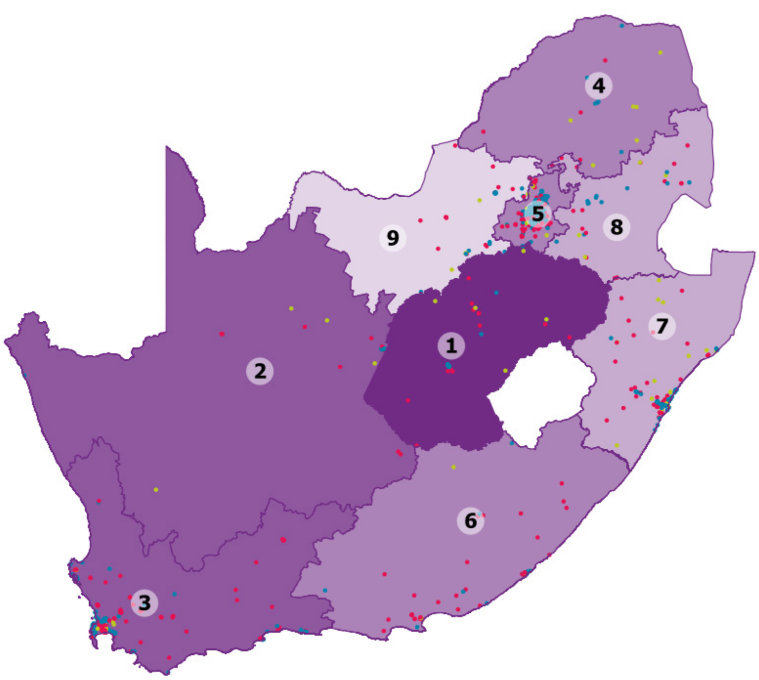
Vehicle Loan Consumer Default Index by Province



4.42%
of vehicle loan balances on an annualised basis defaulted for the first time over the period of Oct 2020 to Dec 2020.

R5.12bn
in value defaulted for the first time over the period of Oct 2020 to Dec 2020.

	CDI Dec 2020	CDI Dec 2019	New Default Balances Oct 2020 - Dec 2020
Vehicle Loan Index	4,42	3,26	5 118 906 705
FAS Type 2 - Largest Credit Exposure	4,06	2,73	586 761 354
FAS Type 27 - Lowest CDI	0,56	0,66	65 824
FAS Type 29 - Highest CDI	10,50	6,95	3 966 433



FAS Type 2 - Largest Credit Exposure
FAS Type 27 - Lowest CDI
FAS Type 29 - Highest CDI

Vehicle Loans	CDI	
Rank & Province	Dec'19	Dec'20
1. Free State	3,24	3,67
2. Northern Cape	3,44	3,73
3. Western Cape	2,72	4,14
4. Limpopo	3,34	4,17
5. Gauteng	3,38	4,45
6. Eastern Cape	3,10	4,47
7. KwaZulu-Natal	3,30	4,48
8. Mpumalanga	3,61	4,89
9. North West	3,20	4,98

The performance of the Vehicle Loans CDI has shown movement in the opposite direction than the other secured lending product, i.e. Home Loans. The Vehicle Loan CDI has deteriorated from 3.26% in December 2019 to 4.42% in December 2020.

- The Vehicle Loans CDI in the **Western Cape**, usually the least impact province, has deteriorated so much that the Western Cape now finds itself in the 3rd position, up from 2.72% in December 2019 to 4.14% in December 2020. This is reflective of the high representation of FAS Groups 1 and 2 in the province and points to the fact that Vehicle Loans are really the main reason for the deterioration in these more affluent consumer segments.
- The **Free State** is the province least impacted by the distressed environment but still shows a deterioration from 3.24% in December 2019 to 3.67 in December 2020.
- At the opposite end of the scale, **North West** is showing the highest CDI for Vehicle Loans, increasing from 3.20% in December 2019 to 4.96% in December 2020. The performance similarly aligns with the higher proportion of FAS Groups 4, 5 and 6 residing in this province, who, at an aggregated level, are more financially distressed than the higher affluent consumer segments.

The impact of the Vehicle Loans CDI deterioration is more widely felt than that of Home Loans due to the greater access to vehicle loans across the overall credit-active population.

Vehicle Loan Consumer Default Index by Micro-FAS

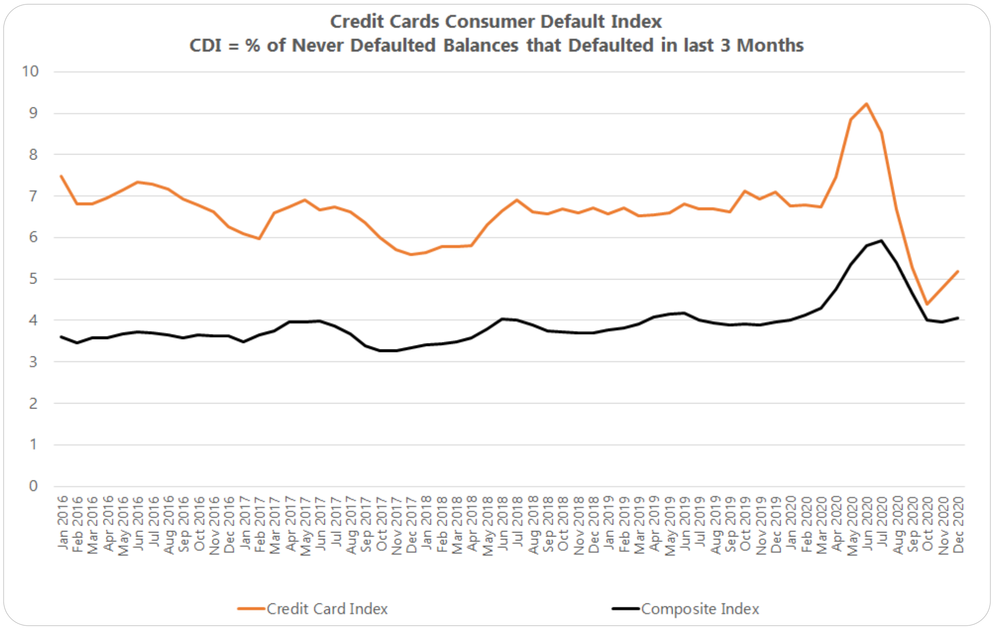
FAS	CDI		
FAS Type Name	Dec'20	Dec'19	Year on Year Δ
01. Independent Investors	4,54	2,56	1,99
02. Affluent Couples	4,06	2,73	1,33
03. Professional Players	3,93	2,84	1,09
04. Logged-On Lifestyles	1,61	1,43	0,18
05. Liquid Living	3,67	2,32	1,35
06. Successful Singles	4,53	3,09	1,44
07. Lifestyle Lending	4,19	2,56	1,63
08. Comfortable Retirees	3,98	2,51	1,47
09. Secure Singles	4,68	3,02	1,66
10. Comfortable Couples	5,07	3,75	1,32
11. Steady Entrepreneurs	7,48	7,10	0,38
12. Stand-Alone Singles	4,29	4,40	-0,10
13. Plugged-In Purchasers	6,56	4,89	1,67
14. Payday Pursuers	6,15	6,44	-0,30
15. Deficient Directors	6,56	6,37	0,18
16. Credit-Reliant Consumers	7,67	5,70	1,97
17. Secure Seniors	4,62	3,29	1,33
18. Coping Couples	3,29	2,50	0,79
19. Restricted Retirees	6,18	3,18	3,00
20. Low Earners	5,37	2,74	2,64
21. Misfortunate Mature	3,27	1,81	1,46
22. Concerning Citizens	4,12	2,80	1,32
23. Money-Wise Mature	8,68	5,11	3,57
24. Depleted Resources	5,26	3,41	1,85
25. Strained Adults	7,53	4,72	2,82
26. Online Survivors	5,47	3,83	1,64
27. Struggling Earners	0,56	0,66	-0,10
28. Minimum-Money Workers	8,81	11,80	-3,00
29. Inexperienced Earners	10,50	6,95	3,55
30. Eager Youth	4,07	8,03	-3,96

Similar to Home Loans, access to Vehicle Loans are predominantly targeted at macro-FAS Groups 1 and 2, with the largest credit exposure again in FAS Group 2.

- **Affluent Couples (FAS Type 2)**, ho 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. While financially mature, this group similarly experienced a deterioration in Vehicle Loan CDI over the period.
- **Struggling Earners (Type 27)**, struggle to make ends meet, and as such, only 5% of them have Vehicle loans valued at an avg. R136k. Although they have the ***lowest Vehicle Loan CDI***, this is purely the result of very low product ownership (0.01% exposure to Vehicle Loan market) in this type.
- **Inexperienced Earners (Type 29)** have deteriorated from a CDI of 6.95% in December 2019 to a staggering 10.50% in December 2020 and are the consumer type with the highest first-time default rate in Vehicle Loans. Remember that this type consists of young salaried employees that are new to the job market and are beginning to set up their lives, and as a result, are exhibiting the ***highest Vehicle Loans CDI***.

	CDI Dec 2020	CDI Dec 2019	New Default Balances Oct 2020 - Dec 2020
Vehicle Loan Index	4,42	3,26	5 118 906 705
FAS Type 2 - Largest Credit Exposure	4,06	2,73	586 761 354
FAS Type 27 - Lowest CDI	0,56	0,66	65 824
FAS Type 29 - Highest CDI	10,50	6,95	3 966 433

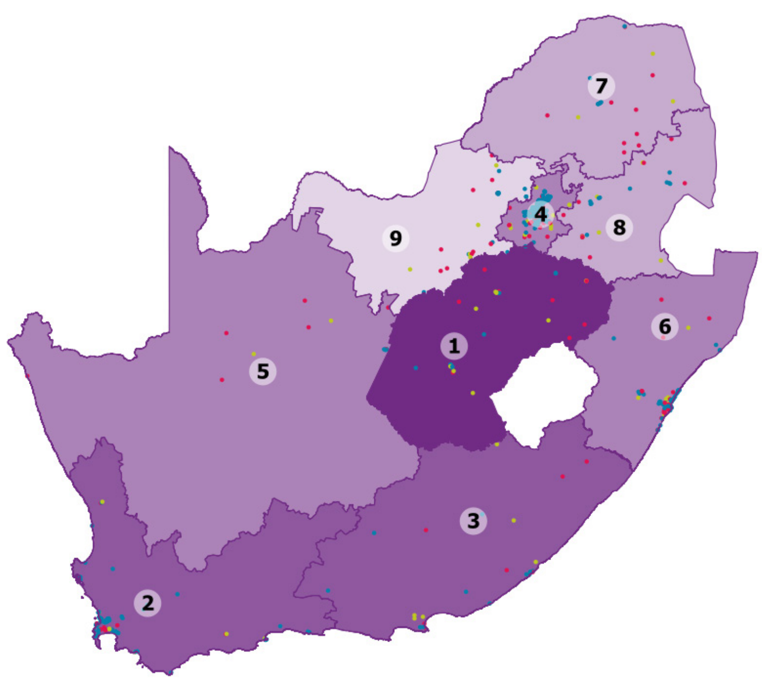
Credit Card Consumer Default Index by Province



5.20%
of credit card balances on an annualised basis defaulted for the first time over the period of Oct 2020 to Dec 2020.

R1.83bn
in value defaulted for the first time over the period of Oct 2020 to Dec 2020.

	CDI Dec 2020	CDI Dec 2019	New Default Balances Oct 2020 - Dec 2020
Credit Card Index	5,20	7,09	1 830 890 238
FAS Type 2 - Largest Credit Exposure	4,16	4,90	212 941 899
FAS Type 14 - Lowest CDI	1,61	6,30	1 249 904
FAS Type 16 - Highest CDI	10,94	17,26	110 305 336



FAS Type 2 - Largest Credit Exposure
FAS Type 14 - Lowest CDI
FAS Type 16 - Highest CDI

Credit Cards	CDI	
Rank & Province	**Dec'19**	**Dec'20**
1. Free State	6,69	4,67
2. Western Cape	5,98	4,97
3. Eastern Cape	6,77	5,01
4. Gauteng	7,21	5,17
5. Northern Cape	7,32	5,34
6. KwaZulu-Natal	7,66	5,45
7. Limpopo	8,02	5,58
8. Mpumalanga	7,95	5,93
9. North West	7,84	6,00

The performance of the Credit Card CDI showed a significant improvement, moving from 7.09% in December 2019 to 5.20% in December 2020.

- The Credit Card CDI in the **Free State** improved from 6.69% in December 2019 to 4.67% in December 2020 and is the province with the lowest CDI for Credit Cards. This aligns with the Vehicle and Personal Loan level observations in terms of the province's performance
- **North West** is the most impacted province but also shows improvement from a Credit Card CDI of 7.84% in December 2019 to 6.00% in December 2020. The performance again aligns with the higher proportion of FAS Groups 4, 5 and 6, residing in this province, who, at an aggregated level, are more financially distressed.
- The CDI in **Limpopo** improved most significantly over the past year from 8.02% in December 2019 to 5.58% in December 2020.

It must be noted that the Credit Card new business volumes have been low ever since the first lock-down announcement in March 2020. As such, there are fewer first-time defaulting accounts for this product type.



Credit Card Consumer Default Index by Micro-FAS

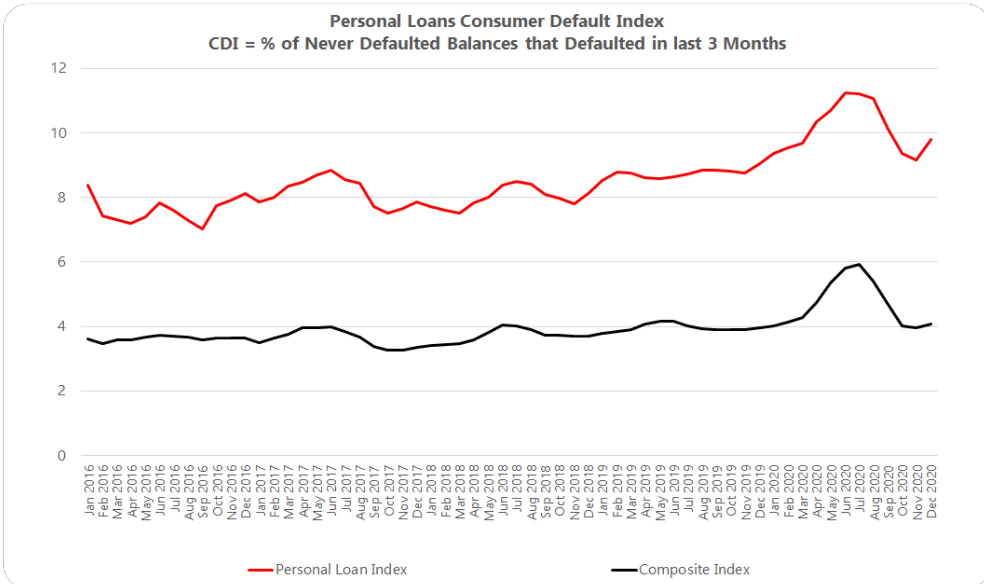
FAS	CDI		
FAS Type Name	Dec'20	Dec'19	Year on Year Δ
01. Independent Investors	3,41	3,56	-0,15
02. Affluent Couples	4,16	4,90	-0,74
03. Professional Players	4,61	6,14	-1,53
04. Logged-On Lifestyles	2,03	4,56	-2,52
05. Liquid Living	4,06	5,16	-1,11
06. Successful Singles	5,58	7,12	-1,55
07. Lifestyle Lending	5,47	8,03	-2,56
08. Comfortable Retirees	5,11	6,89	-1,79
09. Secure Singles	6,81	8,75	-1,94
10. Comfortable Couples	7,05	10,03	-2,97
11. Steady Entrepreneurs	9,48	14,01	-4,52
12. Stand-Alone Singles	4,12	7,45	-3,33
13. Plugged-In Purchasers	3,41	7,78	-4,37
14. Payday Pursuers	1,61	6,30	-4,70
15. Deficient Directors	8,22	12,90	-4,68
16. Credit-Reliant Consumers	10,94	17,26	-6,32
17. Secure Seniors	2,77	3,97	-1,21
18. Coping Couples	2,76	4,82	-2,05
19. Restricted Retirees	4,46	5,48	-1,02
20. Low Earners	6,42	5,48	0,94
21. Misfortunate Mature	5,35	7,86	-2,51
22. Concerning Citizens	5,24	6,81	-1,57
23. Money-Wise Mature	7,75	6,07	1,68
24. Depleted Resources	7,88	9,72	-1,84
25. Strained Adults	9,39	12,06	-2,66
26. Online Survivors	6,30	13,52	-7,23
27. Struggling Earners	7,64	8,22	-0,58
28. Minimum-Money Workers	10,49	13,13	-2,64
29. Inexperienced Earners	9,29	14,36	-5,07
30. Eager Youth	8,68	14,98	-6,30

The wider access to credit cards across the various
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. However, as is the case across the secured lending products, 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. While financially mature, this type similarly experienced a deterioration in Credit Card CDI over the period.
- **Payday Pursuers (Type 14)** are living from month to month. These middle-aged individuals rely on finance to bridge the gap between paydays. Having tight budgets, these consumers are active credit users who are also good payers. This type has the ***lowest and significantly improved Credit Card CDI***. Note that they have very low exposure (~0.2%) in the Credit Card market.
- **Credit-reliant Consumers (Type 16)**, who are consumers earning average salaries of about R145k per annum 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 Credit Card CDI***.

	CDI Dec 2020	CDI Dec 2019	New Default Balances Oct 2020 - Dec 2020
Credit Card Index	5,20	7,09	1 830 890 238
FAS Type 2 - Largest Credit Exposure	4,16	4,90	212 941 899
FAS Type 14 - Lowest CDI	1,61	6,30	1 249 904
FAS Type 16 - Highest CDI	10,94	17,26	110 305 336

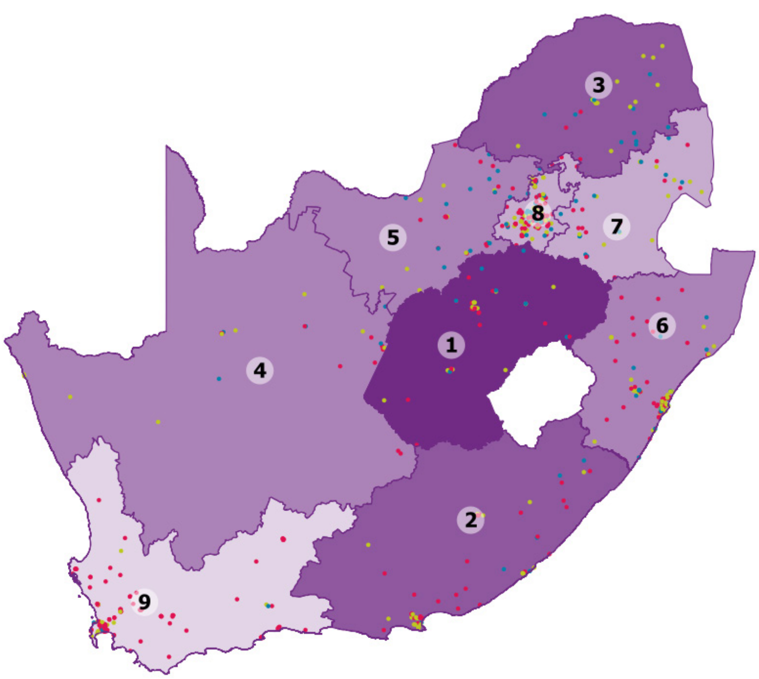
Personal Loan Consumer Default Index by Province



9.81%
of personal loans on an annualised basis defaulted for the first time over the period of Oct 2020 to Dec 2020.

R7.12bn
in value defaulted for the first time over the period of Oct 2020 to Dec 2020.

	CDI Dec 2020	CDI Dec 2019	New Default Balances Oct 2020 - Dec 2020
Personal Loan Index	9,81	9,04	7 121 562 720
FAS Type 16 - Largest Credit Exposure	12,92	15,95	750 765 087
FAS Type 18 - Lowest CDI	5,65	4,72	84 872 264
FAS Type 29 - Highest CDI	13,13	16,82	203 322 321



FAS Type 16 - Largest Credit Exposure
FAS Type 18 - Lowest CDI
FAS Type 29 - Highest CDI

Personal Loans	CDI	
Rank & Province	**Dec'19**	**Dec'20**
1. Free State	7,98	7,98
2. Eastern Cape	7,82	8,15
3. Limpopo	8,34	8,33
4. Northern Cape	7,33	8,39
5. North West	8,90	9,05
6. KwaZulu-Natal	8,86	9,82
7. Mpumalanga	8,83	10,24
8. Gauteng	9,66	10,32
9. Western Cape	9,44	11,00

The Personal Loans CDI still shows a deterioration from 9.04% in December 2019 to 9.81% in December 2020.

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.

- In line with the typical FAS segments that make use of personal loan facilities, the **Free State** has the lowest CDI, actually remaining stable Y-o-Y at 7.98% for December 2020.
- In stark contrast to traditional banking product performance, the **Western Cape** is the most impacted province, as well as the most significantly deteriorating province, moving from a Personal Loans CDI of 9.44% in December 2019 to 11.00% in December 2020.

None of the provinces showed an improvement on a Y-o-Y basis with regard to the Personal Loans CDI.

Personal Loan Consumer Default Index by Micro-FAS

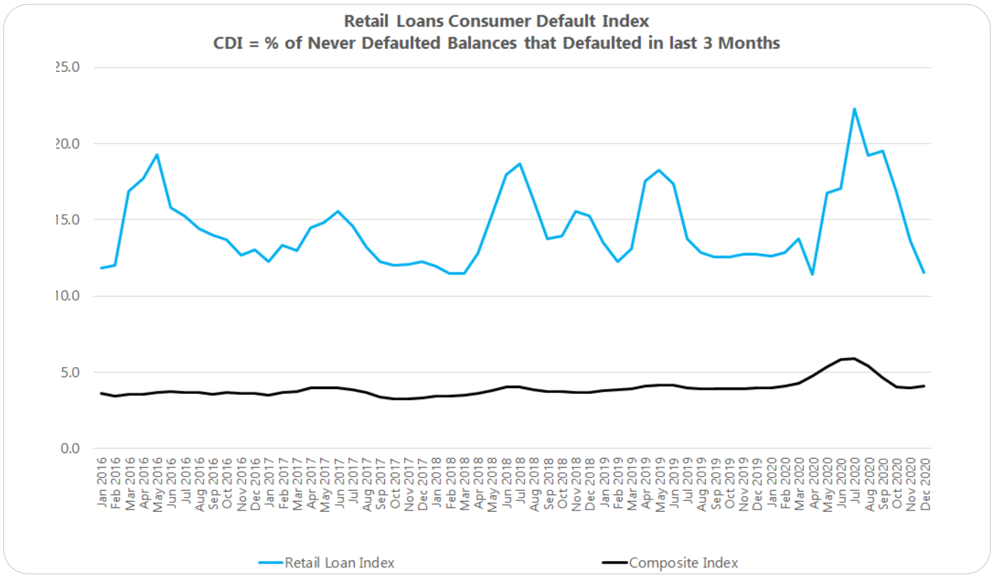
FAS	CDI		
FAS Type Name	Dec'20	Dec'19	Year on Year Δ
01. Independent Investors	6,11	4,82	1,29
02. Affluent Couples	8,23	5,97	2,26
03. Professional Players	9,07	7,17	1,89
04. Logged-On Lifestyles	5,67	6,28	-0,61
05. Liquid Living	8,10	5,88	2,22
06. Successful Singles	10,04	8,43	1,61
07. Lifestyle Lending	8,53	7,97	0,56
08. Comfortable Retirees	8,34	6,37	1,97
09. Secure Singles	10,39	7,85	2,54
10. Comfortable Couples	9,95	9,03	0,92
11. Steady Entrepreneurs	11,39	12,63	-1,24
12. Stand-Alone Singles	7,97	8,14	-0,18
13. Plugged-In Purchasers	9,33	8,40	0,93
14. Payday Pursuers	8,34	6,29	2,05
15. Deficient Directors	11,51	9,28	2,23
16. Credit-Reliant Consumers	12,92	15,95	-3,04
17. Secure Seniors	5,80	4,72	1,08
18. Coping Couples	5,65	4,72	0,93
19. Restricted Retirees	6,98	5,44	1,54
20. Low Earners	10,89	7,74	3,15
21. Misfortunate Mature	9,13	5,52	3,60
22. Concerning Citizens	9,63	7,56	2,07
23. Money-Wise Mature	9,49	7,54	1,95
24. Depleted Resources	10,50	11,09	-0,59
25. Strained Adults	10,84	12,50	-1,66
26. Online Survivors	9,47	5,75	3,72
27. Struggling Earners	10,65	7,11	3,54
28. Minimum-Money Workers	12,89	15,71	-2,82
29. Inexperienced Earners	13,13	16,82	-3,69
30. Eager Youth	9,63	8,72	0,91

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

- **Credit-Reliant Consumers (FAS Type 16)**, who are young adults that rely on financing to cover monthly expenses, especially for retail purchases, most likely to elevate their level of lifestyle, have the ***largest personal loans credit exposure***. While this type's CDI has improved marginally over the past year, this can largely be attributed to the already high rate of defaults on existing facilities.
- **Coping Couples (Type 18)** are typically 45-60 years old and earning ~R175k per annum, these individuals often have unsecured bank loans to cover unforeseen expenses. They have the ***lowest Personal Loans CDI but still show deterioration*** from 4.72% in December 2019 to 5.65% in December 2020.
- **Inexperienced Earners (Type 29)** young salaried employees that are new to the job market and are beginning to set up their lives have the highest Personal Loans CDI but are showing an improvement from 16.82% in December 2019 to 13.13% in December 2020. These consumers represent 2% of the total exposure in the Personal Loans market.

	CDI Dec 2020	CDI Dec 2019	New Default Balances Oct 2020 - Dec 2020
Personal Loan Index	9,81	9,04	7 121 562 720
FAS Type 16 - Largest Credit Exposure	12,92	15,95	750 765 087
FAS Type 18 - Lowest CDI	5,65	4,72	84 872 264
FAS Type 29 - Highest CDI	13,13	16,82	203 322 321

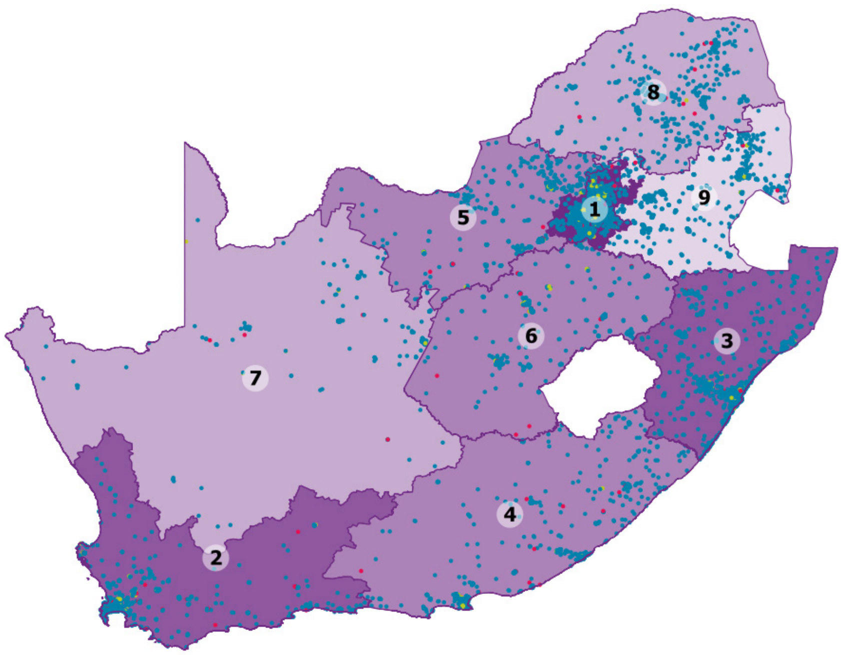
Retail Loans Consumer Default Index[1] by Province[1]



11.55%
of retail loans on an annualised basis defaulted for the first time over the period of Oct 2020 to Dec 2020.

R1.21bn
in value defaulted for first time over the period Oct 2020 to Dec 2020

	CDI Dec 2020	CDI Dec 2019	New Default Balances Oct 2020 - Dec 2020
Retail Loan Index	11,55	12,76	1 211 634 063
FAS Type 26 - Largest Credit Exposure	14,01	17,58	188 200 199
FAS Type 4 - Lowest CDI	4,79	6,80	11 397 484
FAS Type 30 - Highest CDI	24,56	29,25	105 551 047



FAS Type 26 - Largest Credit Exposure
FAS Type 4 - Lowest CDI
FAS Type 30 - Highest CDI

Retail Loans	CDI	
Rank & Province	Dec'19	Dec'20
1. Gauteng	12,62	11,13
2. Western Cape	11,80	11,26
3. KwaZulu-Natal	12,98	11,51
4. Eastern Cape	12,70	11,60
5. North West	13,13	11,70
6. Free State	12,09	11,72
7. Northern Cape	13,08	11,78
8. Limpopo	14,15	12,15
9. Mpumalanga	13,70	12,58

[1] Due to delayed bureau submissions of a major Retail Group, all of their data has been excluded from the entire analyses in this report. This supplier group will be included as soon as the data becomes available.

The Retail Loans CDI (which for the purpose of this CDI report excludes all the data of one Retail Group) has exhibited a highly significant improvement form the fourth quarter in 2019 (12.76% for December 2019 down to 11.55% in December 2020). This improvement is the result of an improvement in CDI of, in particular, consumers finding themselves in FAS Groups 5 and 6.

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

- **Gauteng** has shown the lowest CDI with respect to Retail Loans, improving from 12.62% in December 2019 to 11.13% in December 2020.
- The worst in provincial CDI ranking, the volume of first-time defaulters in Mpumalanga has also decreased from 13.70% in December 2019 to 12.58% in December 2020.

It must be noted that all provinces saw a notable improvement in Retail Credit CDI. This is partly due to the low volumes of new business that was written for Retailers

Retail Loans Consumer Default Index[1] by Micro-FAS

FAS	CDI		
FAS Type Name	Dec'20	Dec'19	Year on Year Δ
01. Independent Investors	6,14	4,46	1,68
02. Affluent Couples	6,24	5,93	0,31
03. Professional Players	7,78	7,51	0,27
04. Logged-On Lifestyles	4,79	6,80	-2,01
05. Liquid Living	6,37	6,57	-0,20
06. Successful Singles	9,39	8,96	0,44
07. Lifestyle Lending	9,42	9,75	-0,33
08. Comfortable Retirees	8,02	7,69	0,34
09. Secure Singles	13,61	12,74	0,87
10. Comfortable Couples	10,95	10,26	0,68
11. Steady Entrepreneurs	11,87	14,38	-2,50
12. Stand-Alone Singles	10,95	11,63	-0,67
13. Plugged-In Purchasers	11,34	11,65	-0,30
14. Payday Pursuers	8,34	9,90	-1,55
15. Deficient Directors	11,23	12,88	-1,65
16. Credit-Reliant Consumers	16,69	18,48	-1,79
17. Secure Seniors	6,35	5,31	1,04
18. Coping Couples	5,76	6,29	-0,52
19. Restricted Retirees	8,99	7,88	1,11
20. Low Earners	12,26	14,51	-2,25
21. Misfortunate Mature	9,53	9,47	0,06
22. Concerning Citizens	10,96	11,11	-0,16
23. Money-Wise Mature	10,95	10,81	0,14
24. Depleted Resources	11,82	9,98	1,84
25. Strained Adults	12,86	13,44	-0,59
26. Online Survivors	14,01	17,58	-3,57
27. Struggling Earners	13,07	15,68	-2,61
28. Minimum-Money Workers	16,96	22,79	-5,83
29. Inexperienced Earners	21,30	22,92	-1,63
30. Eager Youth	24,56	29,25	-4,68

New first-time defaulters decreased from 12.76% in December 2019 to 11.55% in December 2020. Because we have seen that the Retail Credit CDI deterioration in Q2 was quite modest, relative to that of banking products, this change in pattern is likely the result of mid-lockdown newcomers to Retail Loans, now becoming first-time defaulters.

When looking at the FAS type level segmentation, we observe the following:

- **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, still have the ***largest retail loan credit exposure,*** and they also saw a significant improvement in CDI from 17.89% in December 2019 to 14.01% in December 2020.
- **Logged-on Lifestyles (FAS Type 4)** who are young professionals that are very active when it comes to online retail buying but understand the value that investments such as property carry, have the ***lowest Retail Loans CDI.*** They also showed an improvement from 6.08% in December 2019 to 4.79% in December 2020.
- **Eager Youth (FAS 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; 94% likely to have Retail clothing accounts. Eager Youth have a high likelihood of being 3 or more months in arrears (48%). This FAS type has the ***highest Retail Loans CDI*** but still show an improvement from 29.25% in December 2019 to 24.56% in December 2020..

	CDI Dec 2020	CDI Dec 2019	New Default Balances Oct 2020 - Dec 2020
Retail Loan Index	11,55	12,76	1 211 634 063
FAS Type 26 - Largest Credit Exposure	14,01	17,58	188 200 199
FAS Type 4 - Lowest CDI	4,79	6,80	11 397 484
FAS Type 30 - Highest CDI	24,56	29,25	105 551 047

[1] Due to delayed bureau submissions of a major Retail Group, all of their data has been excluded from the entire analyses in this report. This supplier group will be included as soon as the data becomes available.

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.

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

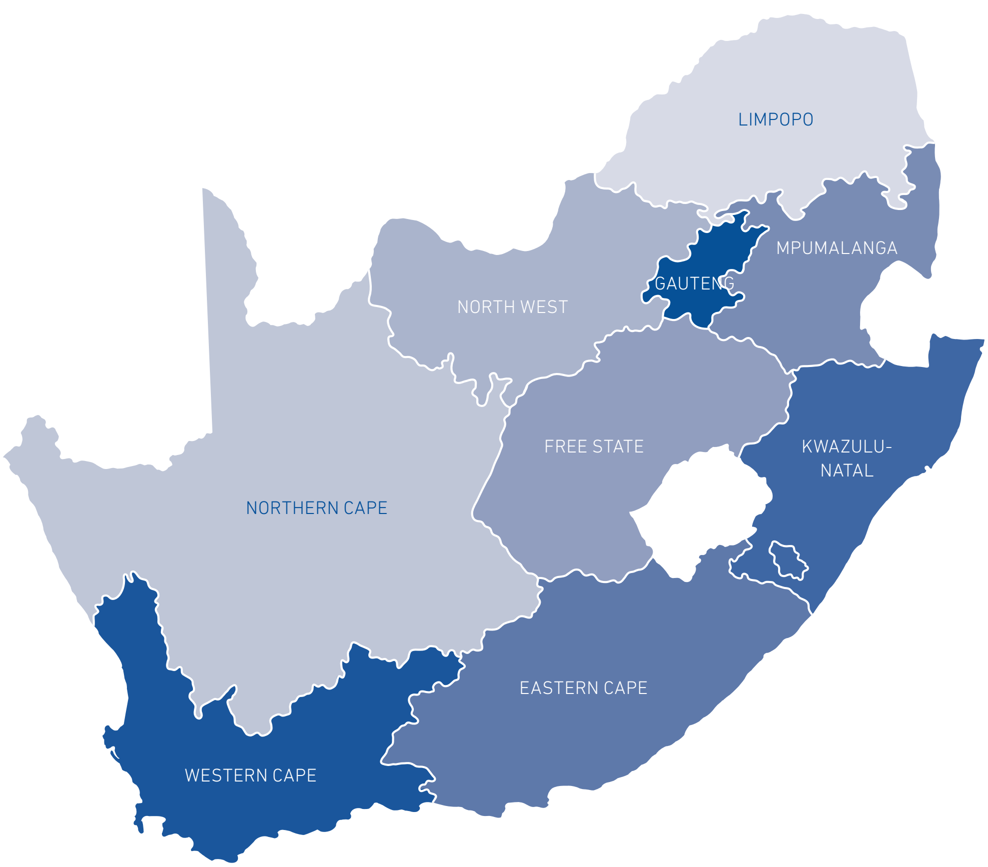
68% Directors
46% Multiple Directorships

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

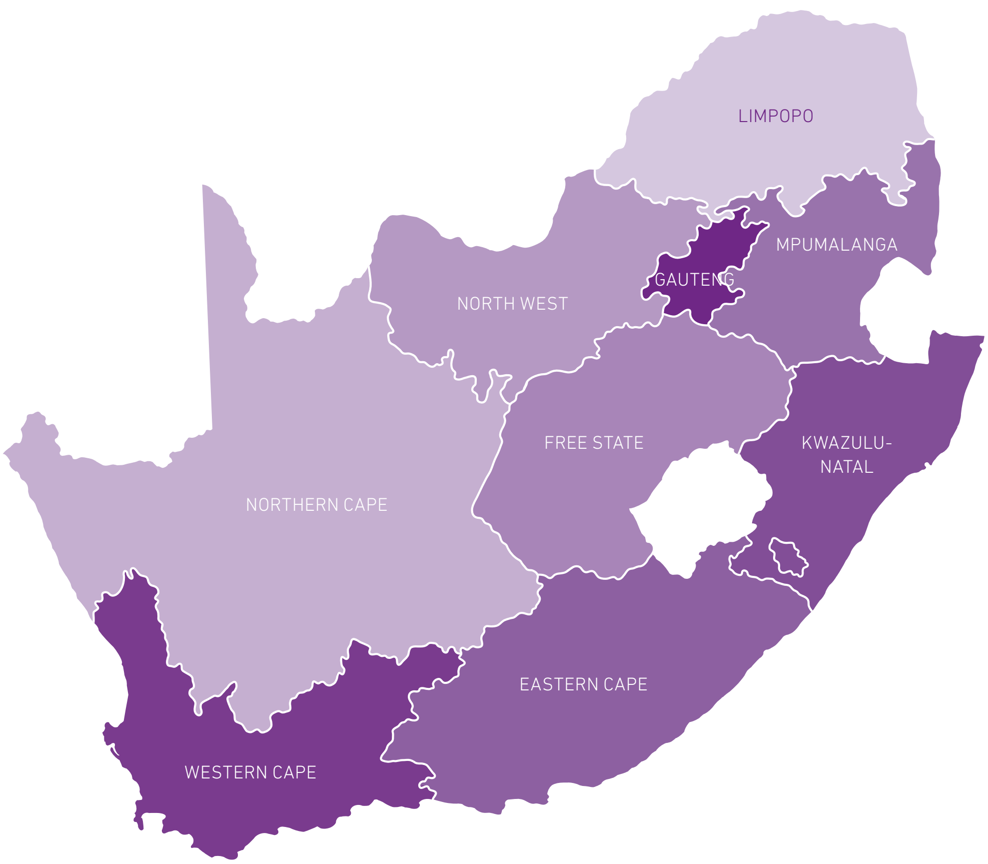
41% Directors
19% Multiple Directorships

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

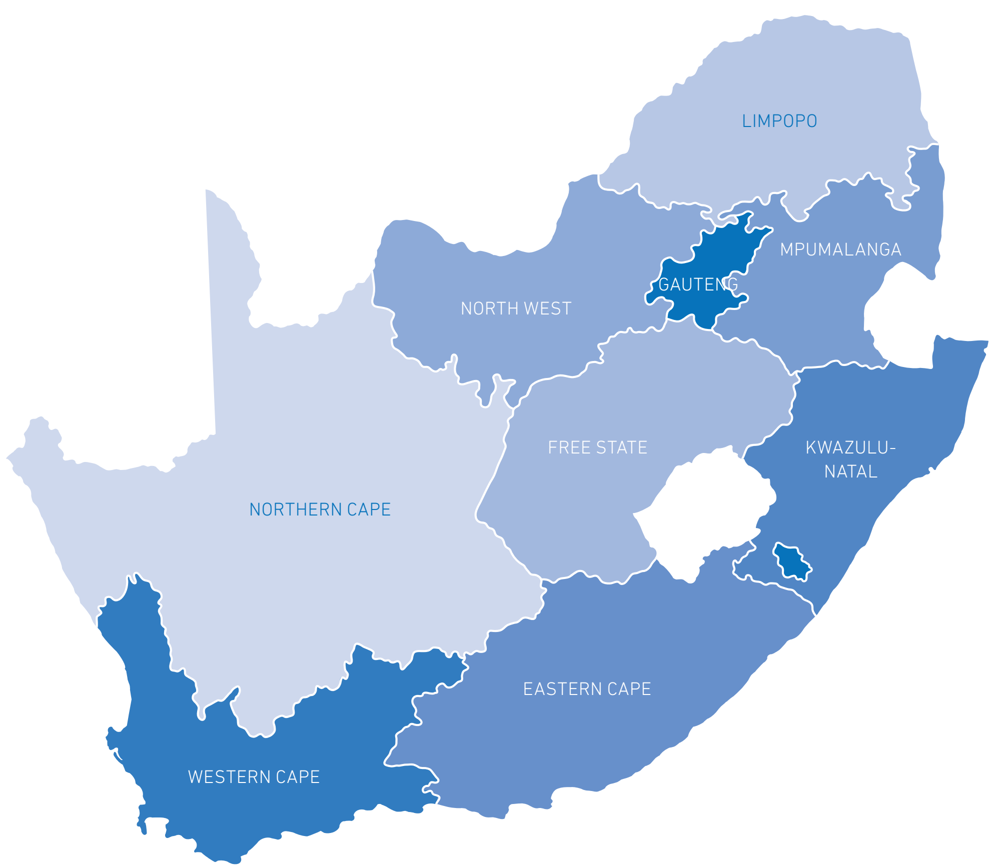
26% Directors
9% Multiple Directorships

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%

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

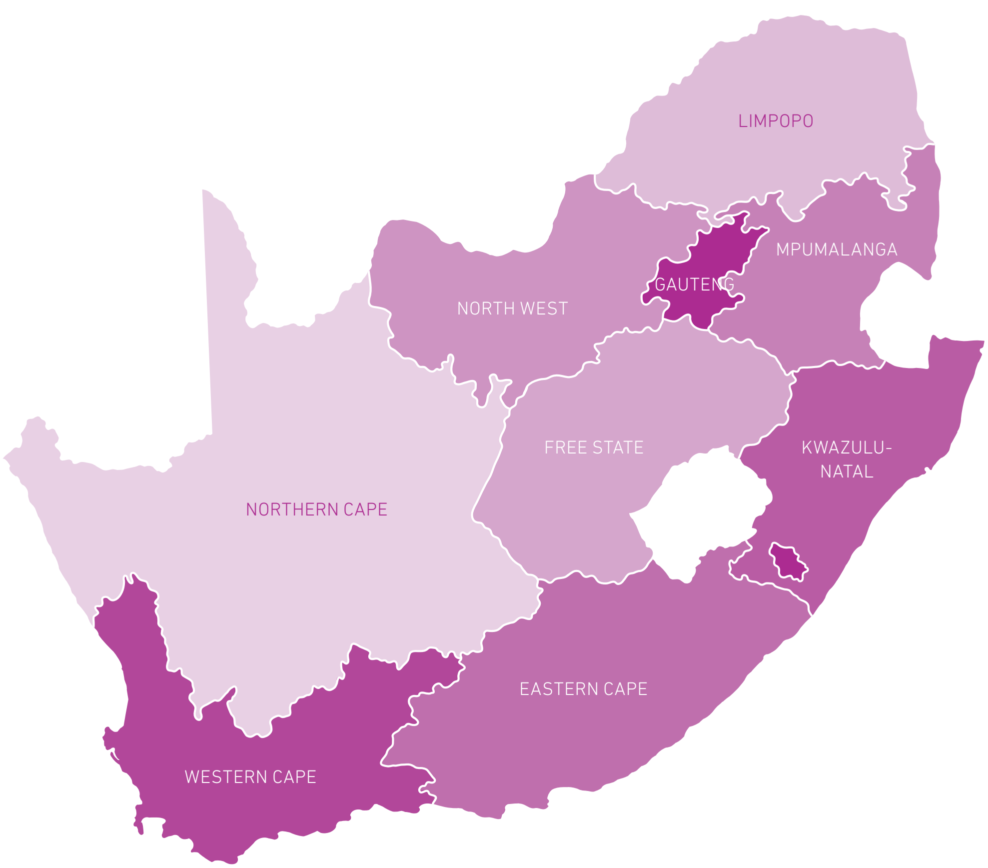
12% Directors
4% Multiple Directorships

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

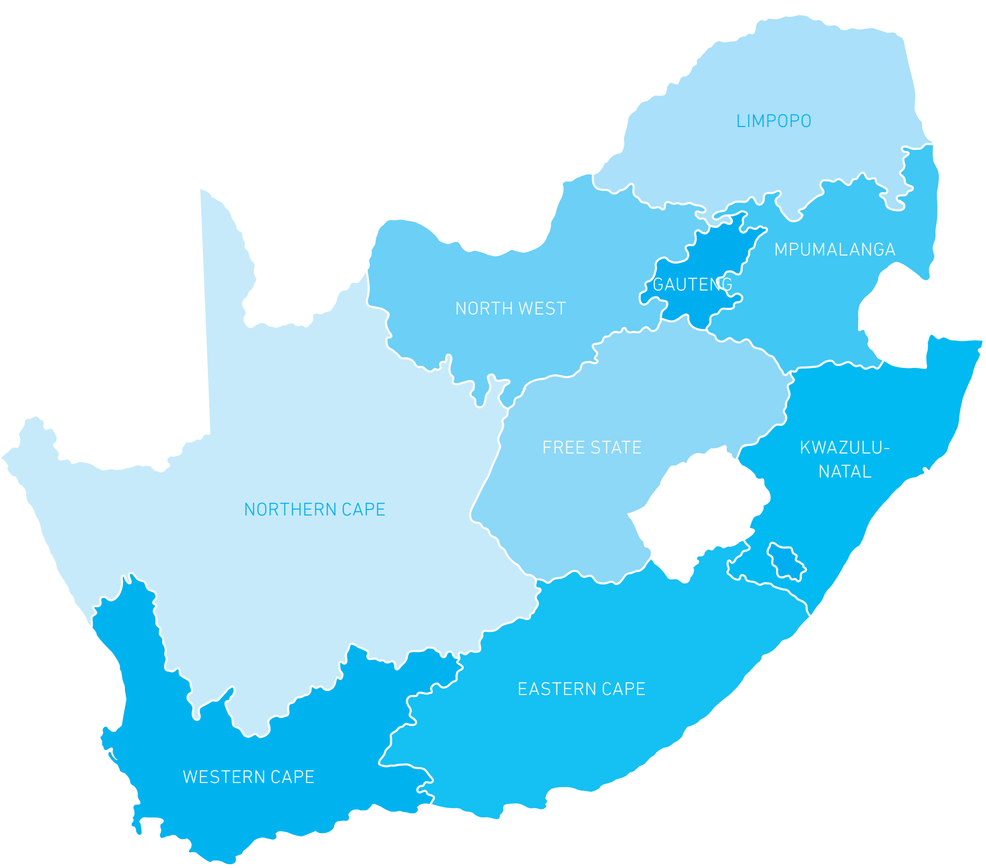
10% Directors
2% Multiple Directorships

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

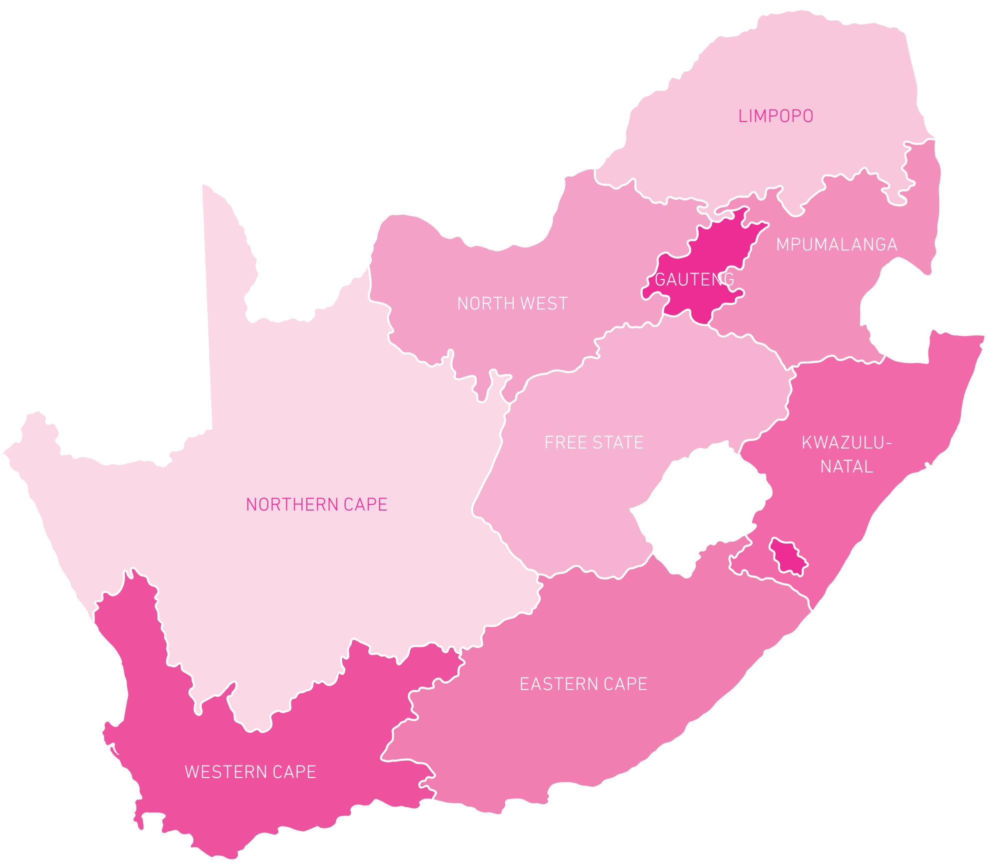
5% Directors
1% Multiple Directorships

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%

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