25 June 2020

A Look at the New Normal

Experian Quarter 1 2020 | Consumer Default Index

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Experian Consumer Default Index (CDI) – How has the COVID-19 crisis impacted consumers?

Overview of Index – What does it measure?

The Experian Consumer Default Index (CDI) is designed to measure 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 index 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 Financial Affluence Segmentation (FAS) type level to provide further insight into the dynamics faced by specific consumer affluence-related segments that are experiencing different stresses due to macro forces such as unemployment, interest rate changes and economic growth.

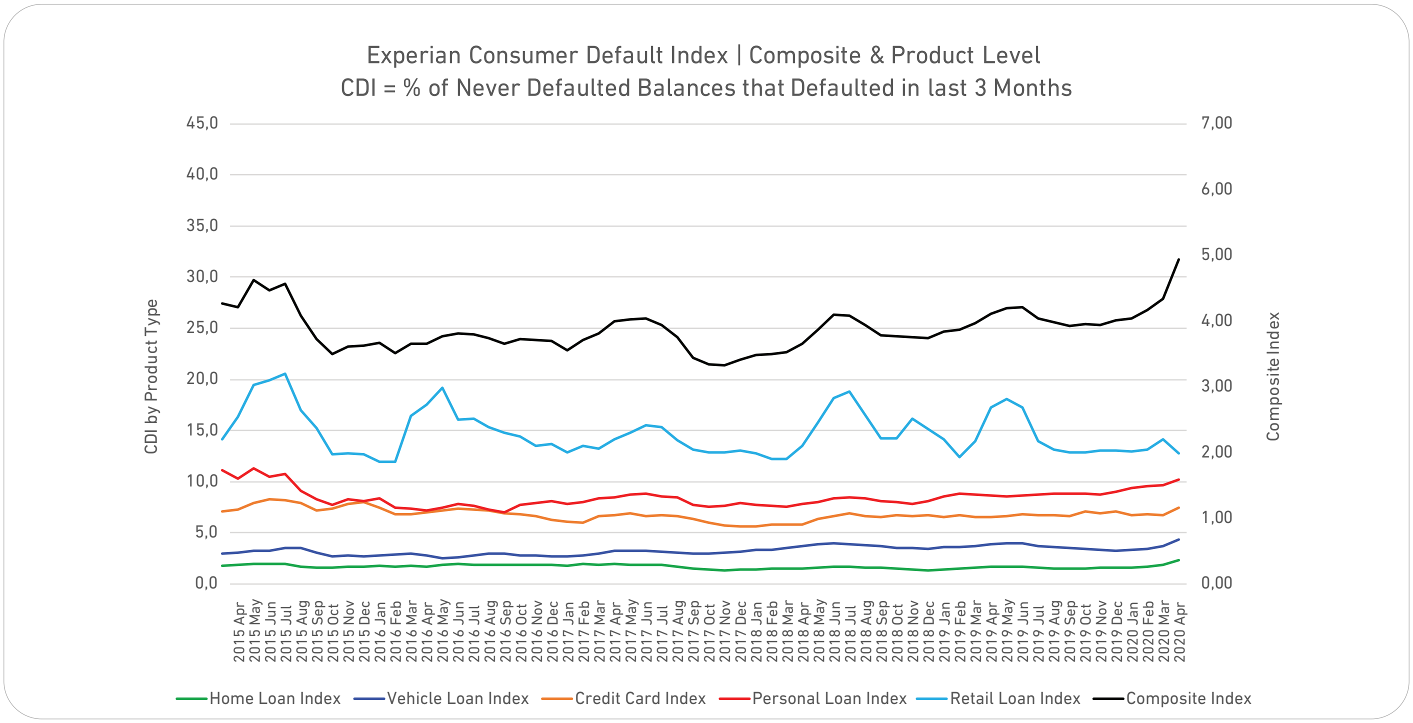
In our endeavour to include the most recent information and specifically the month of April, the first full month of COVID-19 lockdown in South Africa, all available submitted credit provider records were considered. With over 95% timeous submissions considered in the analysis, the results are significantly comprehensive with accurate insights at the consolidated and individual industry level.

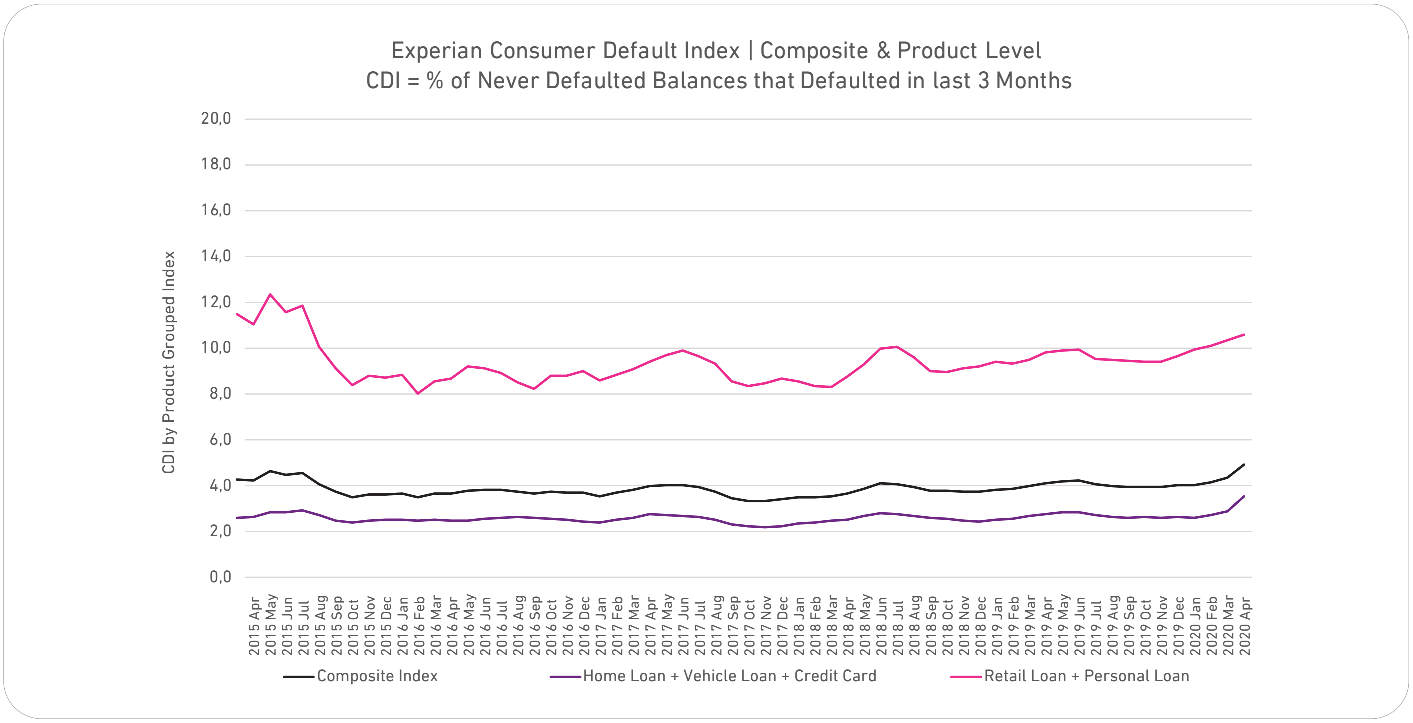
24.5m consumers with Credit Card, Personal Loan, Vehicle Loan, Home Loan and/or Retail Loan accounts.

30.4m active accounts across Credit Card, Personal Loan, Vehicle Loan, Home Loan and/or Retail Loan Products.

R1.50 trillion in outstanding debt.

Composite Consumer Default Index





Index	CDI April 2020	CDI April 2019	Average Oustanding Feb 2020 - Apr 2020	New Default Balances Feb 2020 - Apr 2020
Composite	4.94	4.11	1 678 805 289 587	20 732 308 250
Home Loan	2.32	1.68	760 246 019 530	4 401 048 225
Vehicle Loan	4.34	3.88	439 498 944 494	4 767 995 812
Credit Card	7.47	6.56	141 106 289 108	2 634 138 324
Personal Loan	10.19	8.61	288 186 855 118	7 342 769 675
Retail Loan	12.75	17.29	49 767 183 337	1 586 356 214
Home Loan + Veicle Loan + Credit Card	3.52	2.78	1 340 851 251 132	11 803 182 361
Retail Loan + Personal Loan	10.57	9.80	337 954 038 455	8 929 125 889

- The continued impact of a worsening general economic environment in South Africa along with the early impact of the COVID-19 pandemic has resulted in the Experian Consumer Default Index reaching its highest level over the past five years at a composite level.
- The overall index reached 4.94% in April 2020, tracking significantly higher year-on-year from 4.11% in April 2019.
- The primary contributors to the significant increase were the increase in first-time defaults in secured lending products, with the Home Loans index increasing from 1.68% to 2.32% and the Vehicle Loans index from 3.88% to 4.34% from April 2019 to April 2020.
- Similarly, Credit Cards and Personal Loans saw an increase from 6.56% to 7.47% and 8.61% to 10.19% from April 2019 to April 2020.
- Interesting though is the continued improvement in the Retail Loans CDI, with the index improving significantly from 17.29% in April 2019 to 12.75% in April 2020. It must, however, be noted that:
  - Retail Loans only contribute ~3% of the total outstanding debt in South Africa, however, they make up ~50% of the total number of credit accounts.
  - Credit retailers have significantly reduced risk exposure since early 2019 in the wake of a struggling consumer.

Composite Consumer Default Index by Macro-Financial Affluence Segment (FAS)

FAS Group	CDI Apr 2020	CDI Apr 2019	Average Oustanding Feb 2020 - Apr 2020	New Default Balances Feb 2020 - Apr 2020
Group 1: Luxury Living	3.58	2.47	R 590.2 Billion	R 5.3 Billion
Group 2: Aspirational Achievers	4.37	3.41	R697.7 Billion	R 7.6 Billion
Group 3: Stable Spenders	7.55	8.00	R158.1 Billion	R 3 Billion
Group 4: Money-Concious Majority	6.81	6.28	R 183.9 Billion	R 3.1 Billion
Group 5: Laboured Living	14.63	16.46	R 29.9 Billion	R1.1 Billion
Group 6: Yearning Youth	16.82	21.78	R 11.8 Billion	R .5 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?

- When looking at the detailed impact of the significant deterioration in the composite CDI at the macro-FAS level, it is not surprising that the segments with the highest exposure to secured lending and other banking products are most affected.
- FAS Groups 1 and 2 exhibited the most significant deterioration between April 2019 and April 2020, 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 at least one home) and an average opening vehicle loan balance greater than R450k, this group is highly exposed to secured credit resulting in a CDI deterioration from 2.47 in April 2019 to 3.58 in April 2020.
  - **Aspirational Achievers:** With an average opening home loan balance of ~R550k (43% owning at least one home) and an average opening vehicle loan balance greater than R250k, this group is similarly exposed to secured credit resulting in a CDI deterioration from 3.41 in April 2019 to 4.37 in April 2020.
- FAS Group 4, the **Money Conscious Majority**, which makes up the majority of the South African credit-active population (40%), saw a similar deterioration in CDI from

6.28 in April 2019 to 6.81 in April 2020. While exposure to secured credit facilities is very low in this group (less than 23% own a property, and average opening vehicle loan balances of ~R160k), exposure to unsecured facilities like personal loans and retail credit is very high. When looking at this group in isolation, we observed that a very large portion of this population missed payments at the end of March 2020 and again in April 2020. From an overall consumer perspective, this is of great concern due to the sheer magnitude of this population and their dependency on unsecured credit facilities to cover month-to-month living expenses.

Composite Consumer Default Index by Micro-FAS

FAS		CDI		
FAS Type Name	**Description**	**Apr'20**	**Apr'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.	3,53	1,98	1,55
02. Affluent Couples	Well-educated power couples that understand the importance of investments, the correct handling of finances, and protecting their assets.	3,49	2,53	0,95
03. Professional Players	Career-driven and well-educated individuals with exceptional entrepreneurial abilities that know how to work hard to support their lifestyles.	3,73	2,79	0,93
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.	2,05	1,83	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.	3,25	2,69	0,56
06. Successful Singles	Young and unmarried but successful individuals that are driven by prestige and seek to further their personal and professional accomplishments.	4,04	3,36	0,68
07. Lifestyle Lending	Established individuals that are eager to spend but are still somewhat reliant on credit to support their lifestyles.	5,07	3,29	1,78
08. Comfortable Retirees	Stable, mature individuals either approaching or in retirement that are set up for comfortable retirement.	4,25	3,47	0,78
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.	6,20	3,87	2,33
10. Comfortable Couples	Couples leading enjoyable lives and whose basic needs are met; however, they are not prepared for the odd financial hiccough.	6,58	5,32	1,26
11. Steady Entrepreneurs	Middle-aged small business entrepreneurs that can support themselves but would struggle to afford more expensive assets.	10,45	9,30	1,15
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.	4,78	5,21	-0,43
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.	5,18	6,14	-0,96
14. Payday Pursuers	Living from month to month, these middle-aged individuals rely on finance to bridge the gap between paydays.	5,67	6,31	-0,64
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.	9,03	8,61	0,43
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.	13,34	14,20	-0,86

17. Secure Seniors	Senior citizens who are mostly in their retirement with enough income to provide for the basics and financial security.	3,29	2,90	0,39
18. Coping Couples	Mature couples in the late stages of their careers as employees with enough income to cover basic needs until they retire.	2,76	2,91	-0,15
19. Restricted Retirees	Senior citizens who struggle to afford the basics, and therefore need to continue working despite being in retirement.	5,83	5,99	-0,15
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.	11,05	11,52	-0,47
21. Misfortunate Mature	Approaching retirement age, these wage-based employees would need to continue working well into retirement to supplement their state pensions.	8,02	7,88	0,14
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.	8,46	7,68	0,78
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.	7,24	6,66	0,58
24. Depleted Resources	Employees, probably in the unskilled worker sector, with low resources which restrict access to financial services to afford monthly necessities.	10,21	9,71	0,50
25. Strained Adults	Low finances leave these middle-aged individuals strained to afford little more than the basics.	10,98	10,44	0,54
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.	14,84	17,57	-2,74
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.	9,09	9,67	-0,59
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.	16,30	18,37	-2,07
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.	15,95	19,04	-3,09
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.	18,86	29,16	-10,30

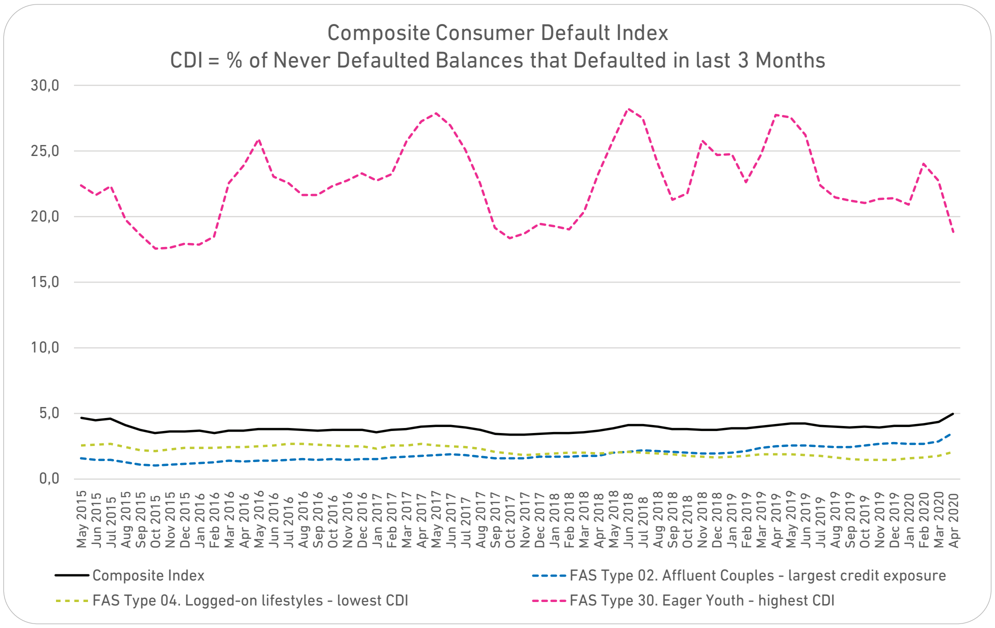
When looking at the dual impact of the distressed economic environment and the COVID-19 pandemic at a more micro level, two specific consumer segments seem to be most impacted.

- **Secured Singles:** Young and unmarried but successful individuals that are driven by prestige and seek to further their personal and professional accomplishments.
  - These individuals saw the most significant deterioration in CDI, deteriorating from 3.87% in April 2019 to 6.20% in April 2020.
  - This type comprises of 66% unmarried individuals, mostly millennials with an average age of 32. They are driven by prestige and seek to further their personal and professional accomplishments. Supporting their image, 93% have retail and revolving accounts, 93% have credit cards, and they are active in the online retail space. Furthermore, 85% have vehicle and asset finance accounts.
  - Almost half own at least one property, most probably a first house or apartment purchase since 59% have home loans of maximum R815 000. Understanding

the value of their possessions, 88% have insurance. While they carry a low risk, there are those that maximise the credit available to them and a third for whom regular payments are an issue; possibly due to overextending themselves or due to an emergency.

- **Lifestyle Lending:** Established individuals that are eager to spend but are still somewhat reliant on credit to support their lifestyles.
  - This group of individuals exhibited financial distress with their CDI deteriorating from 3.29% in April 2019 to 5.07% in April 2020.
  - Lifestyle Lending individuals are eager to spend and are still somewhat reliant on credit. These are mature individuals with an average age of 42 years, have sound careers, and almost 50% are directors and a quarter hold multiple directorships.
  - 61% own at least one property, and 13% own additional properties. To afford these, 80% of Lifestyle Lending individuals have home loans, many with opening balances of R680 000. 87% of them have vehicle and asset finance and 89% have insurance.
  - These individuals are motivated by the need for recognition and status, which can be seen in the types of unsecured credit they hold – 90% have clothing accounts, 96% retail accounts and 97% revolving accounts. They are most active with lenders that allow them to achieve a certain lifestyle, often reaching the maximum limits on their accounts.

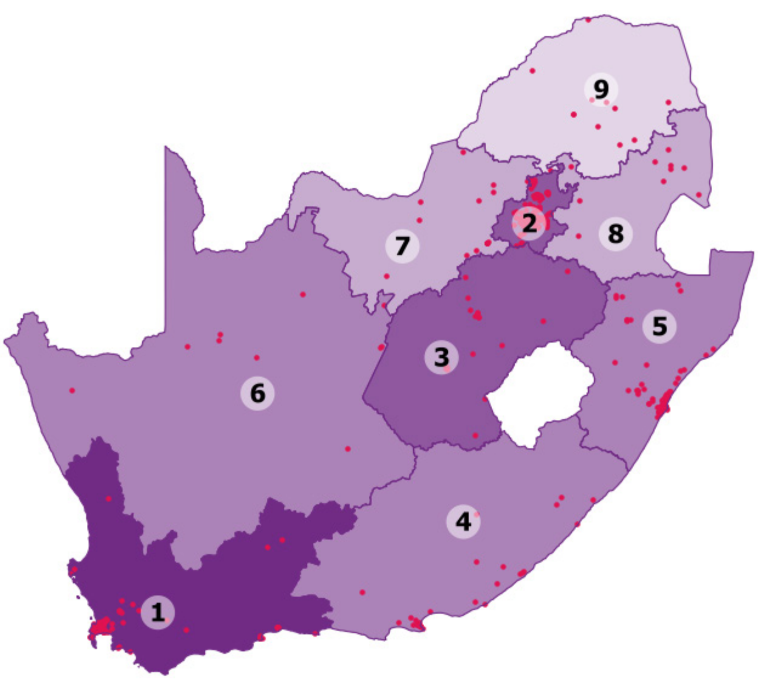
Composite Consumer Default Index by Province.



4.94%
of balances on an annualised basis defaulted for the first time over the period Feb 2020 to Apr 2020.

R 20.73 bn
in value defaulted for the first time over the period Feb 2020 to Apr 2020.

	CDI Apr 2020	CDI Apr 2019	New Default Balances Feb 2020 - Apr 2020
Composite Index	4.94	4.11	20 732 308 250
FAS Type 2 - Largest Credit Exposure	3.49	2.53	2 025 618 273
FAS Type 4 - Lowest CDI	2.05	1.83	611 336 775
FAS Type 30 - Highest CDI	18.86	29.16	166 536 763



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

Composite	CDI	
Rank & Province	Apr 2020	Apr 2019
1. Western Cape	3.83	3.07
2. Gauteng	4.77	3.94
3. Free State	4.97	4.41
4. Eastern Cape	5.15	4.19
5. KwaZulu-Natal	5.46	4.30
6. Northern Cape	5.93	4.56
7. North West	6.17	5.55
8. Mpumalanga	6.22	5.77
9. Limpopo	6.41	5.84

The dual impact of the strained economic environment and the impact of the COVID-19 pandemic has negatively impacted residents that have access to credit across all provinces.

- The CDI in the **Western Cape**, while deteriorating from 3.07% in April 2019 to 3.83% in April 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, **Limpopo** remains the province most impacted by the distressed environment, deteriorating from a CDI of 5.84% in April 2019 to 6.41% in April 2020. Again, the performance in Limpopo aligns with the higher proportion of FAS Groups 5 and 6 residing in this province, who, at an aggregated level, are more financially distressed.
- The CDI in the **Northern Cape** deteriorated most significantly over the past year (-1.37%) from 4.56% in 2019 to 5.93% in 2020, again correlating with the overall CDI performance for FAS Groups 5 and 6 which are the most prominent groups in the province.

The disparity in performance at 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

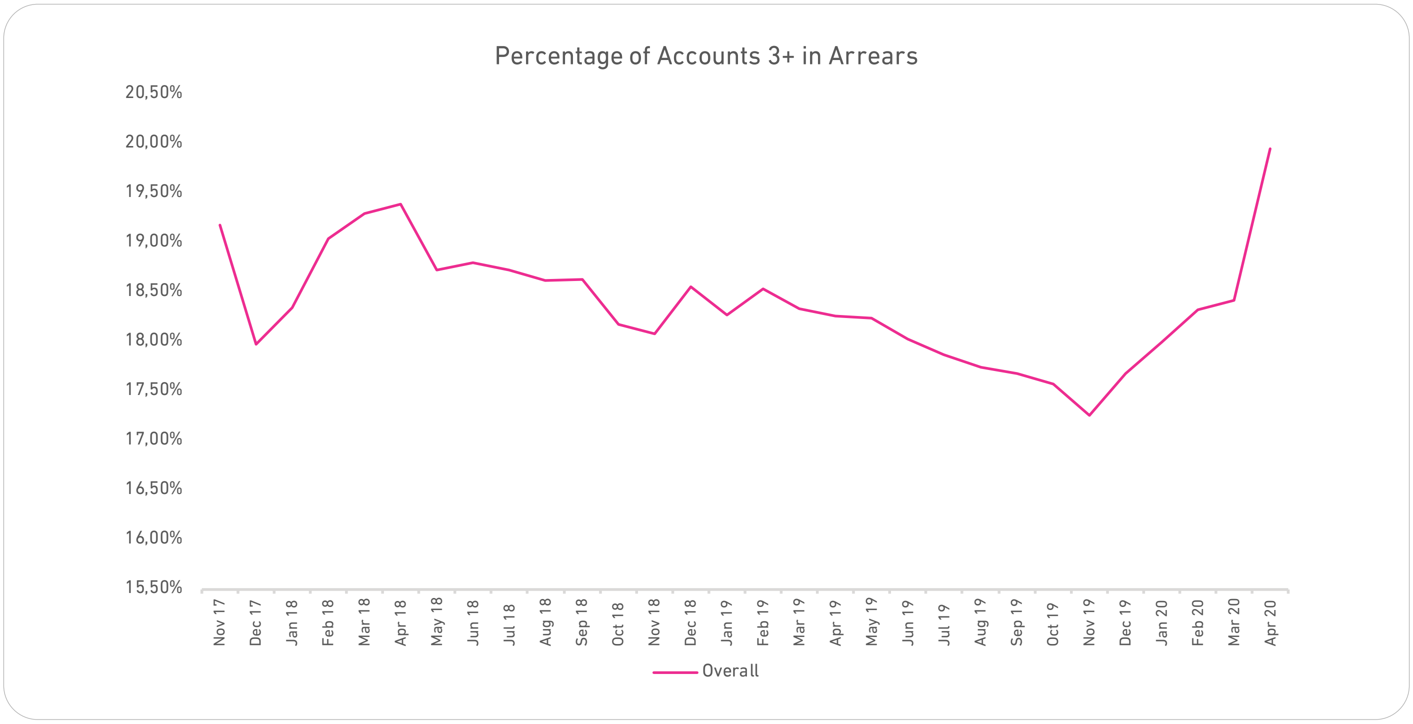
FAS	CDI		
FAS Type Name	Apr'20	Apr'19	Year on Year Δ
01. Independent Investors	3,53	1,98	1,55
02. Affluent Couples	3,49	2,53	0,95
03. Professional Players	3,73	2,79	0,93
04. Logged-On Lifestyles	2,05	1,83	0,22
05. Liquid Living	3,25	2,69	0,56
06. Successful Singles	4,04	3,36	0,68
07. Lifestyle Lending	5,07	3,29	1,78
08. Comfortable Retirees	4,25	3,47	0,78
09. Secure Singles	6,20	3,87	2,33
10. Comfortable Couples	6,58	5,32	1,26
11. Steady Entrepreneurs	10,45	9,30	1,15
12. Stand-Alone Singles	4,78	5,21	-0,43
13. Plugged-In Purchasers	5,18	6,14	-0,96
14. Payday Pursuers	5,67	6,31	-0,64
15. Deficient Directors	9,03	8,61	0,43
16. Credit-Reliant Consumers	13,34	14,20	-0,86
17. Secure Seniors	3,29	2,90	0,39
18. Coping Couples	2,76	2,91	-0,15
19. Restricted Retirees	5,83	5,99	-0,15
20. Low Earners	11,05	11,52	-0,47
21. Misfortunate Mature	8,02	7,88	0,14
22. Concerning Citizens	8,46	7,68	0,78
23. Money-Wise Mature	7,24	6,66	0,58
24. Depleted Resources	10,21	9,71	0,50
25. Strained Adults	10,98	10,44	0,54
26. Online Survivors	14,84	17,57	-2,74
27. Struggling Earners	9,09	9,67	-0,59
28. Minimum-Money Workers	16,30	18,37	-2,07
29. Inexperienced Earners	15,95	19,04	-3,09
30. Eager Youth	18,86	29,16	-10,30

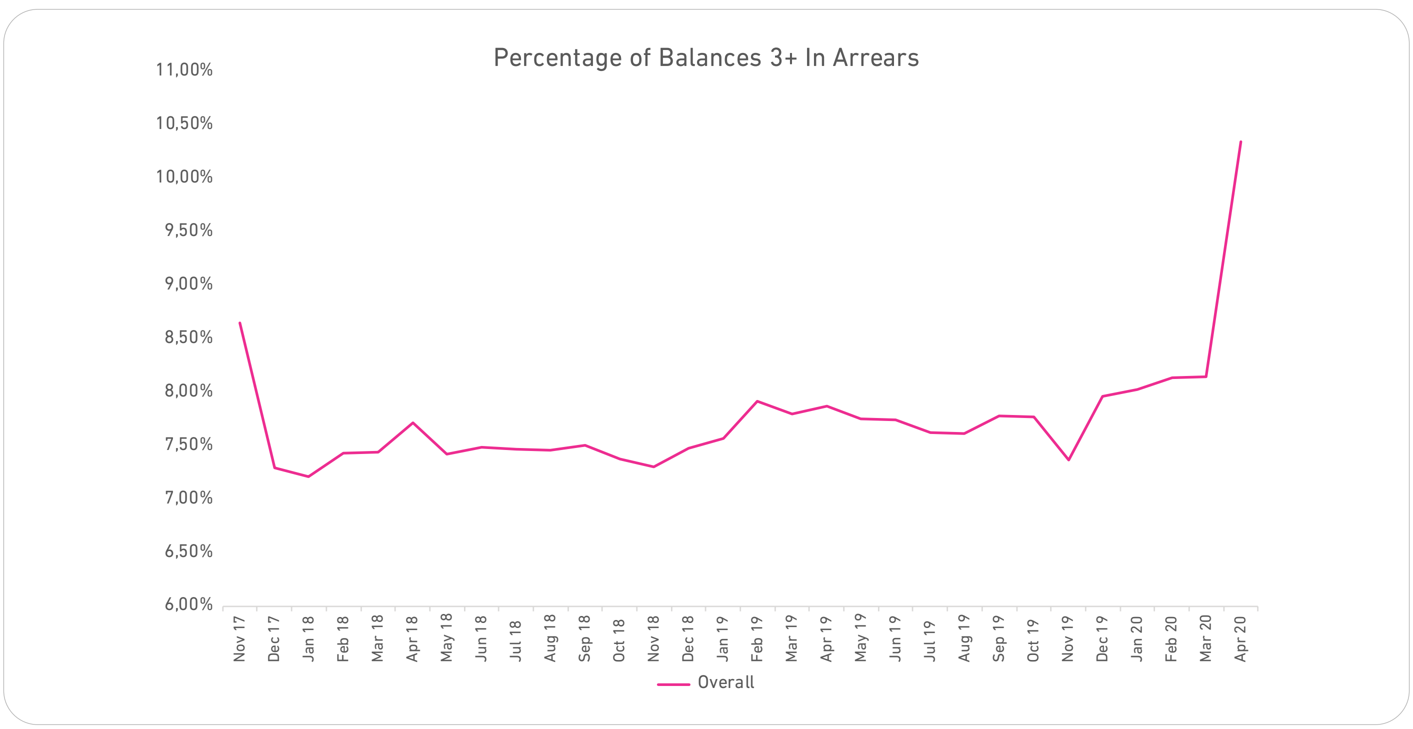
At a **macro** Financial Affluence Segment level, FAS Groups 1 and 2 who jointly have the largest exposure to credit, while both negatively impacted by the distressed environment, remain the segments with the lowest aggregated level of first-time defaulters in the country.

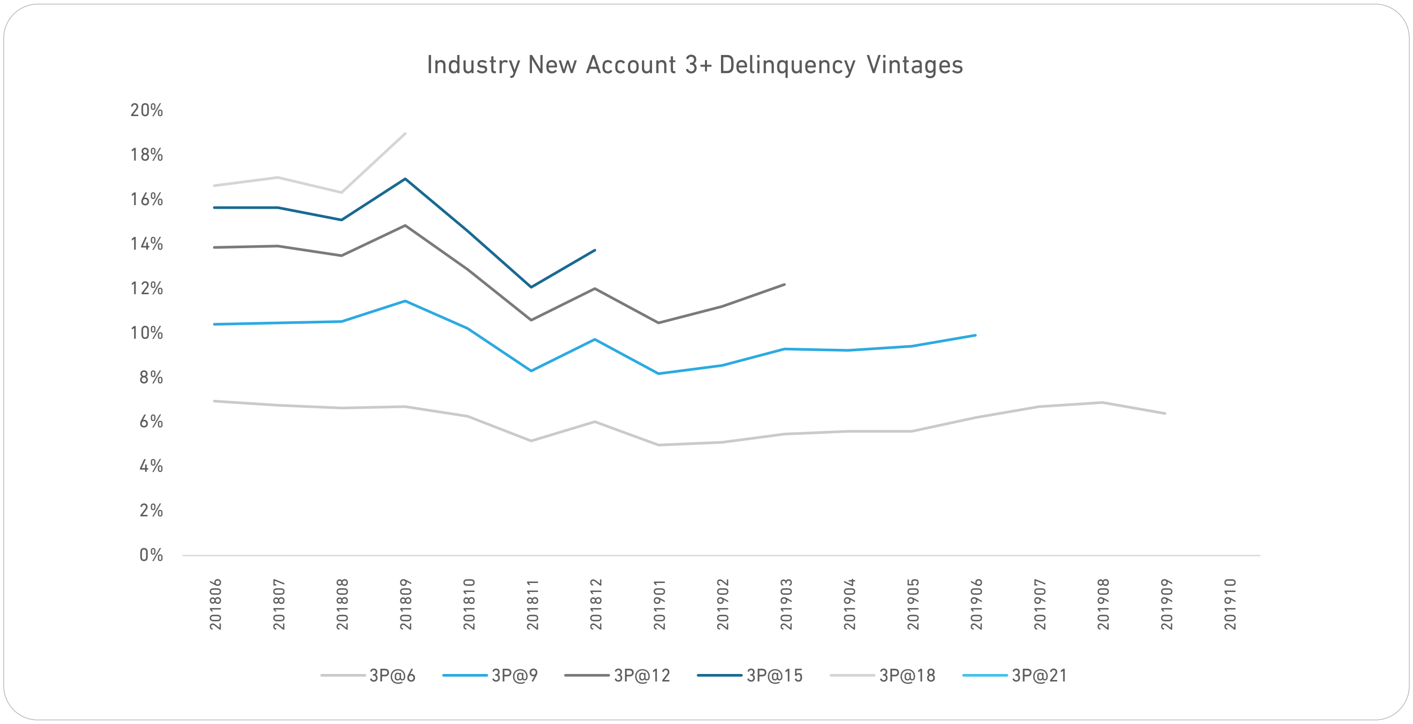
- **Affluent Couples**, who can best be described as well-educated power couples that understand the importance of investments, the correct handling of finances, and protecting their assets have by far the **largest credit exposure** across all segments. While financially mature, this type similarly experienced a deterioration in CDI from 2.53% in April 2019 to 3.49% in April 2020.
- **Logged-on Lifestyles**, who are young professionals that are very active when it comes to online retail buying but understand the value investments such as property, have the **lowest CDI**, however, were also negatively impacted by the tougher economic climate and COVID-19 pandemic.
- **Eager Youth**, 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 typically is the population that is excluded from credit in a tightening environment, their CDI has shown a marked improvement over the past year.

	CDI Apr 2020	CDI Apr 2019	New Default Balances Feb 2020 - Apr 2020
Composite Index	4.94	4.11	20 732 308 250
FAS Type 2 - Largest Credit Exposure	3.49	2.53	2 025 618 273
FAS Type 4 - Lowest CDI	2.05	1.83	611 336 775
FAS Type 30 - Highest CDI	18.86	29.16	166 536 763

Overall Industry Delinquency Trends





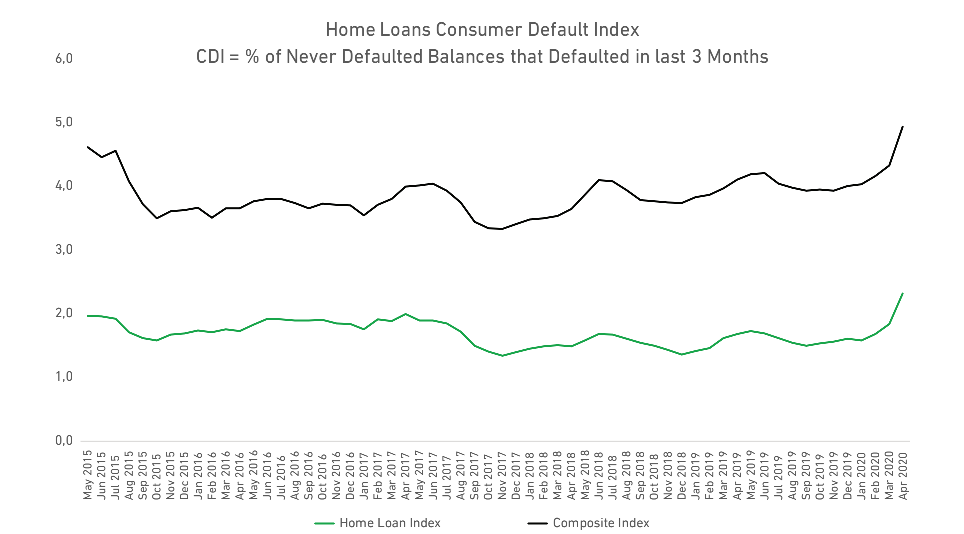


The overall market portfolio delinquency trends, measured by looking at accounts that are 3 months or more delinquent at each month end, has materially deteriorated during April 2020 after only marginal deterioration over the preceding 18 months.

At a new account vintage levels, measuring the performance of new accounts specifically, has seen a similar deterioration across most vintages.

The trends observed at both portfolio and new account level indicates that the South African consumer has experienced financial hardship for quite some time already, with the COVID-19 pandemic significantly adding to the distress.

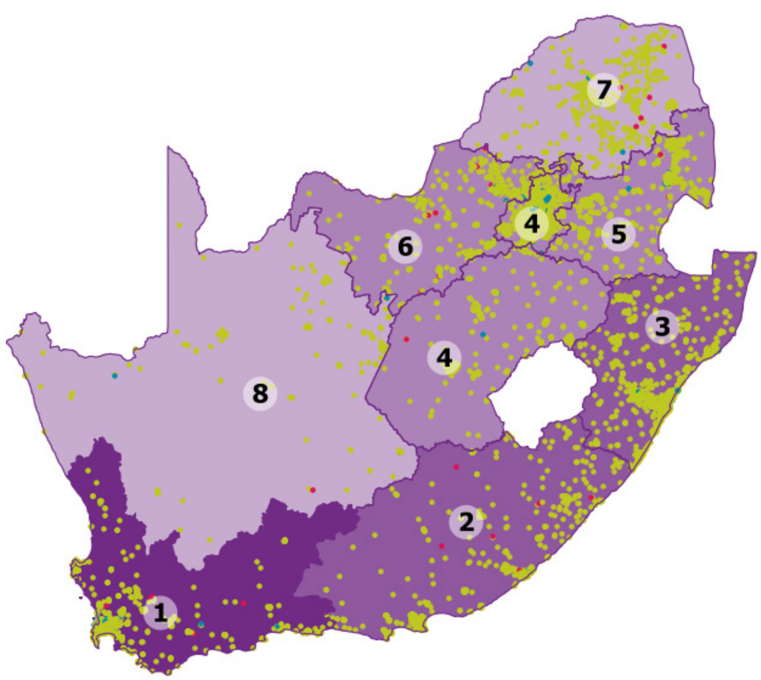
Home Loan Consumer Default Index by Province



2.32%
of home loan balances on an annualised basis defaulted for the first time over the period Feb 2020 to Apr 2020.

R 4.40 bn
in value defaulted for the first time over the period Feb 2020 to Apr 2020.

	CDI Apr 2020	CDI Apr 2019	New Default Balances Feb 2020 - Apr 2020
Home Loan Index	2.32	1.68	4 401 048 225
FAS Type 2 - Largest Credit Exposure	2.41	1.66	812 729 414
FAS Type 26 - Lowest CDI	0.29	4.68	301 833
FAS Type 25 - Highest CDI	5.61	1.92	11 580 613



FAS Type 2 - Largest Credit Exposure
FAS Type 26 - Lowest CDI
FAS Type 25 - Highest CDI

Home Loans	CDI	
Rank & Province	**Apr 2020**	**Apr 2019**
1. Western Cape	1.67	1.18
2. Eastern Cape	2.18	1.59
3. KwaZulu-Natal	2.43	1.69
4. Free State	2.49	1.61
4. Gauteng	2.49	1.80
5. Mpumalanga	2.53	2.27
6. North West	2.82	2.41
7. Limpopo	2.84	1.93
8. Northern Cape	3.10	1.30

The performance of Home Loans CDI is the primary driver for the significant aggregated CDI deterioration in April 2020 due to the sheer magnitude of the outstanding balances on home loans portfolios. The CDI deteriorated to the worst levels seen over the past five years, increasing from 1.68% in 2019 to 2.41% in 2020.

- The Home Loans CDI in the Western Cape, while deteriorating from 1.18% in April 2019 to 1.67% in April 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, Northern Cape is both the most impacted and province that has seen the most significant deterioration over the past year, deteriorating from a Home Loans CDI of 1.30% in April 2019 to 3.30% in April 2020. The performance in Northern Cape aligns with the higher proportion of FAS Groups 5 and 6 residing in this province, who at an aggregated level are more financially distressed.

What is very concerning, however, is the deterioration in Gauteng, widely described as the financial hub in South Africa, where the rate of increase in first-time defaults on home loans is one of the highest in the country as a whole. It is clear from the analysis that the Gauteng consumer is significantly impacted by the distressed environment, which could have a long-term negative impact on the broader spend patterns as we enter the new normal.

Home Loan Consumer Default Index by Micro-FAS

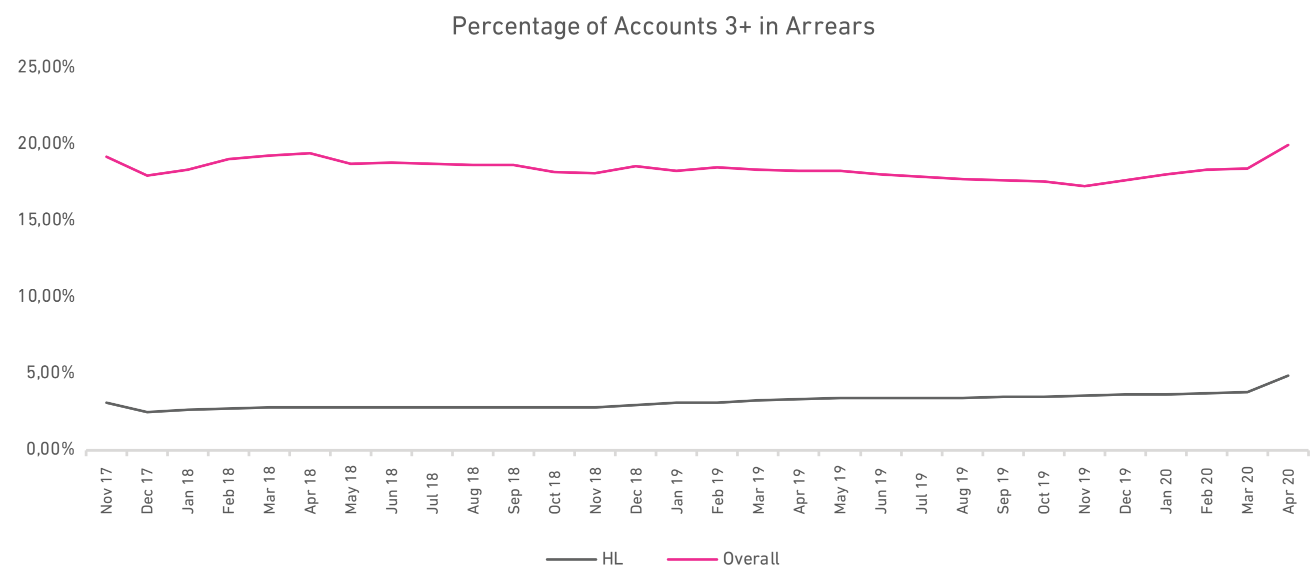
FAS	CDI		
FAS Type Name	Apr'20	Apr'19	Year on Year Δ
01. Independent Investors	2,76	1,49	1,27
02. Affluent Couples	2,41	1,66	0,76
03. Professional Players	2,33	1,47	0,86
04. Logged-On Lifestyles	1,79	1,41	0,37
05. Liquid Living	2,06	1,67	0,38
06. Successful Singles	1,59	1,17	0,42
07. Lifestyle Lending	3,39	1,92	1,47
08. Comfortable Retirees	2,40	2,07	0,33
09. Secure Singles	2,88	1,54	1,34
10. Comfortable Couples	3,13	3,12	0,01
11. Steady Entrepreneurs	4,84	5,21	-0,38
12. Stand-Alone Singles	1,32	1,35	-0,03
13. Plugged-In Purchasers	1,58	2,63	-1,05
14. Payday Pursuers	1,85	3,02	-1,18
15. Deficient Directors	2,78	3,46	-0,68
16. Credit-Reliant Consumers	2,61	2,65	-0,05
17. Secure Seniors	2,43	2,14	0,29
18. Coping Couples	1,92	2,00	-0,07
19. Restricted Retirees	3,02	4,02	-0,99
20. Low Earners	0,83	2,09	-1,26
21. Misfortunate Mature	2,01	2,57	-0,56
22. Concerning Citizens	2,42	3,91	-1,49
23. Money-Wise Mature	2,89	2,52	0,37
24. Depleted Resources	2,41	2,70	-0,29
25. Strained Adults	5,61	1,92	3,69
26. Online Survivors	0,29	4,68	-4,38
27. Struggling Earners	2,32	3,79	-1,47
28. Minimum-Money Workers	1,22	3,31	-2,09
29. Inexperienced Earners	5,24	4,77	0,47
30. Eager Youth	4,50	5,71	-1,21

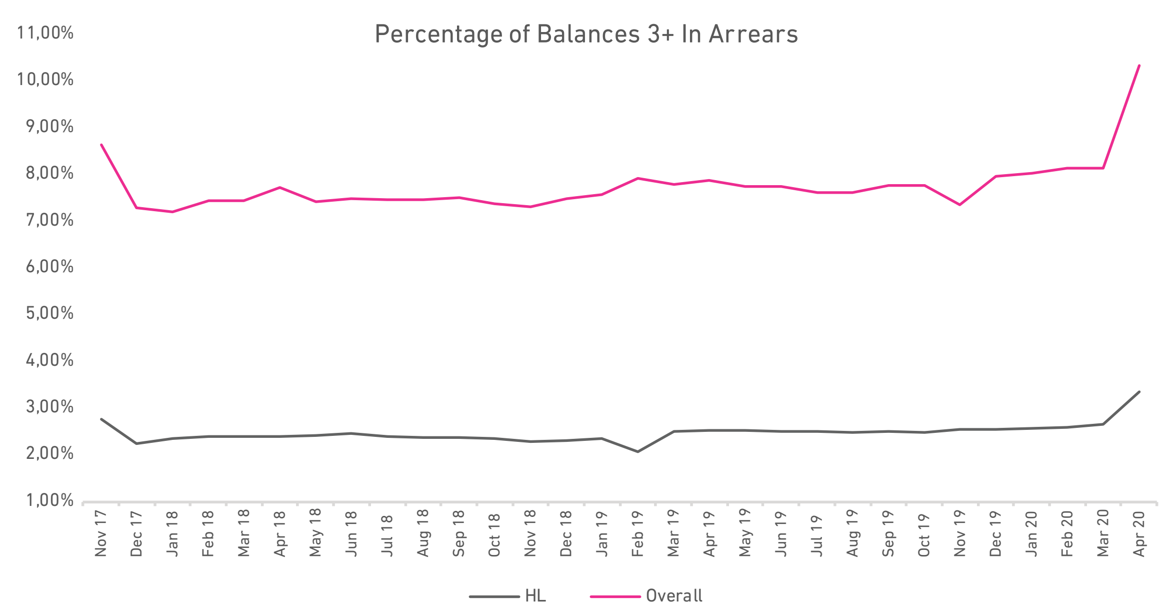
Similar to the provincial view, the largest credit exposure from a home loans perspective falls in the Macro-FAS Groups 1 and 2. Again, this is a function of the ability of these FAS segments to gain access to secured lending products due to their financial standing. While not immune to the distressed 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.

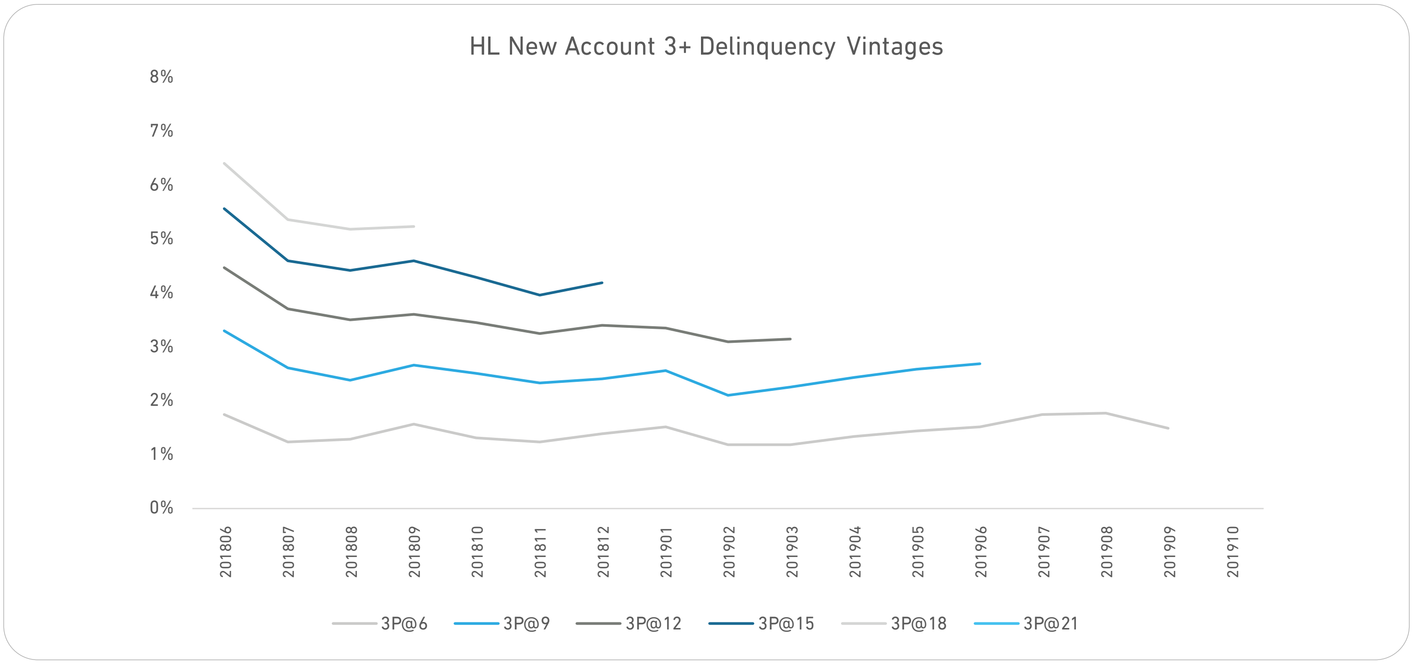
- **Affluent Couples**, who can best be described as well-educated power couples that understand the importance of investments, the correct handling of finances, and protecting their assets have by far **the largest credit exposure across all segments**. While financially mature, this type similarly experienced a deterioration in Home Loans CDI from 1.68% in April 2019 to 2.32% in April 2020.
- **Online Survivors**, 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 Home Loans CDI**, primarily due to virtually no homeownership in this type.
- **Strained Adults**, whose weak finances leave these middle-aged individuals strained to afford little more than the basics, have the **highest Home Loans CDI**. Despite low access to home loans, those with access struggle the most to make monthly payments due to their precarious financial position.

	CDI Apr 2020	CDI Apr 2019	New Default Balances Feb 2020 - Apr 2020
Home Loan Index	2.32	1.68	4 401 048 225
FAS Type 2 - Largest Credit Exposure	2.41	1.66	812 729 414
FAS Type 26 - Lowest CDI	0.29	4.68	301 833
FAS Type 25 - Highest CDI	5.61	1.92	11 580 613

Home Loan Portfolio Delinquency Trends





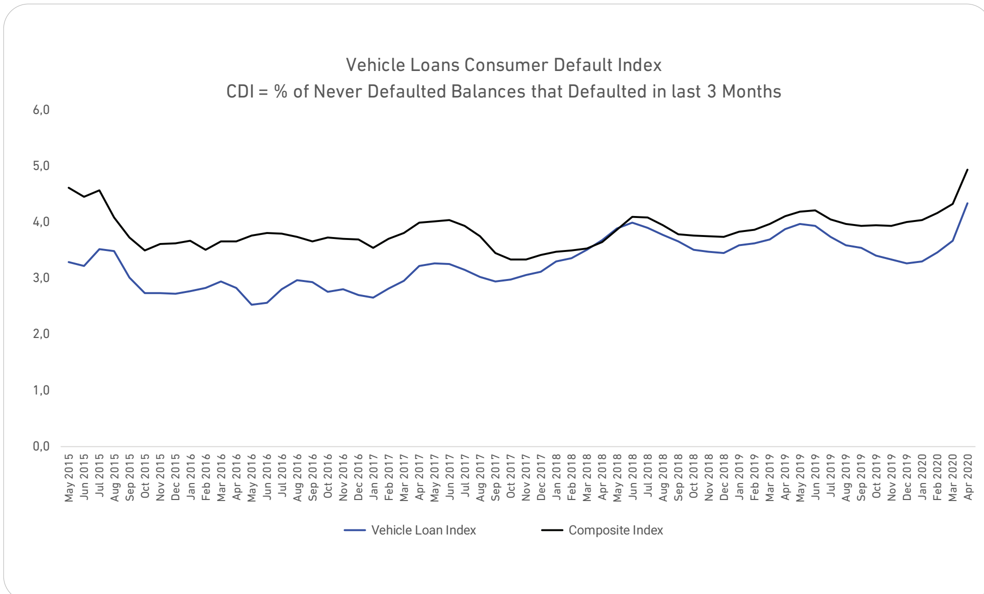


The overall portfolio delinquency trends across the home loan industry has materially deteriorated during April 2020 after only marginal deterioration over the preceding 18 months.

Whilst not as pronounced, a similar deteriorating trend across most of the new account cohorts is observed, which, considering the sheer scale of the balances associated with secured loans, is quite concerning.

As the single biggest contributor to consumer credit exposure and similarly to traditional banking exposure, this deteriorating trend that coincides with the COVID-19 pandemic and resulting increase in consumer hardship, is expected to have a significant adverse impact on the profitability of lenders exposed to the home loans industry.

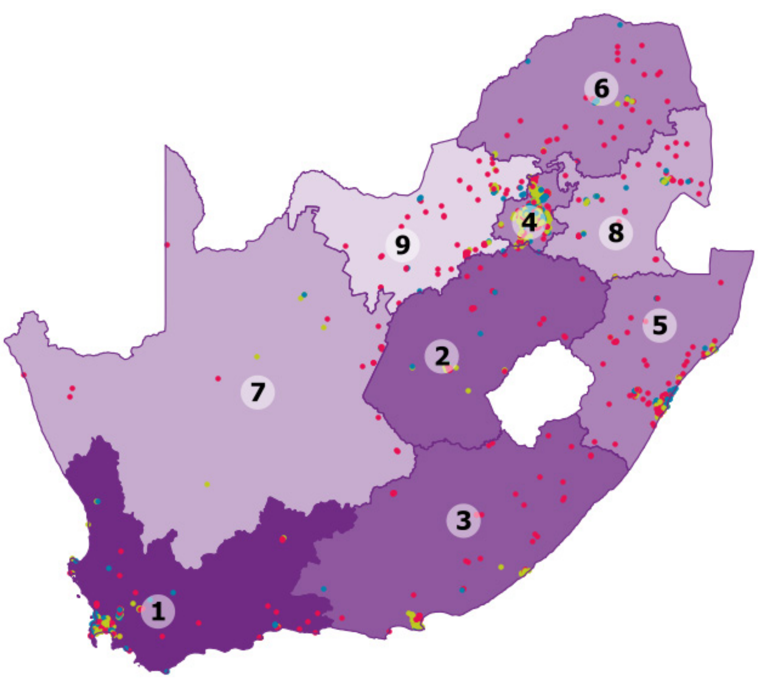
Vehicle Loan Consumer Default Index by Province



4.34%
of vehicle loan balances on an annualised basis defaulted for the first time over the period Feb 2020 to Apr 2020.

R 3.97 bn
in value defaulted for the first time over the period Feb 2020 to Apr 2020.

	CDI Apr 2020	CDI Apr 2019	New Default Balances Feb 2020 - Apr 2020
Vehicle Loan Index	4.34	3.88	4 767 995 812
FAS Type 2 - Largest Credit Exposure	3.74	3.36	560 851 218
FAS Type 4 - Lowest CDI	1.64	1.75	68 009 333
FAS Type 28 - Highest CDI	15.65	8.73	5 325 984



FAS Type 2 - Largest Credit Exposure
FAS Type 4 - Lowest CDI
FAS Type 28 - Highest CDI

Vehicle Loans	CDI	
Rank & Province	Apr 2020	Apr 2019
1. Western Cape	3.40	2.90
2. Free State	3.64	3.52
3. Eastern Cape	4.31	3.69
4. Gauteng	4.38	3.95
5. KwaZulu-Natal	4.47	4.01
6. Limpopo	4.52	4.34
7. Northern Cape	4.68	3.66
8. Mpumalanga	5.22	4.64
9. North West	5.29	4.89

The performance of the Vehicle Loans CDI correlates strongly with the Home Loans CDI and thus FAS performance within each province. The overall index deteriorated from 3.36% in April 2019 to 3.74% in April 2020.

- The Vehicle Loans CDI in the **Western Cape**, while deteriorating from 2.90% in April 2019 to 3.4% in April 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, **North West** is the most impacted, deteriorating from a Vehicle Loans CDI of 4.89% in April 2019 to 5.29% in April 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.
- The Vehicle Loans CDI in the **Northern Cape** deteriorated most significantly over the past year (-1.02%) from 3.66% in 2019 to 4.68% in 2020, again correlating with the overall CDI performance for FAS Groups 5 and 6 which are the most prominent groups in the province.

It must be noted that the Vehicle Loans CDI deterioration is more widely felt due to the greater access to vehicle loans across the overall credit-active population.

Vehicle Loan Consumer Default Index by Micro-FAS

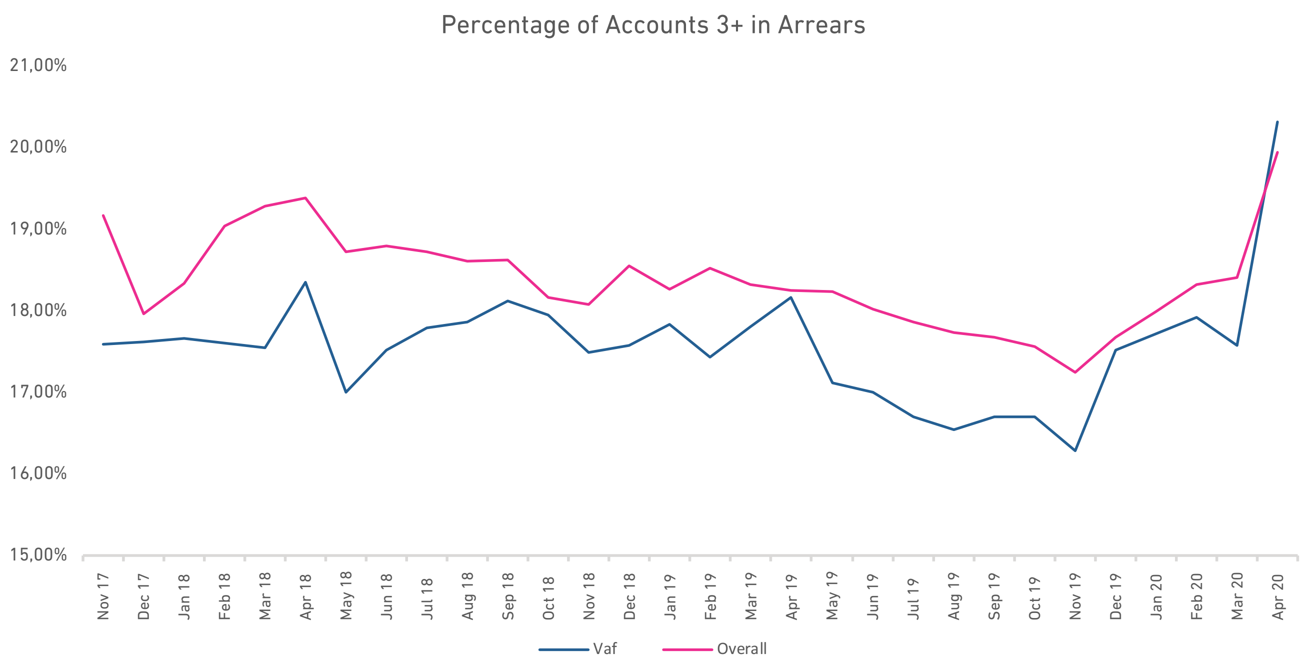
FAS	CDI		
FAS Type Name	Apr'20	Apr'19	Year on Year Δ
01. Independent Investors	4,07	2,32	1,75
02. Affluent Couples	3,74	3,36	0,38
03. Professional Players	4,15	4,28	-0,13
04. Logged-On Lifestyles	1,64	1,75	-0,10
05. Liquid Living	3,05	2,91	0,14
06. Successful Singles	4,93	5,15	-0,22
07. Lifestyle Lending	4,36	3,25	1,12
08. Comfortable Retirees	2,98	2,75	0,23
09. Secure Singles	5,35	3,23	2,12
10. Comfortable Couples	4,51	3,87	0,64
11. Steady Entrepreneurs	8,36	7,55	0,81
12. Stand-Alone Singles	4,90	4,98	-0,08
13. Plugged-In Purchasers	5,37	4,28	1,08
14. Payday Pursuers	6,30	6,81	-0,51
15. Deficient Directors	6,99	7,35	-0,36
16. Credit-Reliant Consumers	8,68	4,66	4,03
17. Secure Seniors	3,72	2,80	0,92
18. Coping Couples	2,41	2,66	-0,26
19. Restricted Retirees	8,54	3,89	4,65
20. Low Earners	8,84	7,39	1,45
21. Misfortunate Mature	7,32	5,73	1,59
22. Concerning Citizens	5,99	5,02	0,97
23. Money-Wise Mature	6,32	5,87	0,45
24. Depleted Resources	9,70	6,81	2,89
25. Strained Adults	9,68	6,50	3,17
26. Online Survivors	11,32	5,81	5,51
27. Struggling Earners	10,11	4,72	5,39
28. Minimum-Money Workers	15,65	8,73	6,92
29. Inexperienced Earners	15,36	14,03	1,33
30. Eager Youth	4,66	8,06	-3,41

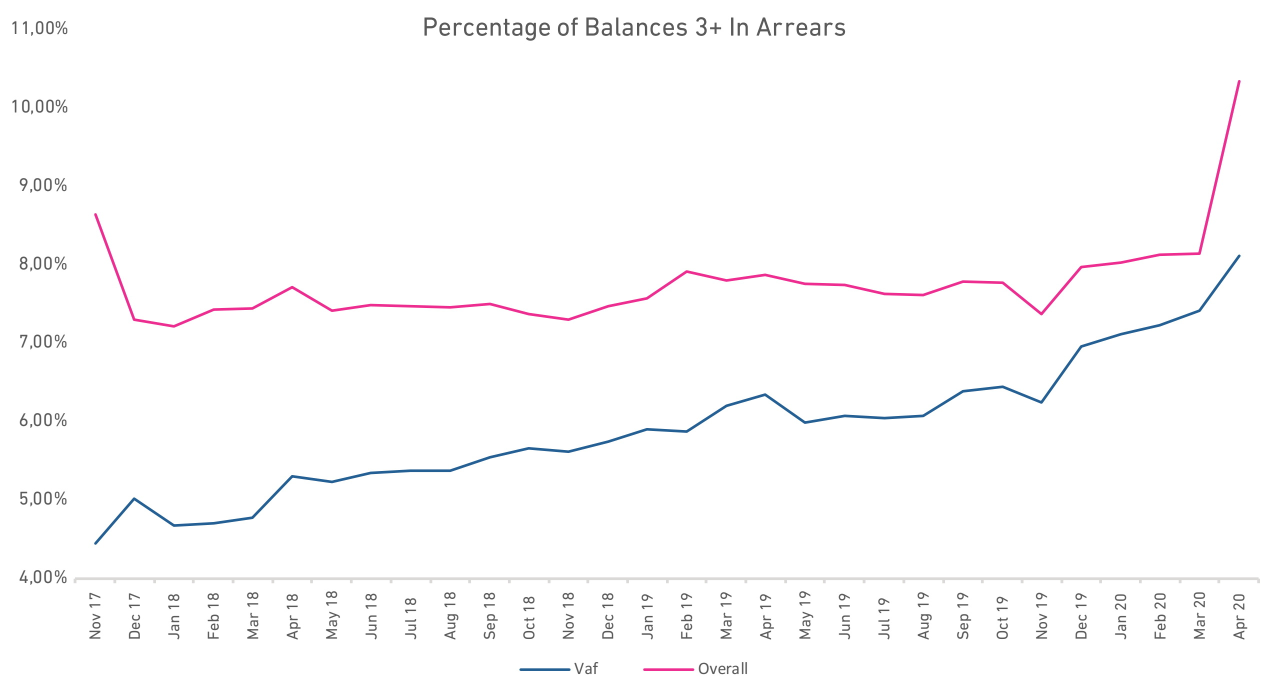
Similar to home loans, access to vehicle loans are predominantly targeted at macro-FAS Groups 1 and 2 with the largest credit exposure again in FAS Group 2.

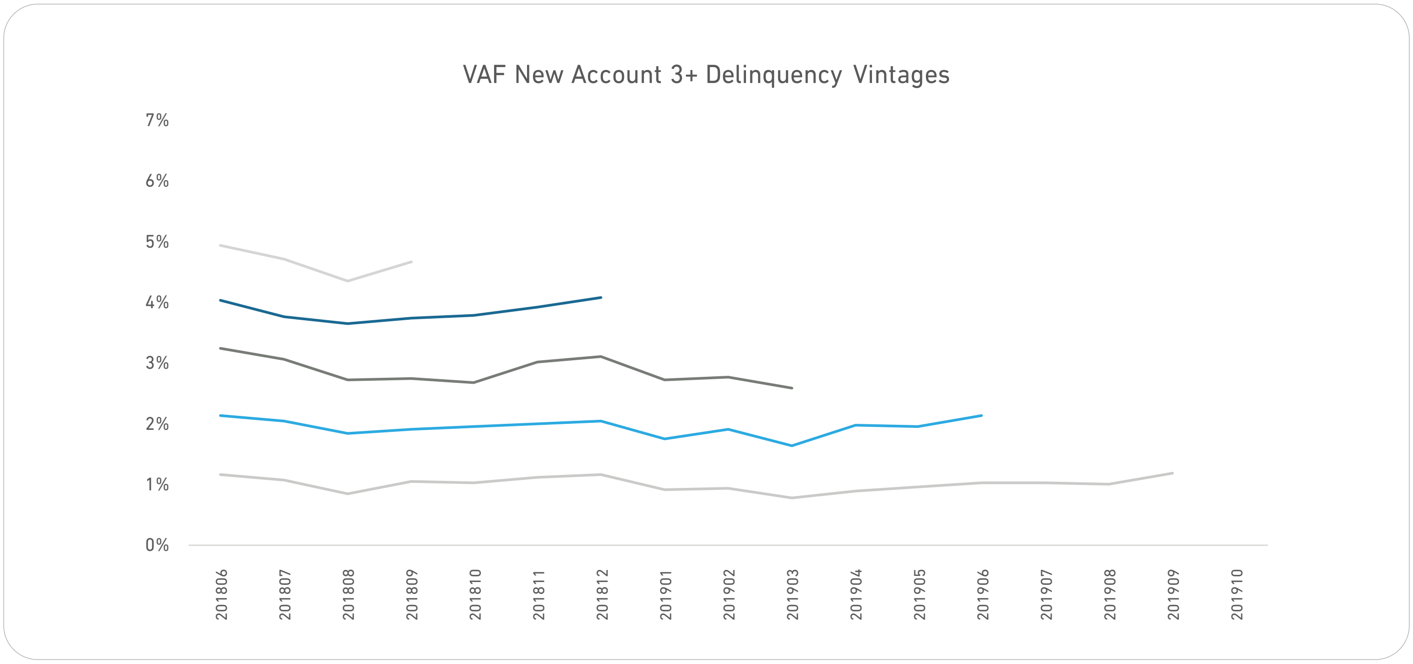
- **Affluent Couples**, who can best be described as well-educated power couples that understand the importance of investments, the correct handling of finances, and protecting their assets have by far **the largest credit exposure** across all segments. While financially mature, this group similarly experienced a deterioration in Vehicle Loan CDI over the period.
- **Logged-on Lifestyles**, who are young professionals that are very active when it comes to online retail buying but understand the value investments such as property have the **lowest Vehicle Loan CDI**, which can be attributed to the already high levels of defaults on their existing vehicle finance products.
- **Minimum Money Workers**, who are unskilled labourers, with salaries barely above the minimum wage for South Africa, and whose meagre salaries are a huge obstacle in obtaining finance with which to buy assets, have the **highest Vehicle Loans CDI**. While they have low access to vehicle loans, those with vehicle loans struggle the most to make monthly payments due to their precarious financial position.

	CDI Apr 2020	CDI Apr 2019	New Default Balances Feb 2020 - Apr 2020
Vehicle Loan Index	4.34	3.88	4 767 995 812
FAS Type 2 - Largest Credit Exposure	3.74	3.36	560 851 218
FAS Type 4 - Lowest CDI	1.64	1.75	68 009 333
FAS Type 28 - Highest CDI	15.65	8.73	5 325 984

Vehicle Loan Portfolio Delinquency Trends





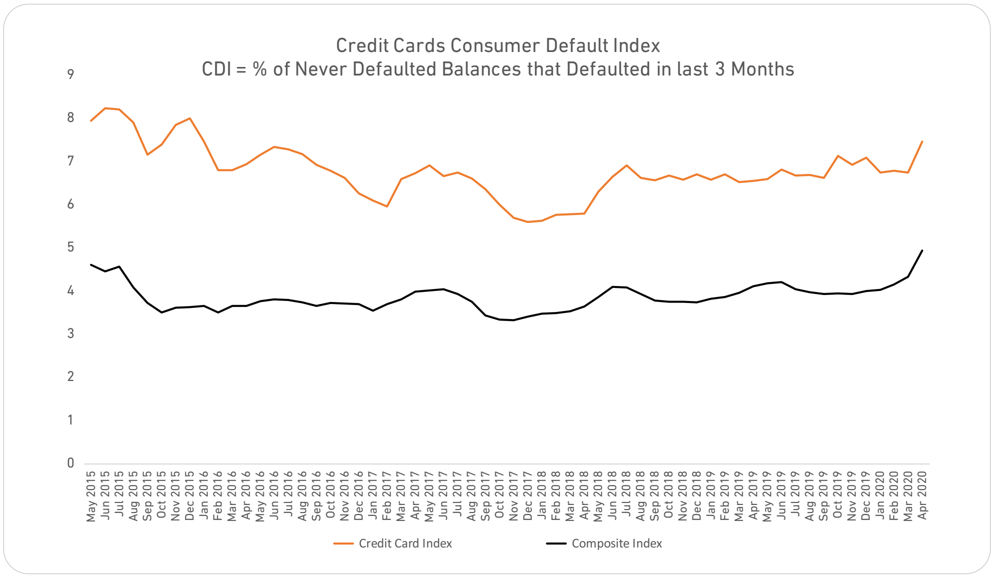


The overall portfolio delinquency trends across the vehicle loan industry exhibits similar trends as observed in the home loans market. The deterioration in the percentage of delinquent balances in the vehicle loan industry has been evident over the past 12 months as the impact of a more stringent economic environment took its toll, with the impact of the COVID-19 pandemic accelerating the deterioration by impacting a broader spectrum of consumers.

Similarly, a general deteriorating trend across most new account vintages is evident, again suggestion a more general hardship across the segments with access to vehicle loans.

As the second biggest contributor to consumer credit exposure and similarly to traditional banking exposure, this deterioration is expected to have a significant adverse impact on the profitability of lenders exposed to the secured lending industry.

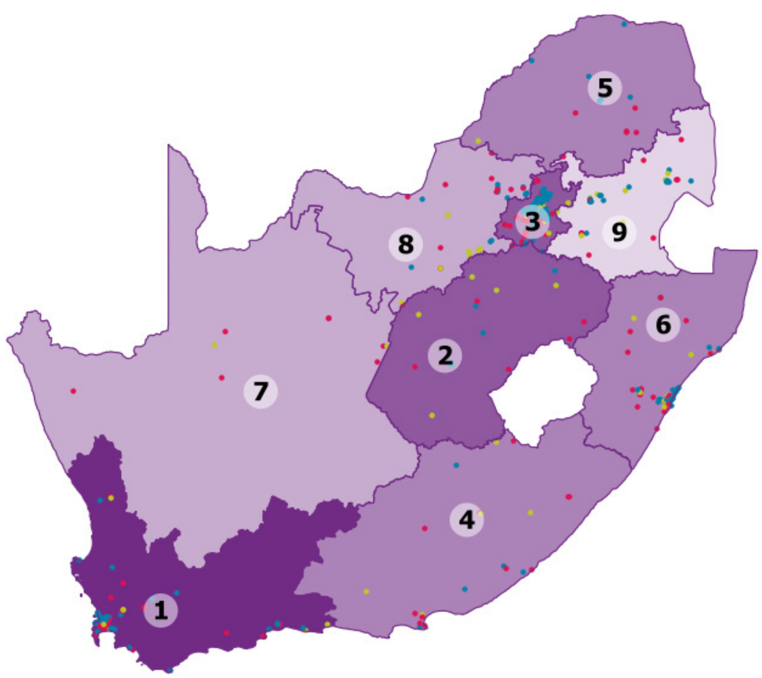
Credit Card Consumer Default Index by Province



7.48%
of credit card balances on an annualised basis defaulted for the first time over the period Feb 2020 to Apr 2020.

R 2.63 bn
in value defaulted for the first time over the period Feb 2020 to Apr 2020.

	CDI Apr 2020	CDI Apr 2019	New Default Balances Feb 2020 - Apr 2020
Credit Card Index	7.47	6.56	2 634 138 324
FAS Type 2 - Largest Credit Exposure	5.94	4.70	1 486 649
FAS Type 14 - Lowest CDI	1.90	8.09	1 486 649
FAS Type 16 - Highest CDI	16.37	13.68	178 384 267



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

Credit Cards	CDI	
Rank & Province	**Apr 2020**	**Apr 2019**
1. Western Cape	6.22	5.51
2. Free State	7.05	6.75
3. Gauteng	7.28	6.65
4. Eastern Cape	7.57	5.99
5. Limpopo	8.34	7.44
6. KwaZulu-Natal	8.34	6.79
7. Northern Cape	8.76	6.85
8. North West	8.84	7.49
9. Mpumalanga	9.15	7.81

The performance of the Credit Card CDI follows similar patterns as that of the secured lending products, again showing a significant deterioration from 6.56% in April 2019 to 7.47% in April 2020.

- The Credit Card CDI in the **Western Cape** deteriorated from 5.51% in April 2019 to 6.22% in April 2020, following similar trends as the secured lending CDI. While again aligning with the previous product level trends, the level of distress is more widespread as a broader portion of the credit-active population has access to credit cards.
- **Mpumalanga** is the most impacted province, deteriorating from a Credit Card CDI of 7.81% in April 2019 to 9.15% in April 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 the **Northern Cape** deteriorated most significantly over the past year (-1.91%) from 6.85% in 2019 to 8.76% in 2020, again correlating with the overall CDI performance for FAS Groups 5 and 6 which are the most prominent groups in the province.

It must be noted that the Credit Card CDI deterioration is more widely felt due to the greater access to the product across the overall credit-active population.

Credit Card Consumer Default Index by Micro-FAS

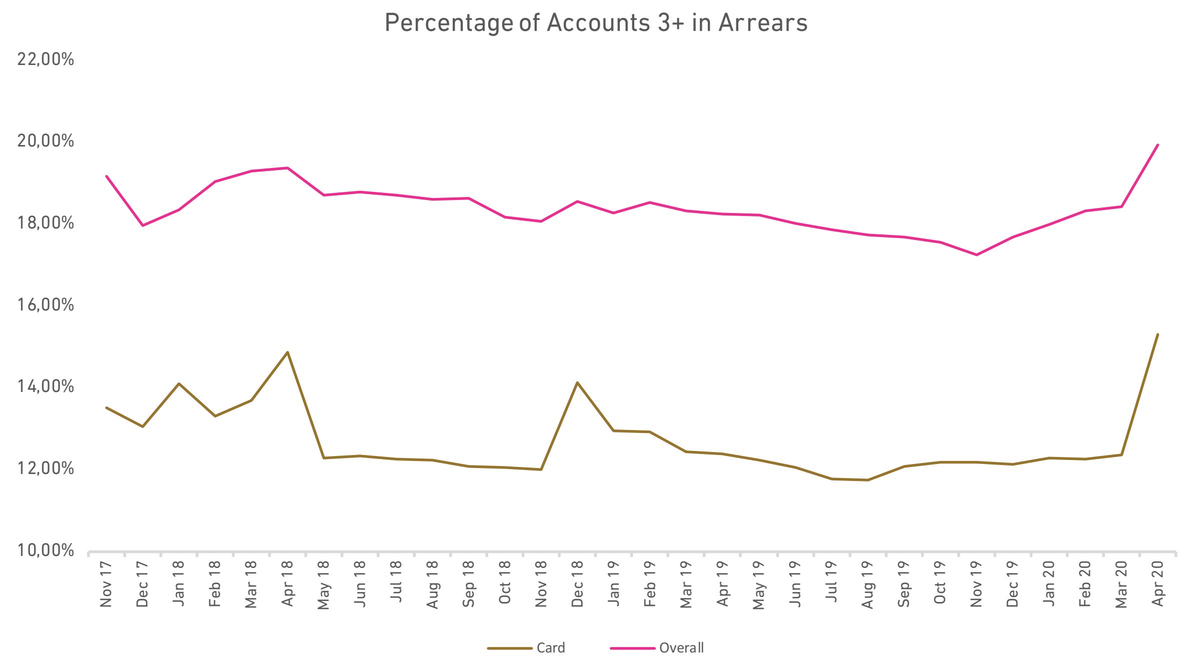
FAS	CDI		
FAS Type Name	Apr'20	Apr'19	Year on Year Δ
01. Independent Investors	5,25	3,35	1,91
02. Affluent Couples	5,94	4,70	1,25
03. Professional Players	6,77	5,52	1,25
04. Logged-On Lifestyles	3,24	5,13	-1,89
05. Liquid Living	5,24	5,42	-0,18
06. Successful Singles	8,33	6,83	1,50
07. Lifestyle Lending	8,61	6,14	2,47
08. Comfortable Retirees	6,67	5,76	0,91
09. Secure Singles	10,60	6,70	3,90
10. Comfortable Couples	9,51	7,82	1,68
11. Steady Entrepreneurs	13,31	12,59	0,72
12. Stand-Alone Singles	6,43	7,12	-0,69
13. Plugged-In Purchasers	6,75	8,07	-1,32
14. Payday Pursuers	1,90	8,09	-6,19
15. Deficient Directors	12,46	11,76	0,70
16. Credit-Reliant Consumers	16,37	13,68	2,68
17. Secure Seniors	3,67	3,76	-0,09
18. Coping Couples	3,74	5,48	-1,74
19. Restricted Retirees	6,17	7,04	-0,87
20. Low Earners	6,85	7,04	-0,19
21. Misfortunate Mature	6,62	8,49	-1,87
22. Concerning Citizens	5,69	7,72	-2,03
23. Money-Wise Mature	9,30	7,91	1,38
24. Depleted Resources	12,60	8,41	4,19
25. Strained Adults	11,28	11,30	-0,02
26. Online Survivors	8,05	10,78	-2,73
27. Struggling Earners	11,26	11,13	0,13
28. Minimum-Money Workers	14,30	12,01	2,29
29. Inexperienced Earners	11,46	13,80	-2,34
30. Eager Youth	15,96	13,80	2,16

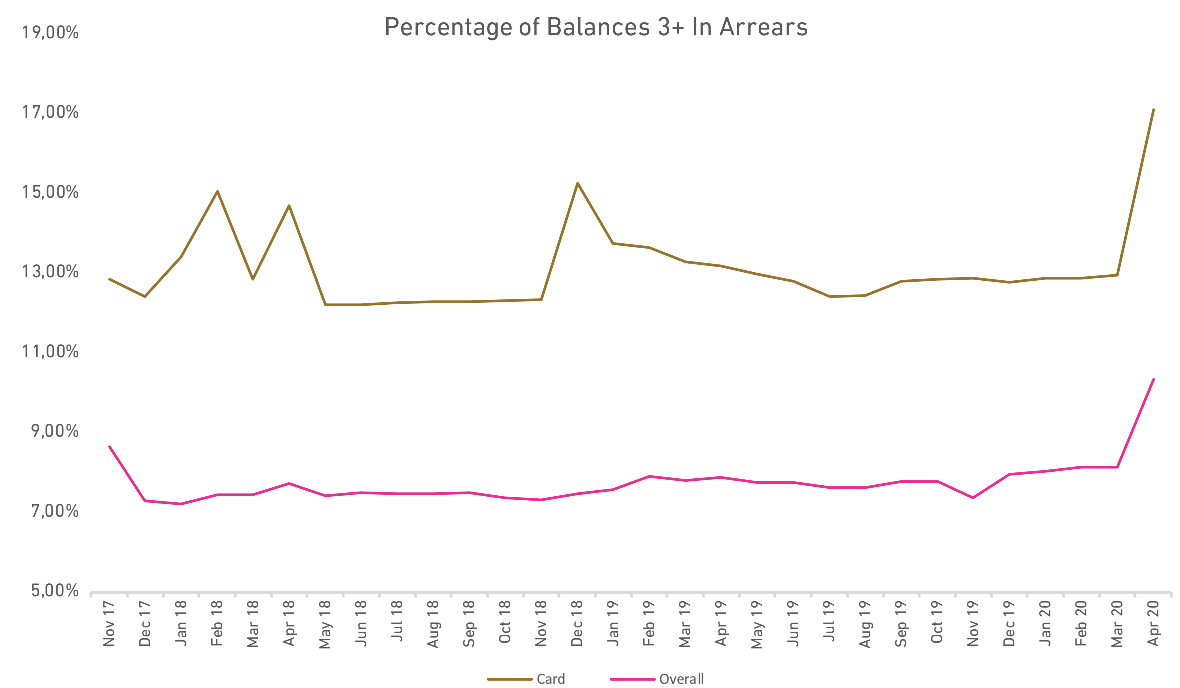
The wider access to credit cards across the various FAS segments results in the overall Credit Card CDI and the overall rate of default being substantially higher than that of secured products. However, as is the case across the secured lending products, FAS Groups 1 and 2 have the biggest value exposure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

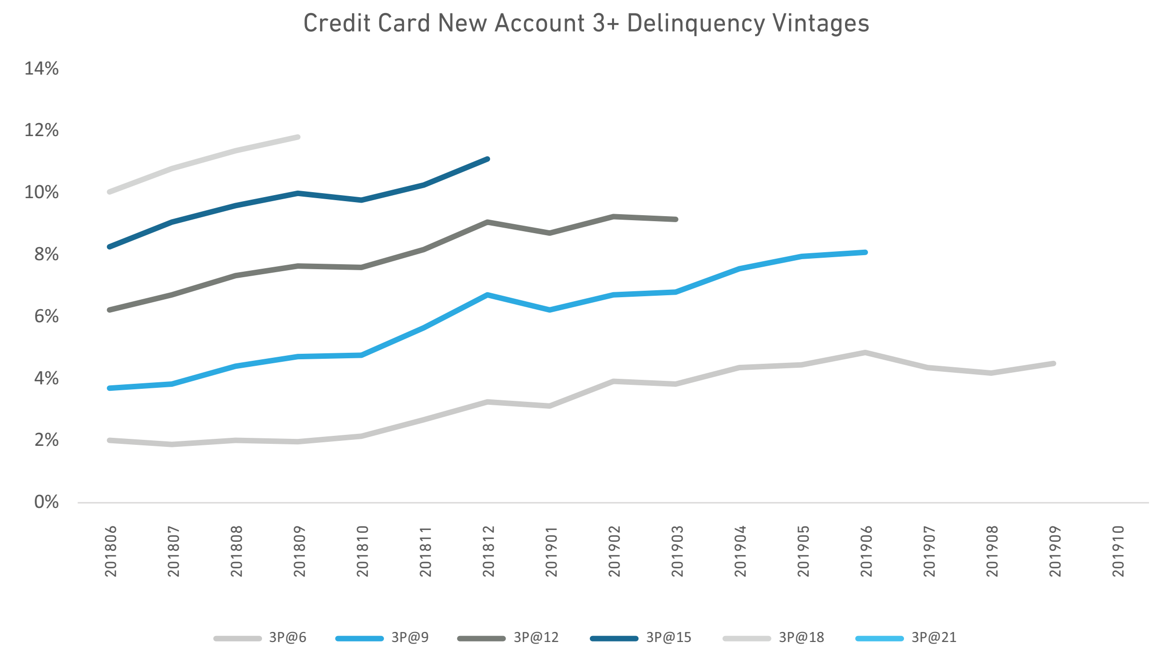
- **Affluent Couples**, who can best be described as well-educated power couples that understand the importance of investments, the correct handling of finances, and protecting their assets have by far the **largest credit exposure** across all segments. While financially mature, this type similarly experienced a deterioration in Credit Card CDI over the period.
- **Payday Pursuers** are middle-aged individuals who live from month to month and rely on finance to bridge the gap between paydays. While this type has the **lowest and significantly improved Credit Card CDI**, it again can be attributed to low access to credit cards and the already high rate of defaults on existing facilities.
- **Credit-Reliant Consumers**, 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 **highest Credit Card CDI**. With relatively high access to credit cards, this type has found the tougher environment most challenging, resulting in a significant increase in Credit Card CDI.

	CDI Apr 2020	CDI Apr 2019	New Default Balances Feb 2020 - Apr 2020
Credit Card Index	7.47	6.56	2 634 138 324
FAS Type 2 - Largest Credit Exposure	5.94	4.70	1 486 649
FAS Type 14 - Lowest CDI	1.90	8.09	1 486 649
FAS Type 16 - Highest CDI	16.37	13.68	178 384 267

Credit Card Portfolio Delinquency Trends





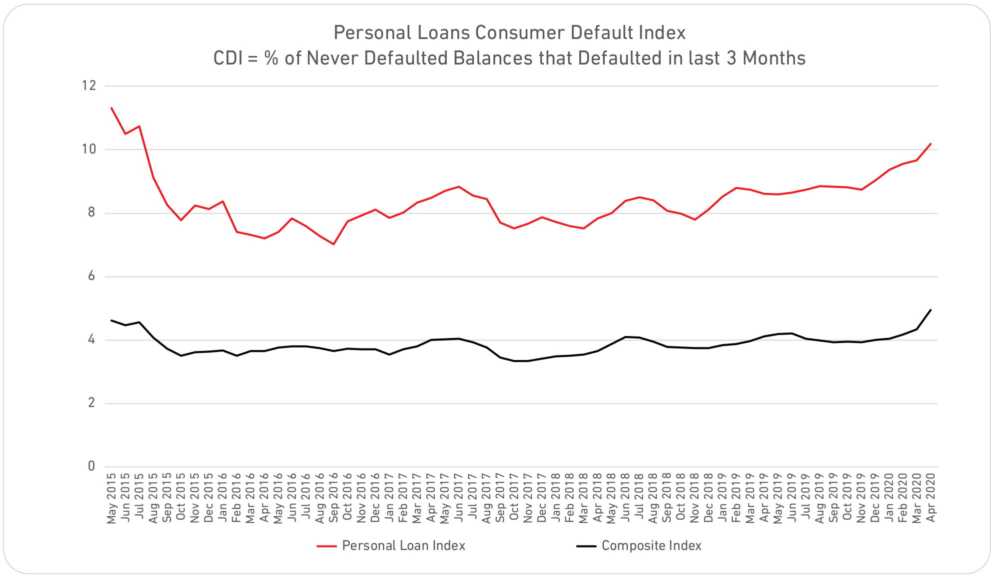


The overall portfolio delinquency trends across the credit card industry follows the same general trend as observed in the secured lending industry, only with higher default levels. The deterioration in the percentage of delinquent balances and numbers correlate strongly with the overall market trends with yet another significant deterioration in April on the back of the COVID-19 crisis.

On a new account level, however, there has been a general deterioration observed across all vintages. While the overall trend is directionally the same as the secured lending products, the impact is more broadly felt as more consumers have access to credit cards when compared to access to secured lending products.

The overall impact on the banking industry from an impairment perspective will be equally felt over the coming months.

Personal Loan Consumer Default Index by Province

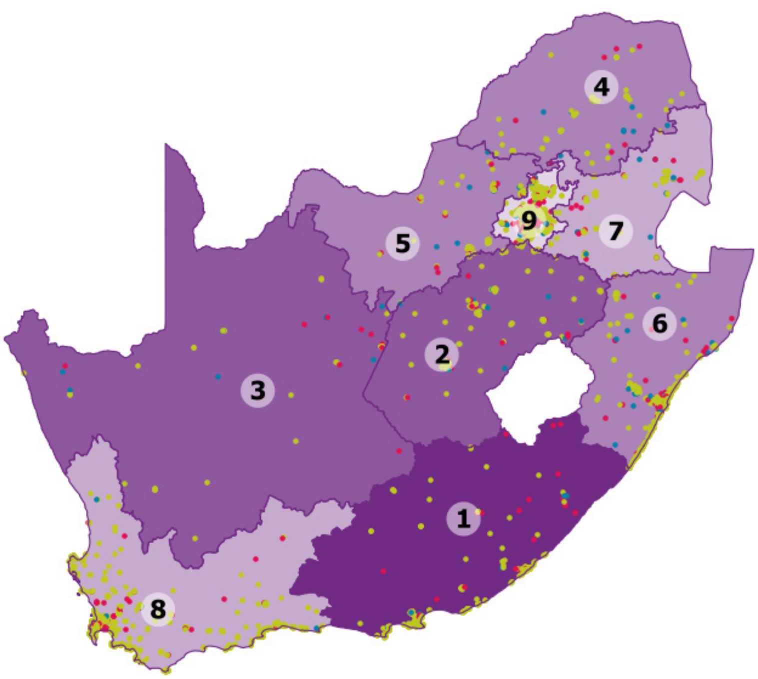


10.19%*
of personal loan balances on an annualised basis defaulted for the first time over the period Feb 2020 to Apr 2020.

R 7.34 bn*
in value defaulted for the first time over the period Feb 2020 to Apr 2020.

*The Personal Loan index for April 2020 is based on 94% successful bureau submissions only

	CDI Apr 2020	CDI Apr 2019	New Default Balances Feb 2020 - Apr 2020
Personal Loan Index	10.19	8.61	7 342 769 675
FAS Type 16 - Largest Credit Exposure	14.13	15.12	877 538 312
FAS Type 17 - Lowest CDI	4.53	4.81	15 906 838
FAS Type 29 - Highest CDI	16.31	16.48	273 402 481



FAS Type 16 - Largest Credit Exposure
FAS Type 17 - Lowest CDI
FAS Type 29 - Highest CDI

Personal Loans	CDI	
Rank & Province	Apr 2020	Apr 2019
1. Eastern Cape	8.81	7.21
2. Free State	8.96	8.06
3. Northern Cape	9.23	7.73
4. Limpopo	9.66	8.44
5. North West	9.71	8.68
6. KwaZulu-Natal	10.30	7.77
7. Mpumalanga	10.50	10.12
8. Western Cape	10.52	8.72
9. Gauteng	10.65	9.09

The overall performance of the Personal Loans CDI has exhibited a deteriorating trend form the third quarter in 2019 on the back of a more stringent economic environment, with the COVID-19 pandemic and subsequent lockdowns severely impacting the industry. At an aggregated level, the Personal Loans CDI deteriorated from 8.61% in April 2019 to 10.19% in April 2020.

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.

- In line with the typical FAS segments that make use of personal loan facilities, the **Eastern Cape** has the lowest CDI, deteriorating from 7.21% in April 2019 to 8.81% in April 2020.
- In stark contrast to traditional banking product performance, **Gauteng** (closely followed by the Western Cape) is the most impacted province, deteriorating from a Personal Loans CDI of 9.09% in April 2019 to 10.65% in April 2020.
- The CDI in **KwaZulu-Natal** deteriorated most significantly over the past year (2.53%) from 7.77% in 2019 to 10.30% in 2020.

Personal Loan Consumer Default Index by Micro-FAS

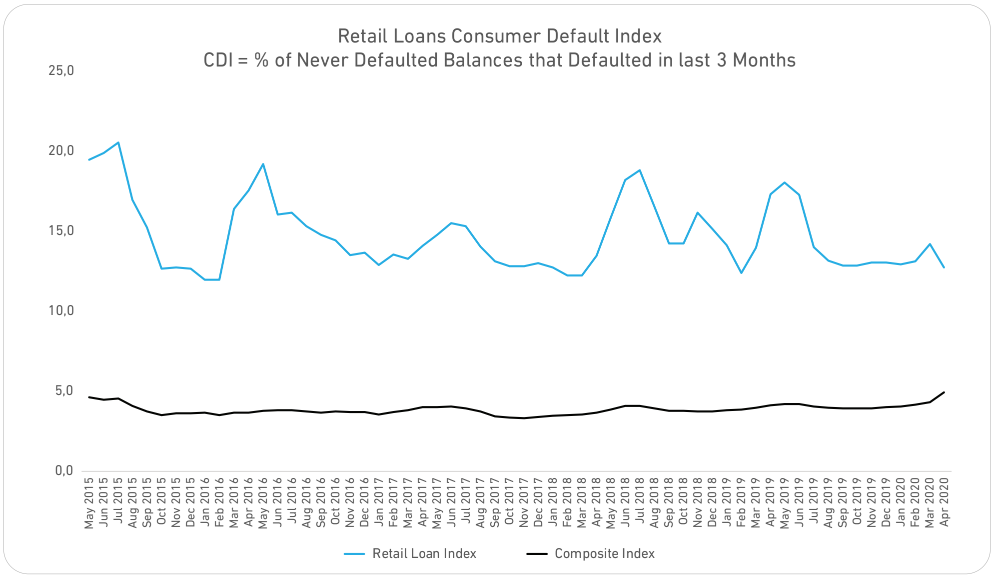
FAS	CDI		
FAS Type Name	Apr'20	Apr'19	Year on Year Δ
01. Independent Investors	6,88	5,56	1,32
02. Affluent Couples	8,15	5,66	2,48
03. Professional Players	9,34	6,57	2,77
04. Logged-On Lifestyles	5,77	5,85	-0,08
05. Liquid Living	7,38	5,48	1,89
06. Successful Singles	11,92	8,20	3,72
07. Lifestyle Lending	9,23	6,90	2,33
08. Comfortable Retirees	6,98	5,62	1,37
09. Secure Singles	11,40	7,64	3,76
10. Comfortable Couples	9,95	7,43	2,52
11. Steady Entrepreneurs	12,99	11,12	1,87
12. Stand-Alone Singles	8,65	7,45	1,19
13. Plugged-In Purchasers	9,98	8,81	1,17
14. Payday Pursuers	8,36	6,74	1,62
15. Deficient Directors	12,08	9,11	2,97
16. Credit-Reliant Consumers	14,13	15,12	-0,98
17. Secure Seniors	4,53	4,81	-0,28
18. Coping Couples	4,92	4,65	0,27
19. Restricted Retirees	5,22	5,68	-0,46
20. Low Earners	10,41	7,81	2,59
21. Misfortunate Mature	7,50	6,04	1,46
22. Concerning Citizens	9,16	7,89	1,27
23. Money-Wise Mature	8,19	7,78	0,41
24. Depleted Resources	11,34	10,93	0,40
25. Strained Adults	11,00	10,46	0,54
26. Online Survivors	5,21	4,30	0,91
27. Struggling Earners	9,53	7,35	2,18
28. Minimum-Money Workers	15,58	15,82	-0,25
29. Inexperienced Earners	16,31	16,48	-0,17
30. Eager Youth	12,07	9,77	2,30

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 traditional banking products.

- **Credit-Reliant Consumers**, 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.
- **Secure Seniors** are senior citizens who are mostly in their retirement with enough income to provide for the basics and financial security. Their low dependence on credit and reliance on cash results in them having the **lowest Personal Loans CDI**.
- **Inexperienced Earners** are 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. Their reliance on unsecured credit as an entry point into the credit market results in them having the **highest Personal Loans CDI** due to the tougher economic environment and COVID-19 pandemic impact.

	CDI Apr 2020	CDI Apr 2019	New Default Balances Feb 2020 - Apr 2020
Personal Loan Index	10.19	8.61	7 342 769 675
FAS Type 16 - Largest Credit Exposure	14.13	15.12	877 538 312
FAS Type 17 - Lowest CDI	4.53	4.81	15 906 838
FAS Type 29 - Highest CDI	16.31	16.48	273 402 481

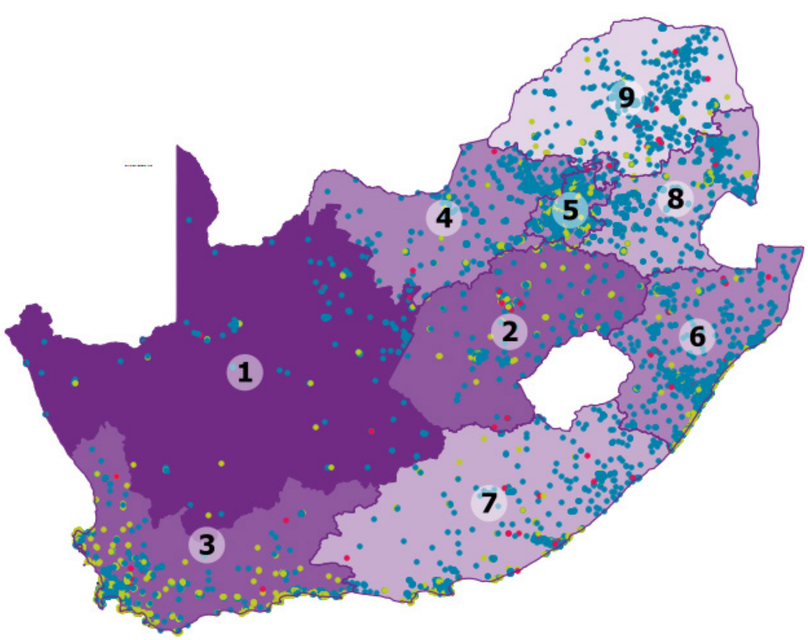
Retail Loans Consumer Default Index by Province



12.75% of retail loan balances on an annualised basis defaulted for the first time over the period Feb 2020 to Apr 2020.

R 1.59 bn in value defaulted for the first time over the period Feb 2020 to Apr 2020.

	CDI Apr 2020	CDI Apr 2019	New Default Balances Feb 2020 - Apr 2020
Retail Loan Index	12.75	17.29	1 586 356 214
FAS Type 26 - Largest Credit Exposure	17.51	29.60	250 675 105
FAS Type 17 - Lowest CDI	6.11	5.49	20 988 517
FAS Type 30 - Highest CDI	22.61	42.84	122 251 422



FAS Type 26 - Largest Credit Exposure

FAS Type 17 - Lowest CDI

FAS Type 30 - Highest CDI

Retail Loans	CDI	
Rank & Province	Apr 2020	Apr 2019
1. Northern Cape	10.45	15.53
2. Free State	11.26	16.51
3. Western Cape	11.28	14.53
4. North West	12.15	17.38
5. Gauteng	12.81	17.52
6. KwaZulu-Natal	13.27	17.15
7. Eastern Cape	13.43	16.58
8. Mpumalanga	13.58	20.05
9. Limpopo	15.49	21.36

The Retail Loans CDI has exhibited an improving trend form the first quarter in 2019 on the back of tighter lending criteria employed by credit retailers and already distressed retail credit consumer, resulting in fewer new defaulting consumers. As a result, the Retail Loans CDI has improved from 17.29% in April 2019 to 12.75% in April 2020.

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.

- The already high levels of defaulted consumers in the **Northern Cape** has resulted in the province having the lowest percentage of newly defaulting consumers, reducing from 15.53% in April 2019 to 10.45% in April 2020.
- Similarly, while the worst in provincial CDI ranking, the volume of first-time defaulters in **Limpopo** has reduced from 21.36% in April 2019 to 15.49% in April 2020.
- The new percentage of first-time defaulters in **KwaZulu-Natal** has reduced most significantly over the past year (6.92%), improving from 20.05% in 2019 to 13.58% in 2020.

It must be noted that, while the Retail Loans CDI continues to exhibit an improving trend, it can primarily be attributed to a large portion of the population already finding themselves delinquent on their retail products.

Retail Loans Consumer Default Index by Micro-FAS

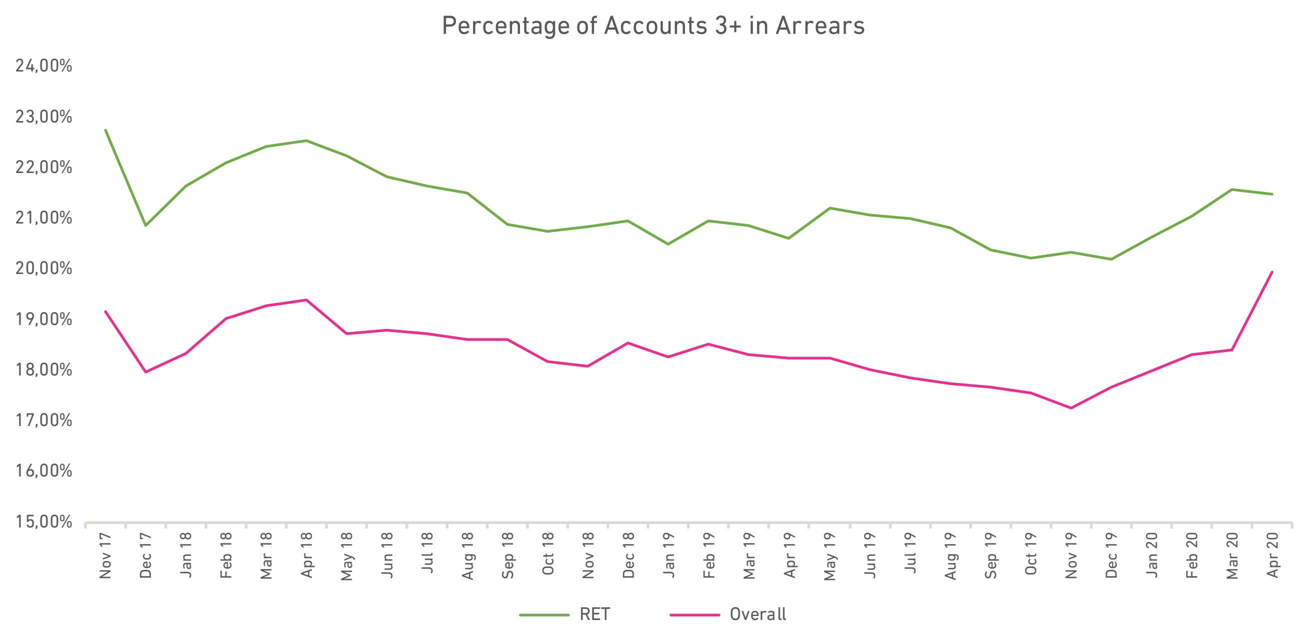
FAS	CDI		
FAS Type Name	**Apr'20**	**Apr'19**	**Year on Year Δ**
01. Independent Investors	9,06	6,71	2,35
02. Affluent Couples	8,52	7,41	1,11
03. Professional Players	9,87	9,51	0,36
04. Logged-On Lifestyles	6,56	9,16	-2,60
05. Liquid Living	7,51	7,26	0,25
06. Successful Singles	11,50	13,14	-1,64
07. Lifestyle Lending	11,31	11,14	0,18
08. Comfortable Retirees	8,63	7,65	0,98
09. Secure Singles	13,90	15,71	-1,82
10. Comfortable Couples	11,41	11,81	-0,40
11. Steady Entrepreneurs	12,90	17,52	-4,62
12. Stand-Alone Singles	10,05	15,24	-5,19
13. Plugged-In Purchasers	8,59	15,90	-7,30
14. Payday Pursuers	8,18	13,52	-5,33
15. Deficient Directors	13,56	17,06	-3,50
16. Credit-Reliant Consumers	16,48	24,31	-7,83
17. Secure Seniors	6,11	5,49	0,62
18. Coping Couples	6,13	6,83	-0,70
19. Restricted Retirees	8,36	8,31	0,05
20. Low Earners	14,38	20,32	-5,93
21. Misfortunate Mature	9,79	11,58	-1,79
22. Concerning Citizens	12,14	13,29	-1,16
23. Money-Wise Mature	11,13	10,32	0,81
24. Depleted Resources	13,07	11,40	1,66
25. Strained Adults	13,76	15,81	-2,06
26. Online Survivors	17,51	29,60	-12,09
27. Struggling Earners	12,12	21,68	-9,56
28. Minimum-Money Workers	22,01	33,31	-11,30
29. Inexperienced Earners	16,67	35,08	-18,41
30. Eager Youth	22,61	42,84	-20,23

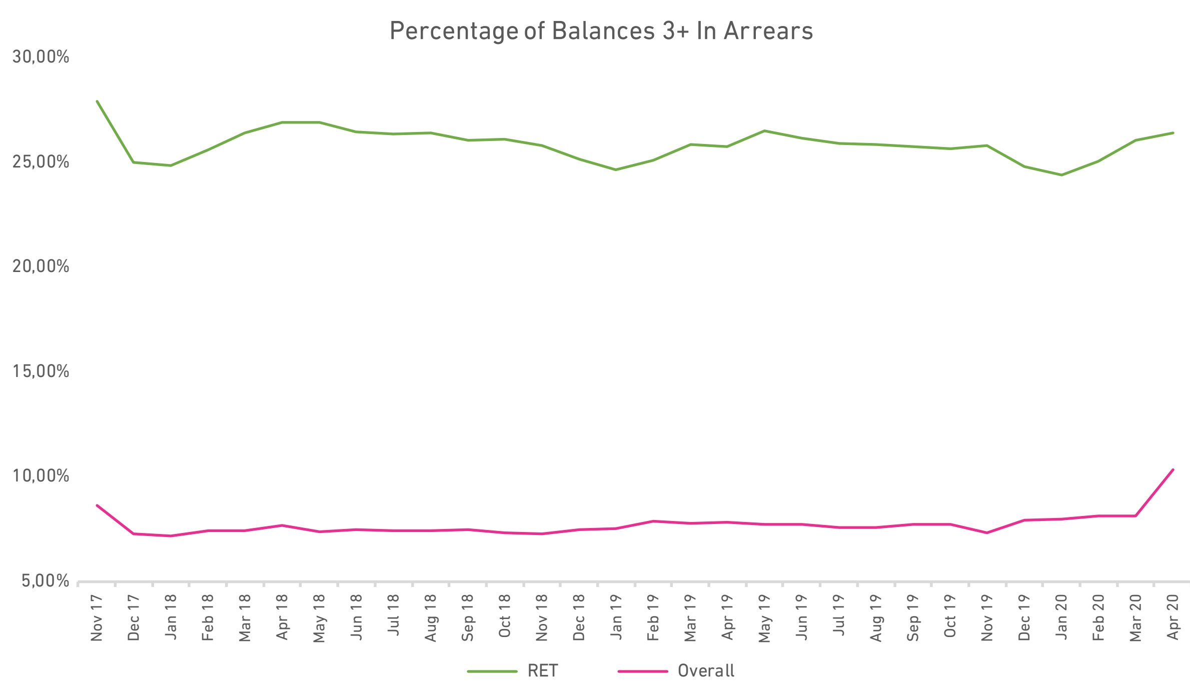
The fact that most consumers that have access to retail loans already exhibit higher levels of delinquency across various products has resulted in new first-time defaulters reducing significantly from 17.29% in April 2019 to 12.75% in April 2020. When looking at the Micro-FAS level, we observe the following:

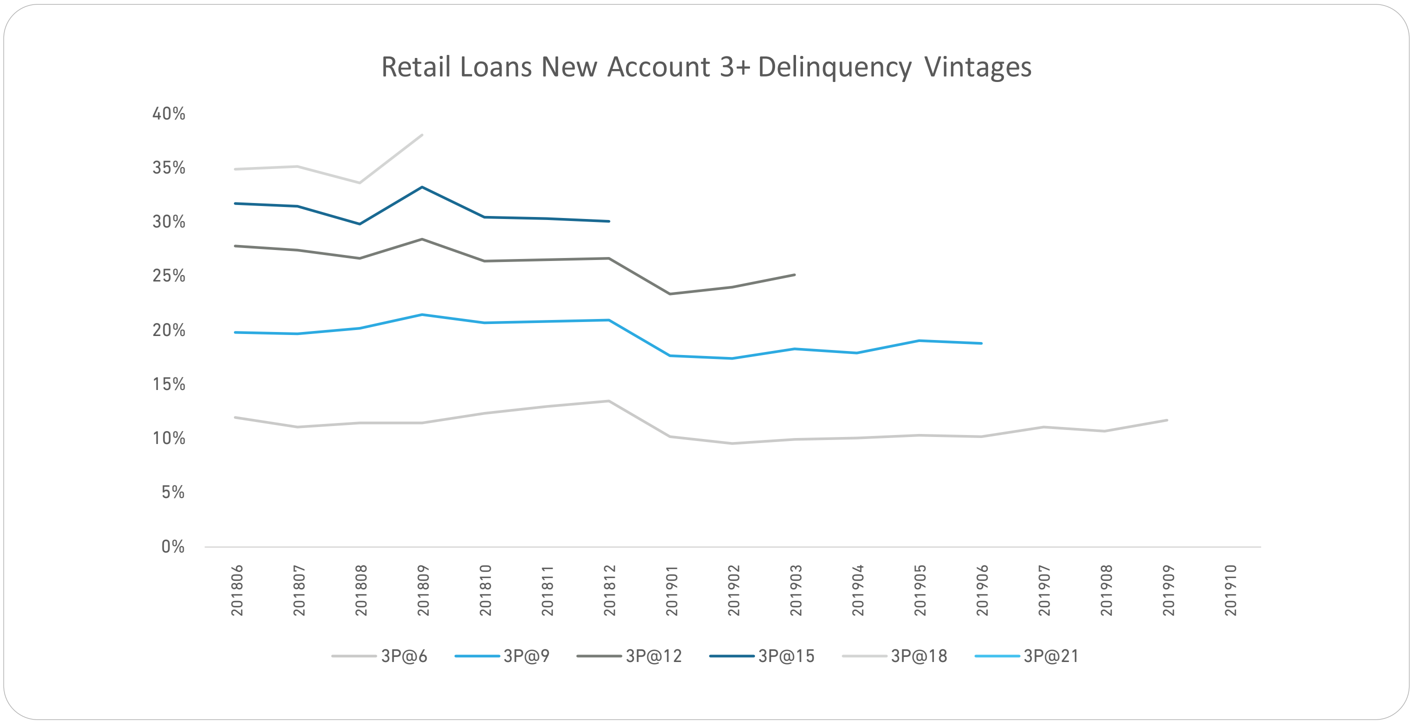
- **Online Survivors**, who are young adult unskilled or shift workers that are likely cohabiting with significant others or family and are unable to afford more than their basic needs, have the **largest retail loan credit exposure**. The sharp improvement in the CDI can be attributed to both existing high default rates but also to more stringent lending criteria implemented by credit retailers since early 2019.
- **Secure Seniors** are senior citizens who are mostly in their retirement with enough income to provide for the basics and financial security. Their low dependence on credit, reduced need for the latest fashions and reliance on cash results in them having the **lowest Retail Loans CDI**.
- **Eager Youth**, 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 Retail Loans CDI**. Their reliance on retail credit as an entry point into the credit market results in them having the highest CDI due to the tougher economic environment and COVID-19 pandemic impact.

	CDI Apr 2020	CDI Apr 2019	New Default Balances Feb 2020 - Apr 2020
Retail Loan Index	12.75	17.29	1 586 356 214
FAS Type 26 - Largest Credit Exposure	17.51	29.60	250 675 105
FAS Type 17 - Lowest CDI	6.11	5.49	20 988 517
FAS Type 30 - Highest CDI	22.61	42.84	122 251 422

Retail Loans Portfolio Delinquency Trends







After showing some portfolio level delinquency improvements over the last 12 months from both a volume and balance perspective, the retail loans industry has gradually deteriorated since November 2019. This deterioration is primarily due to external economic pressure as the general cost of living increases negatively impact on the FAS segments most exposed to retail loans.

At a new account level, the deterioration is limited to some new account cohorts, with the most recent cohorts showing the biggest deterioration which is aligned to general economic distress and a 2019 Black Friday hangover.

The impact of the COVID-19 pandemic has not manifested in a similar manner as across traditional banking and more specifically secured products due to the already high levels of financial distress across the segments exposed to retail credit. The financial impact of the broader consumer distress is expected to have a material impact on credit retailers impairment levels which could adversely impact new lending.

Has credit activity improved since the revised lockdown criteria?

Over the past month, we observed a decline in the number of new infections across most of the European countries in which Experian operates.

In South Africa, we have, however, observed a material increase in both new weekly cases and subsequent overall infection rates which can be attributed to significantly more tests conducted countrywide.

Situation as of 13 April	Level of confinement *	Total cases (variance vs the day before)	Quarantine start date	Estimated end date
Italy	High	238,159 (+331)	10/03	13/04
Spain	High	292,348 (+585)	14/03	11/04
Netherlands	Medium	49,314 (+115)		
Norway	Medium	8,708 (+16)		
Denmark	Medium	12,344 (+50)		
South Africa	High	97,302 (+4,621)	25/03	30/04**

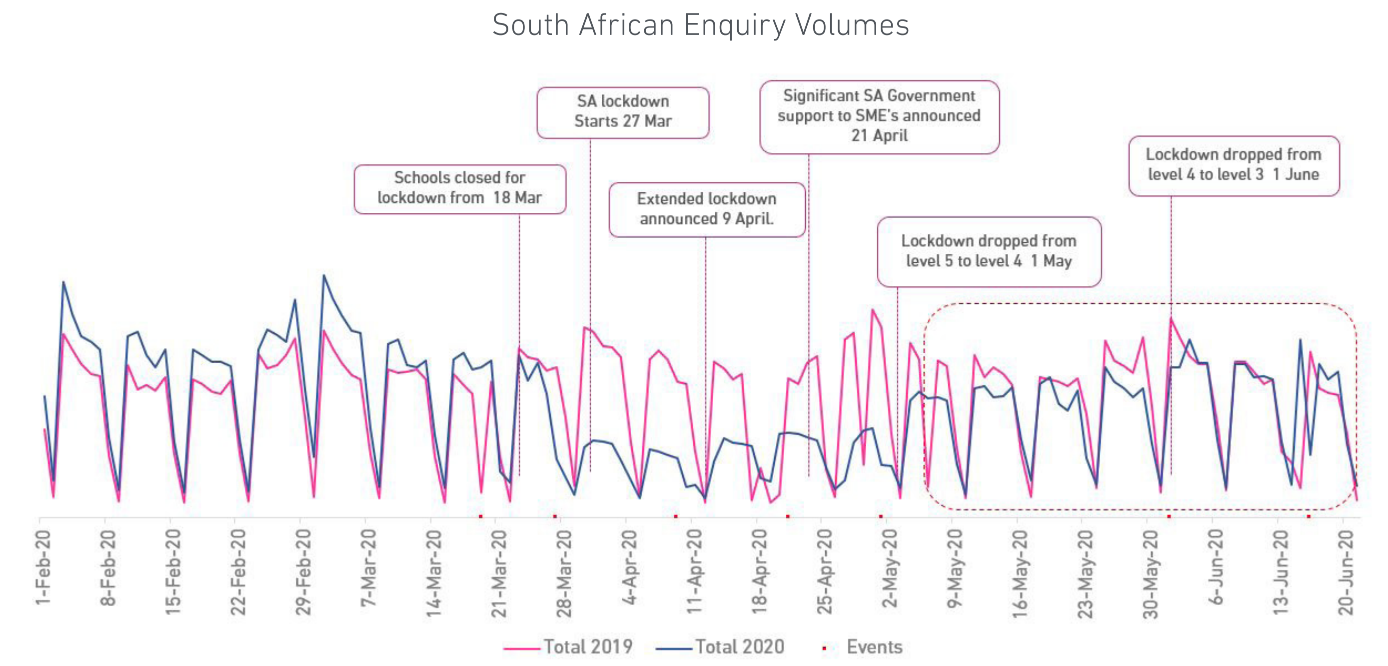
* High: full quarantine (schools closed, forced home office), Medium: partial quarantine (schools closed, recommended home office, the possibility to go outside home), Low: soft quarantine (early stage of economic activities reduction).

** End of Level 5 entered Level 4 on 1 May 2020 and Level 3 on 1 June.

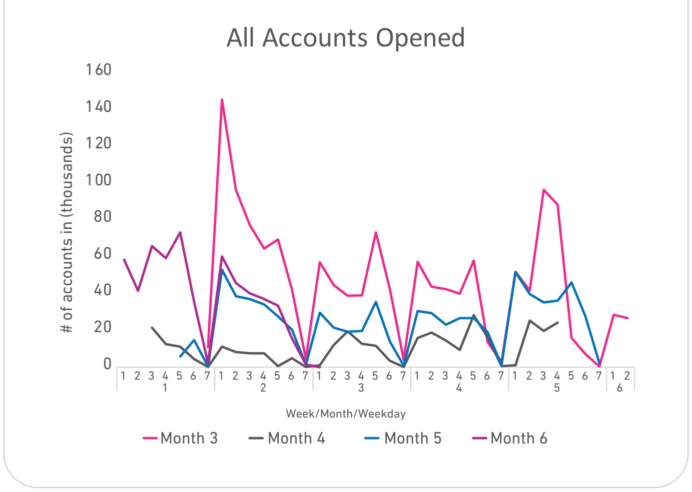
Credit Activity Trends – June 2020

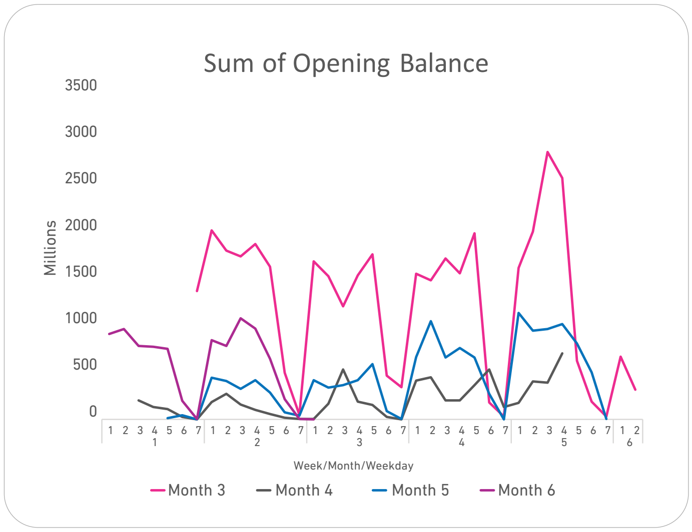
Enquiry activity trends increase as more businesses are allowed to trade.

On 1 June 2020, South Africa moved into lockdown level 3 allowing most businesses to reopen. As a result, we observed a significant increase in enquiry activity as access to and demand for credit increased.



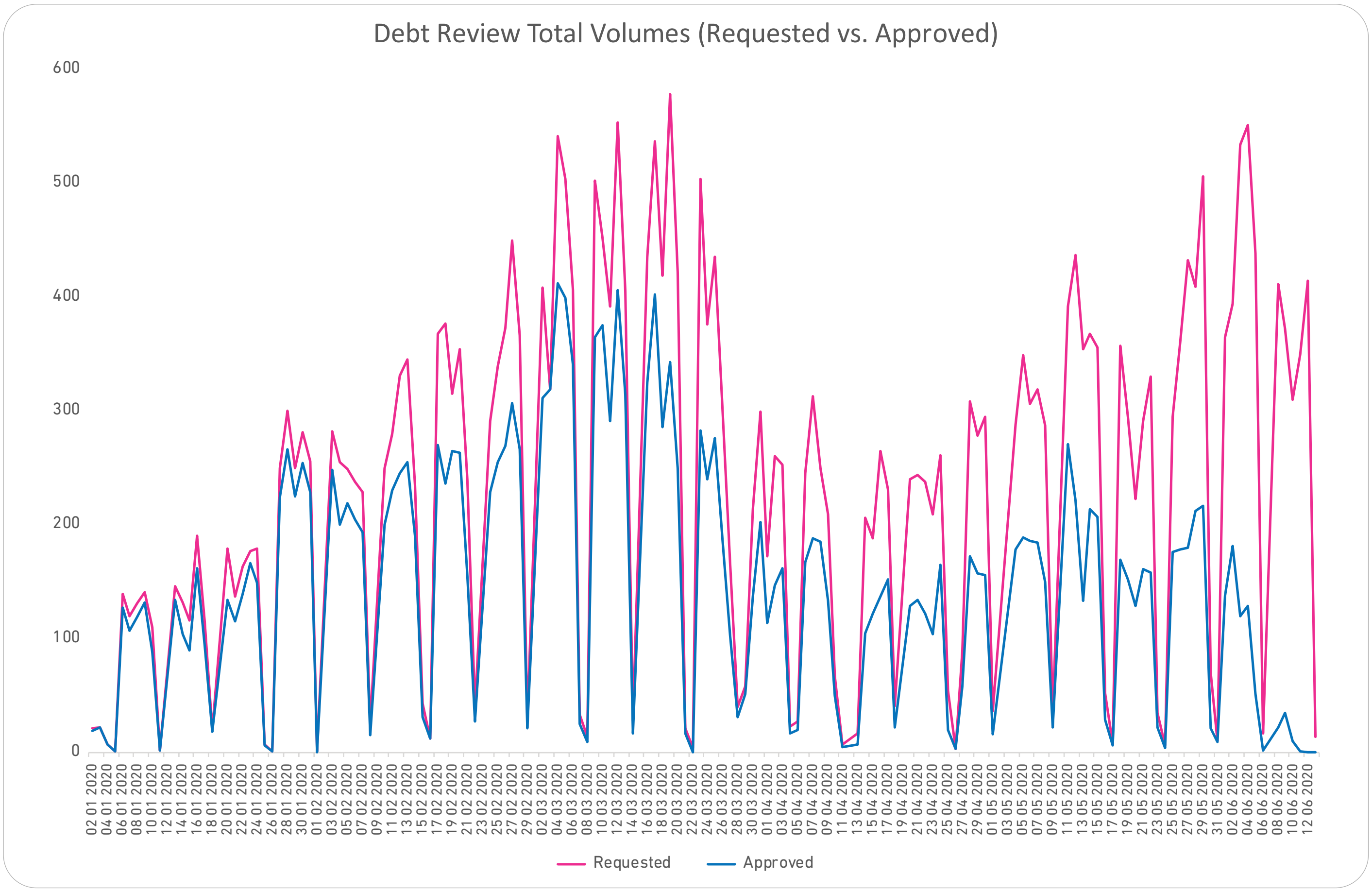
The drop in enquiries correlates with both volumes of new accounts opened and total outstanding balances.





- The increase in the number of new accounts opened correlates with the increase in enquiry volumes across the various industries.
- It must, however, be noted that, while the demand side (enquiry volumes) has shown a strong recovery since the implementation of the revised lockdown criteria, the supply side has not recovered to the same extent.
- The assumed reason for the more conservative supply-side recovery, both from a volume and balance perspective, is a more restrained lending approach by most credit providers across the market.
- The level of restraint varies by credit provider with some more aggressive than others both from a volume and value basis.

While there is only a marginal drop in the volume of debt review requests, approved volumes have significantly reduced.



- Consumer requested debt review applications have generally recovered close to pre-lockdown levels since the reduction of the lockdown criteria.
- The number of approved debt review requests have, however, reduced significantly as the debt counselling industry was not deemed to be an essential service during the initial lockdown phases.
- It is expected that the number of approved requests will increase in the coming months as the requests increase and backlogs are reduced.
- The challenge lenders have until then is whether all the required data is available for distressed consumers to make appropriate lending decisions.

Key tracked criteria continue to show distress or lack of activity due to lockdown.

Measure	Comment	Wk 1	Wk 2	Wk 3	Wk 4	Wk 5	June
Deferred payments	Deferred payment volumes remain in line with pre-COVID-19 levels. This is expected to increase in the coming weeks (post lockdown) as consumers take advantage of the option to manage cash flows.	↓	↓	→	→	↑	↑
Restructures	Restructures remain in line with pre-COVID-19 levels. This is expected to increase in the coming weeks (post lockdown) as consumers take advantage of the option to manage cash flows.	↓	↓	→	→	↑	↑
Bureau scores	Bureau score distributions and characteristic stability remain in line with development expectations.	✓	✓	✓	✓	✓	✓
FAS stability	Segmentation distributions and characteristic stability remain in line with development expectations.	✓	✓	✓	✓	✓	✓

While the demand for credit has recovered to pre-COVID-19 levels since the introduction of level 3 lockdown, credit providers remain cautious in their supply criteria as they wait to see how consumers are impacted over the longer term.

Conclusion

- The impact of a constrained economy amplified by the COVID-19 crisis has placed a significant strain on the South African consumer.
- Previously immune segments of the consumer population, in particular, more affluent and financially astute segments, are finding themselves in distressed financial positions, primarily due to the impact of the COVID-19 pandemic and resulting lockdown criteria.
- A large portion of the broader population, who primarily depend on unsecured facilities for month-to-month living, were already in financial distress with the COVID-19 crisis being an additional aggravating factor.
- From a credit provider perspective, the consumer distress across specifically secured lending products does not bode well for short- to medium-term profits as non-performing loans and impairment costs are expected to increase.
- Similarly, impairment cost, while primarily due to an already distressed economic environment, is expected to increase and negatively impact non-bank credit providers over the short- to medium-term.
- Credit providers are strongly advised to revise both acquisition and account management strategies during this trying time, applying more focused segmentation criteria across all account management strategies to ensure optimal consumer engagement strategies to optimise both cash flows and consumer retention.

Experian Financial Affluence Segmentation

What is FAS, and how is it calculated?

FAS - Credit-Active Consumers

March 2020

Financial Affluence Segmentation Tool

Describing your customers; creating profitable engagement

experian

Compuscan an experian. company

Scoresharp an experian. company

Contents

FAS - Credit-Active Consumers

Financial Affluence Segmentation

Better understand your customer for more profitable engagements.

It's not what you say; it's who you say it to that counts. With over 57 million citizens in South Africa, how does your company cut through the noise and speak to those that are potential customers? How do you know which products to offer to our diverse population? How do you determine whether they can afford your product? How do you make contact with the ideal potential customer?

Leveraging the strength of quality data and the power of analytics and machine learning, we've developed an innovative segmentation tool to help you achieve just that, quickly and at scale!

> " Experian's Financial Affluence Segmentation tool provides a comprehensive description of credit-active South African individuals and their behaviour."

By understanding credit-active consumers on an individual level, we used machine learning to create groups with certain characteristics from consumer data on the South African population. These groups are further broken down into types to provide more accurate information for better targeting through lead generation and customer engagement optimisation.

Our Financial Affluence Segmentation tool is a smart and insightful option for companies wanting to confidently target populations to take up your product or engage with your services. By analysing consumer data, we used machine learning to segment the credit-active South African consumer population into 6 groups with certain characteristics. These groups are further broken down into 30 subtypes in total to provide insights for better targeting through lead generation and customer engagement optimisation.

Client data can also be analysed at an individual level according to the FAS groups and types to segment your database or to provide like audiences. Clients can also select one or multiple groups or type descriptions to match a potential audience. FAS can be used to target possible prospects through omnichannel marketing strategies and platforms.

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 Financial Affluence Segmentation

- 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

Contact us directly to find out how we can help you better understand your customers.

www.experian.co.za | scoresharp@experian.com | (011) 799-3400

FAS - Credit-Active Consumers
How does it work?

Our 4D approach to delivering your most profitable prospects and transforming your marketing by unlocking the power of data.

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.

Financial Affluence Segmentation and other additional variables (gender, marital status, homeownership, directorship, suburb and province) can all be used to target only your most profitable prospects through advertising, social media audience matching, and digital execution.

Reduce your media wastage and significantly improve engagement with your most profitable prospects.

FAS - Credit-Active Consumers

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 datapoints, including:

- Affluence/Income
- Age
- Gender
- Ethnicity
- 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.

FAS - Credit-Active Consumers
Groups and Types Overview

Group Name:	%	Type #:	Type Name:	%
Group 1: Luxury Living	2,5%	01	Independent Investors	0,3%
		02	Affluent Couples	1,1%
		03	Professional Players	1,1%
Group 2: Aspirational Achievers	9,3%	04	Logged-on lifestyles	1,7%
		05	Liquid Living	2,2%
		06	Successful Singles	1,0%
		07	Lifestyle lending	0,5%
		08	Comfortable Retirees	1,4%
		09	Secure Singles	0,6%
		10	Comfortable Couples	0,8%
		11	Steady Entrepreneurs	1,1%
Group 3: Stable Spenders	7,2%	12	Stand-alone Singles	1,5%
		13	Plugged-in Purchasers	2,0%
		14	Payday Pursuers	0,7%
		15	Deficient Directors	1,7%
		16	Credit-Reliant Consumers	1,4%
Group 4: Money-Conscious Majority	40,0%	17	Secure Seniors	4,4%
		18	Coping Couples	1,7%
		19	Restricted Retirees	8,9%
		20	Low Earners	7,6%
		21	Misfortunate Mature	4,7%
		22	Concerning Citizens	6,6%
		23	Money-wise Mature	1,3%
		24	Depleted Resources	4,0%
		25	Strained Adults	0,7%
Group 5: Laboured Living	24,6%	26	Online Survivors	16,9%
		27	Struggling Earners	0,8%
		28	Minimum-Money Workers	6,9%
Group 6: Yearning Youth	16,4%	29	Inexperienced Earners	4,8%
		30	Eager Youth	11,6%

Segmentation splits are based on average proportions over a 1-year period.
Slight shifts may occur as FAS is updated monthly.

Group 1

Luxury Living – 2,5%

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%

Type 01: Independent Investors – 0,3%

Independent Investors comprise of the most affluent members of South African society with average annual salaries of over R1 million. At 86%, they have the largest percentage of business entrepreneurs and directors, with 73% having multiple directorships. It comes as no surprise that Independent Investors can afford the most luxurious lifestyles. These are financially savvy individuals that understand how best to utilise various financial products to make their money work for them.

This type is made up of 74% men; however, they are family-oriented with 71% being married. While their average age is 45 years old, the age range of this type includes 30-60-year olds which is reflected in the mature manner in which they work with money.

Independent Investors comprise of the most affluent members of South African society.

This type isn't dependent on credit products; instead, they understand how to make use of secured credit best to support their lifestyles and investments – only 66% make use of unsecured loans. Any businessman would not be caught without two tools, their cell phone and their credit card – 96% have a communication account, and 99% have credit cards. Despite high credit card account holding rates, they show little interest in online shopping.

To protect their assets, 89%, of short- and long-term insurance holding. This is to be expected since they are driving cars valued over R750 000 and own houses with opening home loan balances of R2 million. To finance these luxury vehicles, 96% have vehicle and asset finance accounts, with 45% having multiple vehicle finance accounts. 35% of Independent Investors own multiple properties, usually as holiday homes or possibly student accommodation for their children at university. To support these multiple properties, 85% of Independent Investors have home loans.

Independent Investors have a minimum risk rating, and with the lowest delinquency rates across all groups, they are more than capable of servicing their credit in full and on time.

Type 02: Affluent Couples – 1,1%

Affluent Couples are power couples and well-educated. They understand the importance of investments, the correct handling of finances, and protecting their assets. Their professional lives, marked by a high percentage of directorships, and annual salaries over R750 000 are what support their capacity to live in expensive houses, own holiday homes or investment properties, and drive expensive cars. Protecting their belongings, 88% have insurance.

They are another majority male group with only 1 in 3 being female; like Independent Investors, they are family-oriented with the highest percentage of marriages, 72%. They have the widest age range, 30-65 years' old; with an average age of 49, they are the oldest in the Luxury Living group.

For Affluent Couples, unsecured loans and credit are a convenience and not something on which they depend. At 67% and 45%, unsecured loans and personal bank loans are less utilised than credit cards, since 99% of Affluent Couples have at least one credit card account. They have little issue servicing their agreements on time and in full each month. They pose a minimum risk; at only 28%, they have the lowest delinquency rates; and have the least issues with making their credit and loan payments.

They are image-conscious, which is reflected in their purchasing habits, homes and vehicles. In comparison to Independent Investors, there is more interest in shopping at general online retail stores. With opening home loan balances of R1.2 million and opening vehicle finance balances of R490 000, Affluent Couples aren't keeping up with the Joneses; they are the Joneses!

Type 03: Professional Players – 1,1%

Professional Players are career-driven individuals that know how to work hard. An average age of 40 and age range of 25 – 40 years' old, indicates that these individuals are approaching the prime of their careers. They are either well-educated or have exceptional entrepreneurial abilities to earn over half a million rand per year and hold multiple directorships.

Professional Players are career-driven individuals that know how to work hard.

While their careers are important to them, 2 in 3 Professional Players are married. Professional Players are looking for stability and settling down. Over 57% own at least 1 property; however, there are those, 21%, that have additional investment properties. To afford these properties, 83% have home loans with maximum opening balances of R1 million.

It's evident from their account holding that Professional Players' credit purchases contribute to their personal and professional image. They have the highest retail account holding (92%) and the highest online retail activity in the Luxury Living group. Additionally, they want to be seen at their best; to do so, the 89% that have vehicle and asset finance drive cars valued at R400 000.

They are financially stable and understand the importance of protecting their assets as 87% have insurance. Contributing to their financial success and ability to obtain credit, Professional Players pay their accounts to ensure that they remain low-risk, thereby decreasing their interest and insurance rates as well.

Group 2

Aspirational Achievers – 9,3%

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

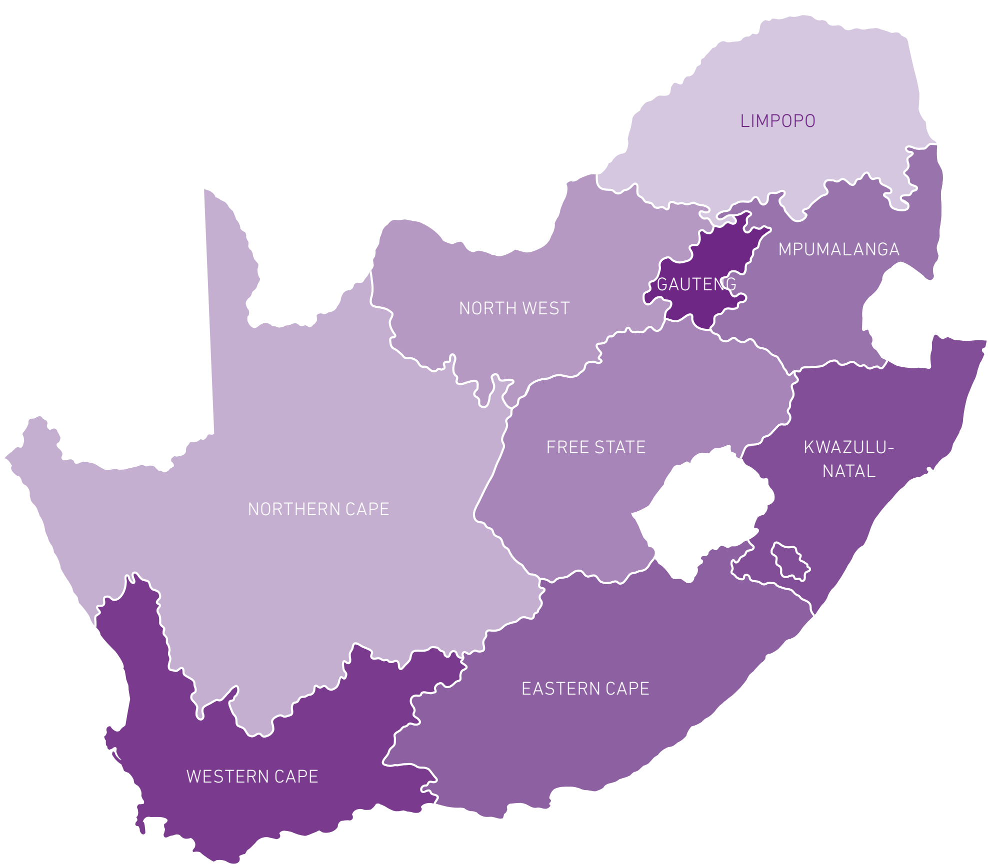
41% Directors
19% Multiple Directorships

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%

Type 04: Logged-on Lifestyles – 1,7%

Comprised mostly of female Millennials, the Logged-on Lifestyles individuals are very active when it comes to online retail buying. While their careers are important to them, so is family; 2 in 3 are married, and almost 80% own at least 1 property – the highest single property ownership across all types!

These individuals earn moderate salaries of R280 000 per year, mostly from positions in mid- to senior-level management. With ages ranging from 30 to 45 years' old and average age of 38, they are likely in the middle of their careers.

For the most part, Logged-on Lifestyles individuals understand the limits of their salaries and are active credit users in terms of account holding. Their biggest loans are for property (91%) and vehicle finance (63%), with opening balances of R520 000 and R200 000 respectively, which 77% of Logged-on Lifestyle individuals protect by having insurance.

While they have enough cash to live comfortable lives, many of these individuals can be found furnishing their houses (35%) and buying clothing (91%) on account. That said, they are cautious and pay attention to live within their means. With a low-risk profile and low credit utilisation, they understand the impact credit can have on interest rates. However, there are a few that struggle to meet their payments, probably only during times of crisis where they thought money was better utilised elsewhere.

Type 05: Liquid Living – 2,2%

Liquid Living are upper-middle-class, mature individuals with an average age of 52; 69% of whom are married, suggesting strong family tendencies. Their youngest children would be in their late teens and early 20s, and most likely at college or university. With an annual income of R415 000, 44% of Liquid Living individuals need to take out personal loans to afford the extra necessities in life such as attending university.

Liquid Living are upper-middle-class, mature individuals with an average age of 52.

52% of Liquid Living individuals are directors, with 29% holding multiple directorships. Age, directorship and average annual incomes indicate positions in mid-level management or owners, most likely of small companies.

These are tech-engaged individuals that are active in online retail shopping. That said, they are conservative when it comes to unsecured credit with only 67% having unsecured loans with low usage. This could indicate a leaning towards using cash for everyday transactions.

63% have home loans, despite only 49% owning houses and 16% owning multiple properties. Low homeownership may indicate that they have inherited houses from parents or that they have already paid off their original bonds. It's possible that those who have taken home loans, with a maximum opening balance of R664 000, have done so to make refurbishments or for an investment property.

Liquid Living are practical when it comes to their money and usually take credit for larger purchases such as the 78% who have vehicle and asset finance accounts. Even so, they keep within their means and do not overextend themselves. At low risk, it's clear that the majority of Liquid Living individuals pay their debts regularly.

Type 06: Successful Singles – 1,0%

It will come at no surprise that only 66% of Successful Singles are unmarried. Comprised mostly of Millennials with an average age of 32, Successful Singles have chosen to develop their careers since 53% are directors and 27% have multiple directorships. This is reflected in an average annual salary of R440 000.

They are driven by prestige and seek to further their personal and professional accomplishments. Supporting their image, 93% have retail and revolving accounts, 93% have credit cards, and they are active in the online retail space. Furthermore, 85% have vehicle and asset finance accounts which enable Successful Singles to drive cars worth R330 000.

These individuals are busy building their careers and personal lives and leverage both unsecured and secured loans to do so. Almost half own at least 1 property, most probably a first house or apartment purchase since 59% have home loans of maximum R815 000. Understanding the value of their possessions, 88% of Successful Singles have insurance.

While they carry a low risk, there are those Successful Singles that maximise the credit available to them and a third for whom regular payments are an issue; possibly due to overextending themselves or to an emergency.

Type 07: Lifestyle Lending – 0,5%

Lifestyle Lending individuals are eager to spend, and regardless of their R445 000 average annual income, they are still somewhat reliant on credit.

These are mature individuals with an average age of 42 years in a range of 35 – 50. They have sound careers, and almost 50% are directors and a quarter hold multiple directorships.

For the most part, Lifestyle Lending individuals appear to have their lives together. 61% own at least 1 property and 13% own additional properties. To afford these, 80% of Lifestyle Lending individuals have home loans, many with opening balances of R680 000. Like many of the more affluence types, 87% of them have vehicle and asset finance and 89% have insurance.

These individuals are motivated by the need for recognition and status, which can be seen in the types of unsecured credit the hold – 90% have clothing accounts, 96% retail accounts and 97% revolving accounts. They are most active with lenders that allow them to achieve a certain lifestyle, often reaching the maximum limits on their accounts.

Type 08: Comfortable Retirees – 1,4%

Comfortable Retirees span an age range of 50 – 75 years and have an average age of 58. These individuals have an average annual income of R324 000, earned by those in the late stages of their careers or those in retirement that have returned to part-time employment. 37% of Comfortable Retirees are directors, and 18% have multiple directorships.

Comfortable Retirees span an age range of 50 – 75 years and have an average age of 58.

At 45%, homeownership is moderate amongst these individuals, most probably due to downscaling in preparation for retirement. Low vehicle and asset finance at 66% could suggest that they have made a final car purchase; opting for sensible cars valued at R240 000 as opposed to more luxury vehicles. 80% of Comfortable Retirees have taken up insurance; most likely life insurance or funeral policies to support spouses and families as 65% are married.

While these individuals have planned financially so that their later years are comfortable, they are still credit active with 59% having personal bank loans, 95% have a credit card, and 91% have retail and revolving accounts. Their credit use appears to be for convenience as the majority of Comfortable Retirees are able to make their payments and maintain a low-risk profile. Despite this, 44% have been delinquent over the last year.

Type 09: Secure Singles – 0,6%

Following global trends, younger people are getting married later in life or have opted for informal partnerships. Only 27% of Secure Singles are married; conversely, 39% own at least 1 property, 45% have a home loan with maximum opening balances of R554 000. On average annual incomes of R298 000 per individual, a partner may be contributing to the household.

Following global trends, younger people are getting married later in life or have opted for informal partnerships.

Their average age is 31 in a range of 20 – 40 years which suggest that they are setting up their lives and will probably move into a higher type as they age, and their incomes increase. 35% of Secure Singles are directors and 13% hold multiple directorships indicating potential leadership qualities and mature decision-making skills. For the most part, they are making their money work for them and understand the importance of purchasing practical assets as 74% have vehicle and assets finance with 83% having insurance.

Secure Singles favour unsecured loans, most probably to afford unexpected events or to pay for education to further their careers. To afford additional expenses, they use clothing accounts (91%), furniture accounts (33%) and retail accounts (96%). Oddly, they are not very active on local online retail stores. These individuals are very credit active, and some overextend themselves with 47% struggling to make payments and a delinquency rate of 45%; all contributing to an average-risk profile.

Type 10: Comfortable Couples – 0,8%

For the most part, Comfortable Couples lead enjoyable lives but are not prepared for the odd financial hiccough, such as unexpected medical payments, additional school fees, insurance increases, or even a special occasion.

Comfortable Couples are 46 years' old on average, with an age range of 35 – 55 years. They are established in their personal and professional lives. 66% of Comfortable Couples are married; their children would be teenagers and young adults. In general, their basic needs are satisfied. 43% own property of which maximum home loan balances are R393 000, while the rest are still able to afford rentals in decent areas.

A portion of Comfortable Couples rely on public transport to get to and from work; however, 66% have vehicle and asset finance and can afford cars worth R204 000.

81% of Comfortable Couples have short- or long-term insurance to cover their assets and in all likelihood to protect their salaries and families in case of loss of income or death of the breadwinner.

In the workplace, years' experience and seniority would place these individuals in management positions, most probably in retail, earning moderate salaries of R280 000 a year on average. Likely, the 32% that are directors either own or co-own an SME or have worked their way up to be major stakeholders in an SME; a small portion has multiple directorships.

A portion of Comfortable Couples rely on public transport to get to and from work; however, 66% have vehicle and asset finance and can afford cars worth R204 000.

Comfortable Couples are very credit active across most types of credit accounts and unsecured loans, the latter of which 94% of Comfortable Couples have. Contributing to their lifestyle, or perhaps the lifestyles they seek, 52% have furniture accounts, 91% have clothing accounts and 97% retail accounts. To cover the bigger financial gaps, 69% have personal bank loans. However, they do appear to be pushing the boundaries of their finance as 59% are struggling to make payments.

Type 11: Steady Entrepreneurs – 1,1%.

Steady Entrepreneurs most likely own SMEs in the small trades industry, since 52% are directors and 23% have multiple directorships but only earn moderate salaries of R274 000 per year.

The majority of Steady Entrepreneurs are single males with an average age of 36, only 32% are married, and 63% are men. Most rent or live with relatives as only 4% own property. The 8% that have home loans have maximum opening balances of R426 500. They would only be able to afford small apartments or townhouses on the outskirts of cities or in smaller towns.

83% of Steady Entrepreneurs own at least one vehicle paid by vehicle and assets finance, with only 5% having multiple vehicle and assets finance accounts. In the case of sole proprietors, these vehicles could be utility vehicles and bought for work bought using vehicle finance accounts with opening balances of R210 000.

The majority of Steady Entrepreneurs are single males with an average age of 36, only 32% are married, and 63% are men.

A high 90% have insurance policies in place.

A high 96% have unsecured loans probably to settle unplanned costs. While almost all Steady Entrepreneurs have clothing, retail and revolving accounts, few have accessed the maximum amount of credit available. However, 69% have been noted to have struggled to make monthly payments.

Group 3

Stable Spenders – 7,2%

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

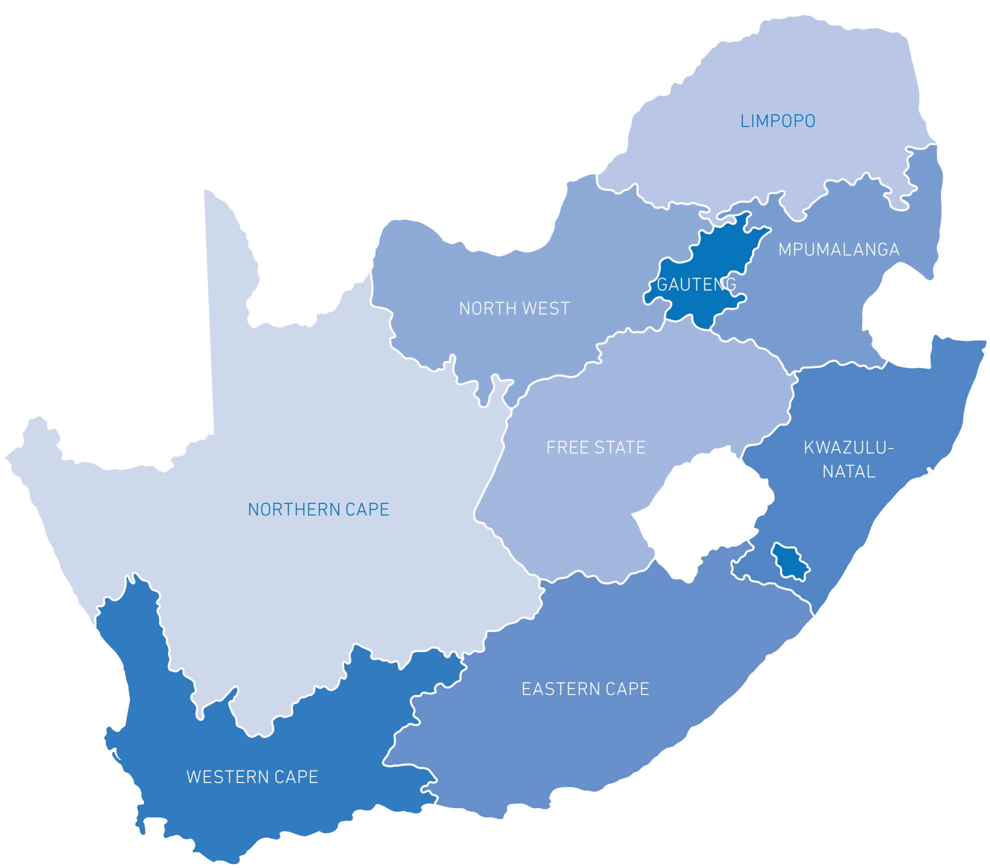
26% Directors
9% Multiple Directorships

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%

Type 12: Stand-alone Singles – 1,5%

Stand-alone Singles value their independence. Age 20 – 35 years' old, these young individuals are building their personal lives and careers. More than 90% of Stand-alone Singles are unmarried, and 20% have home loans with maximum opening balances of half a million Rand. While property ownership is low at 16%, Stand-alone Singles are active renters.

22% of Stand-alone Singles are directors, most likely of start-ups. As employees, their yearly average salaries of R200 000 suggest that they are climbing the ranks.

Despite an average age of 28, Stand-alone Singles are mature in their approach to credit, and many have taken out secured credit to advance their independence further. 75% have vehicle and asset finance for vehicles value at R190 000. Understanding the value of their possessions, 83% have taken out insurance.

22% of Stand-alone Singles are directors, most likely of start-ups.

While they have comfortable salaries, to raise their standard of living, Stand-alone Singles are credit active across a variety of accounts – retail (95%), revolving (94%) and clothing (90%) accounts being the most prevalent. That said, only 20% use the maximum value of their credit. Delinquency rates are low at only 34%, which contributes to their low-risk profile.

Stand-alone Singles probably own multiple devices with internet access as they are actively making purchases on online retail sites.

Type 13: Plugged-in Purchasers – 2,0%

Plugged-in Purchasers have grown up with the development of technology. With an age range of 20 – 30 years' old, there are those Plugged-in Purchases who have not known a world without the internet. As expected, they are very active in online retail purchase websites.

Their salaries of R121 000 a year are somewhat low; probably because there are those Plugged-in Purchasers who could be in student jobs, internships or just starting their first jobs.

An average age of 26 with low salaries make it difficult to access finance for expensive assets like houses and cars. Only 5% of Plugged-in Purchasers have home loans with opening balances of R490 000, with only 3% owning at least 1 property. 23% have vehicle and asset finance with opening balances of R158 000 – probably their first car purchase. It is likely, in the cases of those with high opening balances, that parents have signed surety.

Their salaries ensure that their basic needs (food, water, accommodation, security) are met; however, to access a higher standard of living, Plugged-in Purchasers require financial assistance. To achieve this, 78% have retail accounts, 76% have revolving accounts, and 71% have clothing accounts.

Only 43% have insurance; the lack of insurance holding for this type could be due to parents paying for their insurance, they cannot afford it, or due to their inexperience, they are not educated in the benefits of taking up insurance.

Type 14: Payday Pursuers – 0,7%

Payday Pursuers live from month to month with average annual salaries of R145 000. These 30 – 45-year-olds appear to struggle with bridging the gap between paydays. Despite an average age of 38, at this life stage, 67% are unmarried, and only 16% own a property with opening home loan balances of R334 000. A moderate marital rate of 33% could indicate that a large portion of this type is single; however, the possibility of cohabitation, especially for a mature group, exists.

Despite an average age of 38, at this life stage, 67% are unmarried, and only 16% own a property.

Only 30% of this type have directorships; even at the highest salaries of R22 500 a month, it's possible that they are SME owners. With tight budgets, Payday Pursuers are likely to be driving entry-level cars targeted at populations that can only budget a maximum of R3200 a month for a vehicle.

Payday Pursuers' low monthly salaries don't allow for much deviation from their monthly budgets. Even small additional medical, maintenance or family-related expenses could negatively affect their financial status. To protect their assets, 61% have some insurance.

Covering additional expenses and any end-of-month gaps in their budgets, a high 92% have unsecured loans and clothing accounts, 98% have retail accounts, and 94% have revolving accounts. Furthermore, there is low online retail purchase activity within this type, showing a strong preference for brick-and-mortar stores, probably large national retailors selling affordable clothing.

While most Payday Pursuers are good payers, 54% are struggling to make regular payments on their accounts.

Type 15: Deficient Directors – 1,7%

For low average annual salaries of R164 00, there is a high percentage, 45%, of directorship with 17% holding multiple directorships. Deficient Directors are most likely owners of small enterprises.

With an average age of 42, Deficient Directors are in the middle of their careers and are unlikely to see any significant increase in salaries. Their financial limits would impact their ability to save retirement or to budget for unforeseen financial needs.

This impact would be especially hard on the 44% of Deficient Directors that are married and need to support their family. A maximum opening home loan of R320 000 indicates that they are likely to live in lower-income areas; while homeownership rates of 14% suggest of high-cohabitation or rental rates.

Only 33% of Deficient Directors have vehicle and finance accounts.

Only 33% of Deficient Directors have vehicle and finance accounts with opening balances of R159 000, with the other 67% either making use of public transport or possibly owning a cheaper second-hand car bought privately with cash.

Despite low asset holding, it's clear that 60% of Deficient Directors understand the importance of having even the most basic insurance to cover any losses or damage.

To help patch any holes in their budgets, 78% have unsecured loans, 93% have retail accounts and 91% have revolving credit. This is most likely to cover physiological needs, such as clothing. And while they have low use of credit, Deficient Directors are an average-high risk with 76% of struggling to make payments.

Type 16: Credit-reliant Consumers – 1,4%

Despite average annual salaries of R146 000 that are similar to the rest of the types of Stable Spenders, Credit-reliant Consumers have high unsecured loans, 98%, and high use with over 80% of them using more than 75% of their maximum credit.

With high credit holding, these young adults are relying on credit to cover monthly expenses, most likely to access a higher level of lifestyle. The most popular credit accounts amongst Credit-reliant Consumers are clothing accounts, 92%, retail accounts, 97%, and revolving accounts, 95%. Their need, reliance and over-use of credit increase the risk of this population and the rate of struggling payers, 61%, is no surprise.

Low marital rates, 18%, and low homeownership and home loan rates of 6% suggest that Credit-reliant Consumers are renting or living with parents who own houses. For those that have home loans with opening balances of R350 000, they are probably living in low-income areas. At this life stage and furniture account rates of 44% suggest these consumers are setting themselves up as adults.

For those that can afford vehicle and asset finance, at R150 000, these are either new entry-level vehicles or, for those that are trying to satisfy their need for esteem, second-hand mid-level cars.

Despite low asset holding, 41% of Credit-reliant Consumers have insurance.

Group 4

Money-Conscious Majority – 40,0%

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

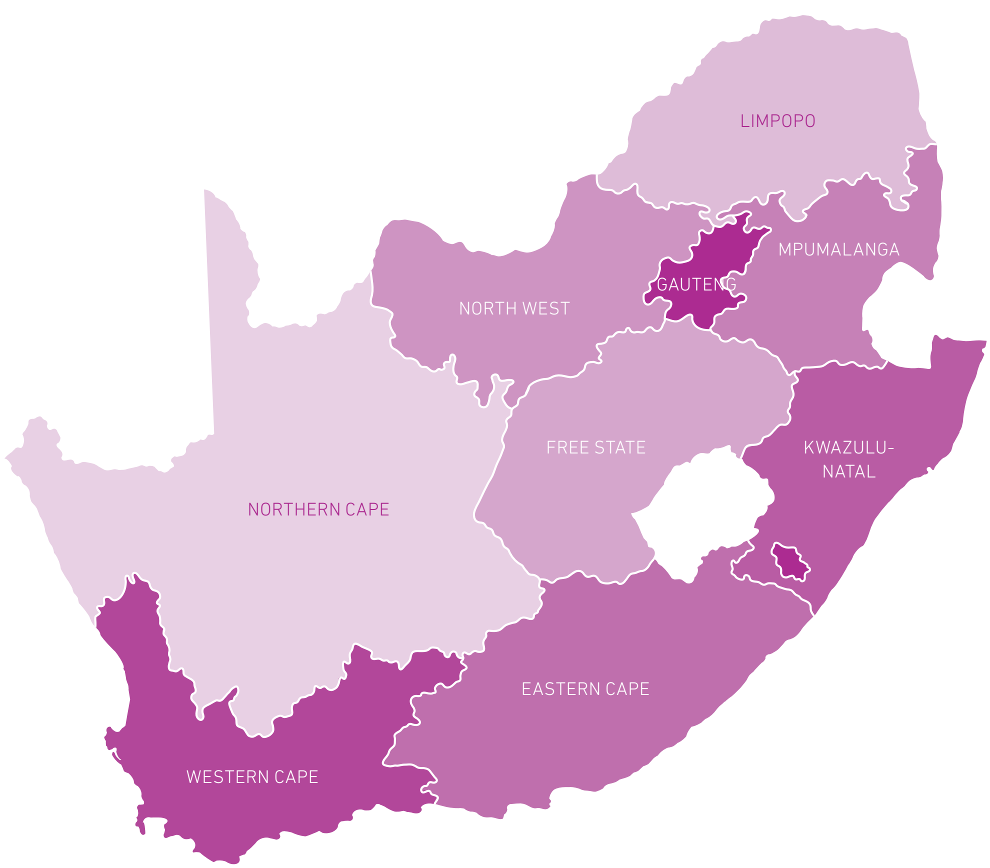
12% Directors
4% Multiple Directorships

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%

Type 17: Secure Seniors – 4,4%

Secure Seniors have the oldest average age at 69 years old, with an age range from 60 – 85. While most are in their retirement, there are 26% that are directors and 12% holding multiple directorships. For retirement, an average annual income of R179 000 is enough to provide for the basics and gives enough financial security.

32% of Secure Seniors own homes with 31% having home loans of R320 000, most probably for a smaller retirement house or form home repairs in preparation to sell for retirement. For the 68% that do not own property, it's highly likely that they are living with family, renting or are in retirement homes.

With only 38% of Secure Seniors having vehicle and asset finance, it's possible the majority own cars that are already paid for or do not need a vehicle. At an opening balance of R173 000, they are driving entry- to mid-range vehicles, depending on the finance package.

Their moderate asset holding correlates with a moderate insurance rate of 65%.

Age is an important factor when being considered for credit, as expected, account holding is moderately low amongst Secure Seniors with only 58% having unsecured loans. However, one cannot ignore attitudes towards borrowing money, as many older persons prefer to operate with cash. There is also a lesser need for clothing, 61%; furniture, 26%; and general revolving accounts, 68%. While account holding and use high use is low, there are still 31% that are struggling with making payments.

Type 18: Coping Couples – 1,7%

With an average age of 53, earning an average salary of R176 000 a year is not ideal, however, singles and couples, of which 67% are married, it's possible to cover basic needs, especially if their children are no longer living at home.

The age range of Coping Couples is 45 – 60 years old; note yet having reached retirement age, the majority are still working. However, only 23% are directors, indicating that the rest are most likely employees.

A large portion, 51%, own property, with 46% paying off home loans with maximum opening balances of R279 000. Combined with the 6% who own additional properties, this is an important investment. Attitudes towards renting could also be indicative of moderate rental rates; with many opting to pay off their bonds.

Just over a third of Coping Couples have vehicle and asset finance with opening balances of R173 500. It's possible that some own cars that they have already paid off; alternatively, they could have paid cash for a second-hand vehicle. Understanding the need to protect their assets, 62% of them have some short- or long-term insurance.

From time to time, Coping Couples struggle with their finances. 83% have unsecured loans, and 51% have bank loans, a possible indication that they have difficulty coping with unforeseen expenses. High clothing account holding, 91%, retail accounts, 97%, and revolving accounts, 94%, could show that they have trouble affording some basic needs and thus rely on credit to overcome gaps in their budgets. Moderate rates of accounts in arrears, 51%, with 52% struggling to make payments, is a strong sign that their salaries are unable to meet their needs.

Type 19: Restricted Retirees – 8,9%

In stark contrast to Secure Seniors, Restricted Retirees have serious financial obstacles. An average age of 64 and low average annual salaries of R70 500 could restrict their access to credit-based financial aid. The 45% that are married benefit from a combined house-hold salary where their spouse is also working or drawing from a pension.

Their age range of 60 – 75 years old, and low salaries indicates that those under 65 years old are still working. It's also possible that those over retirement age are still working part-time to supplement a low-paying retirement annuity or government pension. Only 9% are directors, possibly in a small family-run business in which their children are involved.

Homeownership is moderately low at 31%, only a few have a home loan, 14%, with maximum opening limits of R136 000. Coping Couples live in low-income areas, with many possibly living in government housing, renting or living with their children.

At 6%, very few Coping Couples have vehicle and asset finance; those that do have opening balances of R117 000. It's highly likely that the majority don't own a vehicle and rely on public transport to get to work or the shops. With only a few having assets, it's understandable that only 26% have insurance.

With such low salaries, Restricted Retirees try to overcome their financial obstacles by turning to credit. 90% have unsecured loans, and 40% have personal bank loans – a strong indication that they have had unforeseen expenses, presumably medical.

Despite low account holding and low credit use, 53% of Restricted Retirees are struggling to make payments.

Type 20: Low Earners – 7,6%

Low Earners are one of the lowest-earning types with average annual salaries of R54 000, well below the minimum taxable income and not much more than the minimum wage in South Africa. As a result, they are severely restricted in terms of access to credit and purchasing power.

At an average age of 45, it's difficult to believe that they can survive on such a small amount of money. Only 28% are married and would benefit from a combined household income. That said, the other 72% may be cohabiting with a partner or most likely other family members in a similar financial situation.

Low Earners are one of the lowest-earning types with average annual salaries of R54 000, well below the minimum taxable income.

Reflected their constrained access to finance, only 2% have home loans (of R136 000) and 1% have vehicle and asset finance (of R153 700). Asset holding is low – only 13% have properties, and 0% own additional properties. At 20%, it's understandable that they are unable to afford insurance or don't have the need as they don't have assets worth protecting.

Due to limited access to bank-offered credit, only 21% have personal bank loans, and 35% have credit cards. Thus, Low Earners turn to unsecured lending – 88% have unsecured loans.

Struggling to afford the necessities, Low Earners use clothing accounts, 94%, retail accounts, 98%, and revolving accounts, 96%, to overcome this financial obstacle. Affordability is an issue for them, which can be seen in the 64% that are struggling to make payments and the 63% that are 3 or more months in arrears.

Type 21: Misfortunate Mature – 4,7%

Earning little above the group average, the Misfortunate Mature, with an average age of 57 years old, earn an average annual salary of R66 600. The majority of them are women, 70%, with 46% being married.

There is a high probability that the Misfortunate Mature work as unskilled labour, as domestic works, packers, farm labours, or the like. Approaching a retirement age of 65, the Misfortunate Mature would need to continue working well into retirement to supplement their state pensions.

Despite low salaries, there are 30% that own property and 7% that have home loans with maximum opening balances of R148 000. A low 2% have vehicle and asset finance with opening balances of R162 000. It's safe to assume that the majority don't have any vehicle and rely on public transport or a spouse's vehicle for transport.

Only 24% have insurance that would go towards protecting their assets but could also be for low-end funeral policies.

To overcome some of their financial misfortune, the Misfortunate Mature are reliant on unsecured credit, with 80% having unsecured loans, 95% having clothing accounts and 96% having revolving accounts. Their salaries and lack of assets limit their ability for bank-based loans; only 26% have personal bank loans, and 47% have credit cards.

There is an over-reliance on credit as a financial solution, which often causes more financial harm than good as 55% are struggling to make payments and 52% having accounts that are 3 or more months in arrears.

Type 22: Concerning Citizens – 6,6%

Money is a huge concern for this population caused by a low average income of R55 600 a year. With an age range between 45 and 60 years old, Concerning Citizens are still part of the workforce but are ill-equipped to accumulate adequate savings or investments for retirement. Most will likely work well into retirement, with most drawing state pensions or relying on family for additional support.

Concerning Citizens are likely to be employed as unskilled labour; however, there are 6% of them that are directors, possibly of very small convenience stores with few or no employees.

In contrast to the Misfortunate Mature, the majority of Concerning Citizens, 61%, are male; however, they have a similar marital rate of 43%.

With limited access to credit, only 4% have a home loan which has a maximum opening balance of R111 000. However, there are 21% of Concerning Citizens that own property with a high likelihood of being in low-income areas and possibly subsidised by the government. Only 1% have vehicle and asset finance, meaning the majority are making use of alternative means of transport. 17% of Concerning Citizens have some insurance.

98% of Concerning Citizens have unsecured loans, a clear indication that their salaries are not able to support their basic needs, especially unforeseen expenses. Their salaries limit their use of formal lending. However, 79% have retail accounts, 60% have clothing accounts, and 42% have furniture accounts. It's possible that they make use of informal lending such as stokvels and mashinisas.

For the credit they do have, 56% of Concerning Citizens use more than 75% of their unsecured limits; however, only a few, 12%, maximise their credit use. High credit use and low salaries often lead to arrears, with 63% being 3 or more months in arrears and 66% struggling to make payments.

Type 23: Money-wise Mature – 1,3%

Money-wise Mature are dominantly male, 72%, have an average age of 59 years and are preparing for their retirement. With average annual salaries of R141 700, they may not be financially secure and may need to work part-time during retirement to supplement any pensions received. For the 65% that are married, a combined household income would significantly improve their financial standing.

16% of Money-wise Mature are directors and would possibly be able to retain this as a source of income after retirement or sell their business to fund their retirement. Similarly, the 21% that own property would be able to sell and downgrade to a smaller home; the 18% that have home loans of R206 000 may be able to pay these off with the profits from selling.

Many Money-wise Mature probably make use of public transport as only 18% have vehicle and asset finance with opening balances of R153 200. Alternatively, many may only be able to purchase old-model second-hand cars in cash. To protect their assets, 44% of them have some insurance.

Money-wise Mature appear to understand how to manage their budgets with only moderate account holding; only 55% have clothing accounts, 65% have retail accounts, and 36% have furniture accounts. That said, when in financial need 95% turn to unsecured lending, with 69% making use of personal bank loans.

While they only have moderate levels of account use and despite being a low-average risk, 57% are struggling to make their payments.

Type 24: Depleted Resources – 4,0%

Depleted Resources individuals have an average age of 44 years and an average estimated annual salary of R72 300. 47% per cent are married, which gives them the benefit of spousal income. Only a few, 6%, have a directorship in a business with the rest being employed, probably in the unskilled worker sector.

19% of Deplete Resources own property with 11% having home loans of R200 100. A very low 3% have vehicle asset finance that is valued at R134 253, indicative of new entry-level vehicles or older second-hand vehicles.

17% of Depleted Resources have some form of insurance cover, most likely including funeral plans.

Although further progressed and have been longer in the job market, Depleted Resources are still heavily dependent on lines of credit, due to the relatively low earnings. A high 98% of individuals making use of unsecured lending products, and 76% making use of credit cards.

Only 26% of this group uses furniture accounts, presumably because they've established households earlier on in their consumer lifetime. 39% of the Depleted Resources group has communications accounts.

Their limited financial resources are reflected in the 61% that struggle to meet their monthly debt obligations and the overuse of unsecured loans.

Type 25: Strained Adults – 0,7%

Strained Adults are 48 years of age on average. At this life stage, an average annual income of R137 100 barely adequate, especially those who have children of college-going age. They are likely to be office employees or shop stewards; only 16% of Strained Adults are directors, possible in small-service-oriented business.

12% of the Strained Adults group have home loans with a maximum original balance of R238 500. For the 46% that are married, spousal contributions to the household expenses would improve their financial capabilities. Only 42% of Strained Adults have insurance cover to protect their homes and vehicles. However, only 10% have vehicle asset finance of R148 600.

The moderately low income of Strained Adults is a contributing factor to their extremely heavy reliance on credit. An additional motivation for such high credit use is the need for esteem within their communities, which is reflected in their high use of retail, clothing and furniture accounts. A high 99% make use of unsecured loans and 78% use credit cards. 99% also use retail accounts, while 97% have revolving credit accounts. A moderate 65% of Stained Adults make use of a communications account.

72% of Strained Adults struggle to meet their monthly debt repaying commitments, with 70% having been arrears for 3 or more months, and 81% of them using more than 75% of all their unsecured loans. Their high distribution of account holding, high credit use and high delinquency rates make Strained Adults a high risk.

Group 5

Laboured Living – 24,6%

Group 5

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

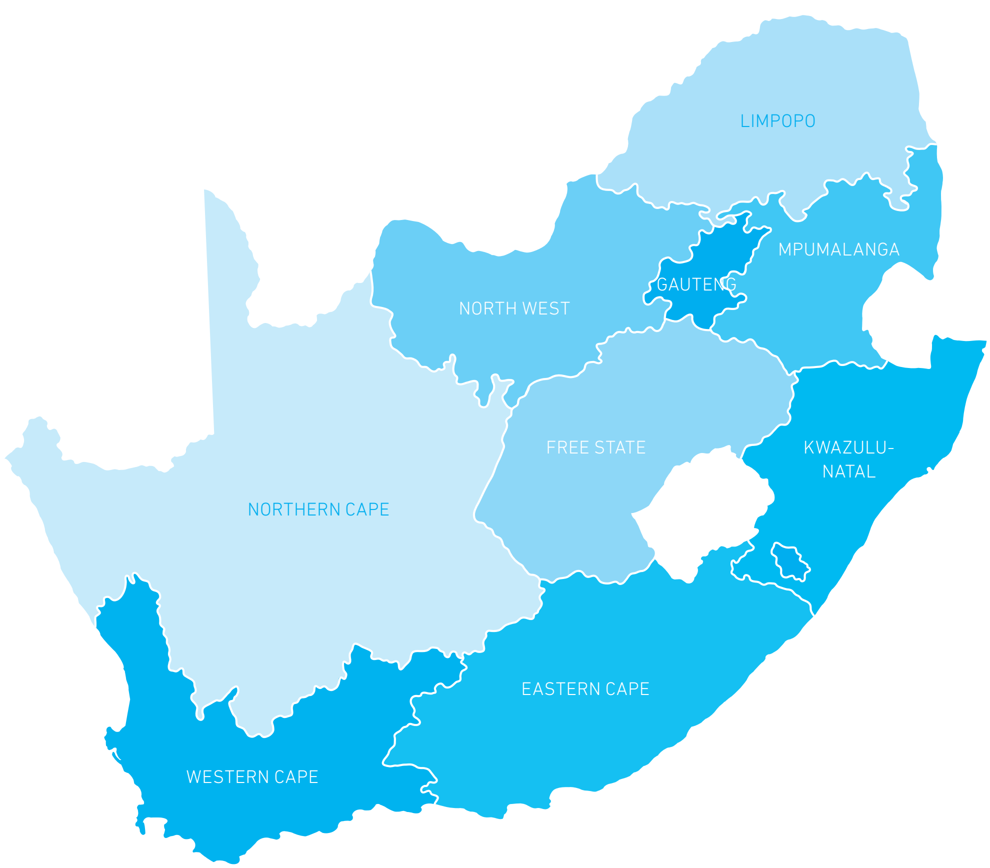
10% Directors
2% Multiple Directorships

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%

Type 26: Online Survivors – 16,9%

Online Survivors have an average annual salary of R61 300, with the majority, over 80%, most likely unskilled or shift workers since directorship is a low 18%. There are almost no homeowners in this group with homeownership rates as low as 2%. Of the 1% that have a home loan, they have maximum opening limits of R337 000, most likely in lower-income areas. Finding it difficult to

The average age for individuals in this group is 32, with 90% of these individuals being unmarried. There is a good chance that they are cohabiting with significant others, with an expense such as a wedding, not a priority.

Online Survivors have vehicle ownership of 1% and most likely make use of public transport. Because only 17% have some insurance, it is likely that the majority are unable to afford insurance or do not have assets to insure.

Online Survivors are socially active, and in tune with the latest trends and fashion, with 95% of people in this group making use of clothing accounts. Low communication account holding, 21%, is likely indicative of high prepaid airtime and data purchases.

While they find it difficult to survive on their low salaries, 96% make use of clothing, retail and revolving accounts to support their lifestyles and keeping up with trends. This digitally-savvy group are very active on online retail websites as online unsecured credit is possibly easier than obtaining credit at a bank.

Low maximum credit use is probably due to low disposable income and thus being unable to afford the instalments relating to high credit use. While a 37% rate of struggling payers appears low, in comparison to their unsecured lending rates, this represents a significant portion of Online Survivors being unable to meet their monthly financial commitments.

Type 27: Struggling Earners – 0,8%

Struggling Earners have an average age of 34, with an annual average salary of R83 900. This population struggles to make ends meet; as such, there is a reliance on credit to supplement their income.

As expected, a low 7% of Struggling Earners have home loans, with a maximum opening balance of R310 800. Less than a third of Struggling Earners are married and are likely to live with others, whether family or a significant other. 5% have vehicle asset finance valued at R136 500, indicative of an entry-level vehicle of late-model second-hand vehicle. While 37% have insurance to protect their assets, it's possible that a large percentage have funeral cover to protect their families from financial burden should a member pass on.

They appear to utilise credit lines to augment their lifestyles through the acquisition of material items such as furniture, household appliances and consumer electronics. 93% of Struggling Earners have unsecured loans, 94% have clothing accounts, and 98% have retail and furniture accounts. 72% of Struggling Earners have communication accounts, possibly as a means to afford more advanced devices that they wouldn't be able to afford by paying cash.

A high percentage of Struggling Earners, 71%, have trouble in meeting their monthly financial repayments. Conversely, there is a very low percentage, 8%, of maximum credit usage and only 1% using more than 75% of their credit limits. A contributing factor to the above would be the restricted nature of their low salaries.

Type 28: Minimum-money Workers – 6,9%

Minimum-money Workers have the lowest average annual income of R47 900 of all the segmented types. They are most like unskilled labourers as their salaries are barely above the minimum wage for South Africa. The 7% that have directorships, this most likely in a small or micro-enterprise. They have an average age of 34 and are mostly unmarried, 89%.

Their extremely low salaries are a huge obstacle in obtaining finance with which to buy expensive assets. At 1%, homeownership is extremely low amongst the Minimum-money Workers, a strong indication that they are living in either informal settlements or low-income suburbs. Vehicle and asset finance is practically non-existent at 0.4%, which indicates that they utilise public transport or purchase cheap and probably old second-hand vehicles with cash. With most of their income going to basic needs, only 16% of Minimum-money Workers have some insurance.

Minimum-money Workers have an extremely high usage of unsecured lending to meet their monthly financial needs, with 99% of this group's individuals having unsecured loans, 89% have clothing accounts, and 94% have retail accounts. Only 27% of Minimum-money workers have communication accounts, with the balance using prepaid airtime.

A high percentage, 80%, of this group have trouble in making payments towards their accounts, and 77% of the Minimum-money Workers have been in arrears 3 or more times in the past 12 months.

Group 6

Yearning Youth – 16,4%

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

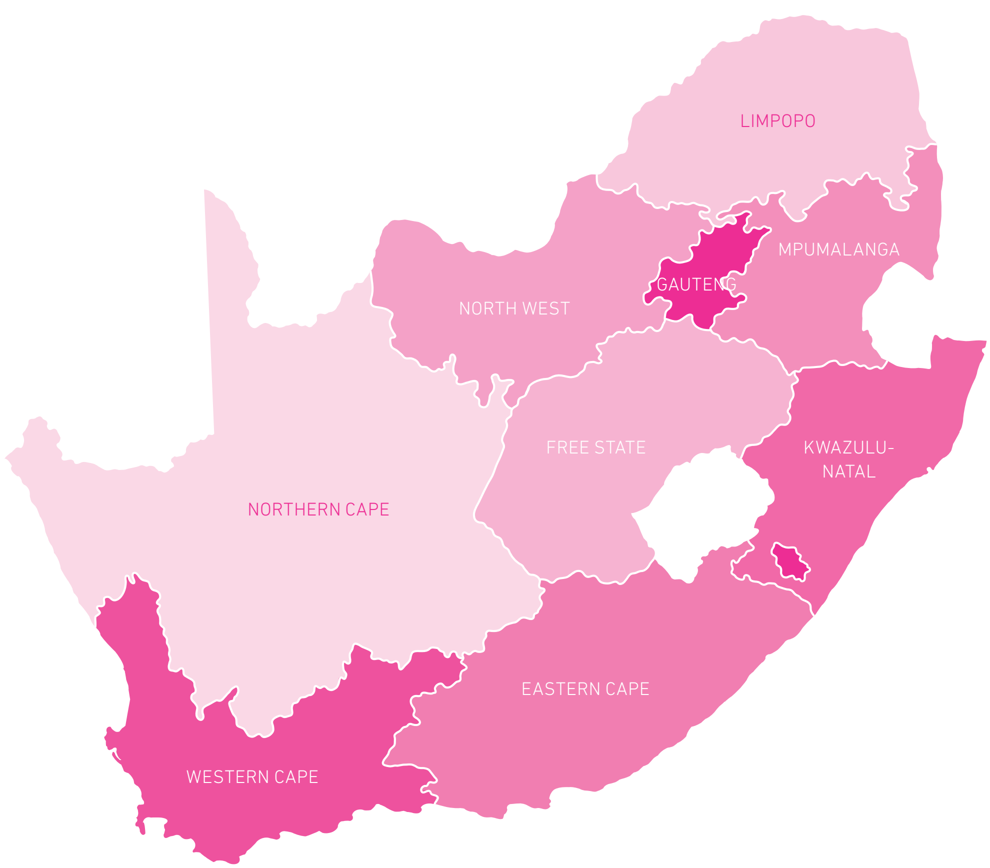
5% Directors
1% Multiple Directorships

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%

Type 29: Inexperienced Earners – 4,8%

Inexperienced earners are 26 years old on average and relatively new in the job market, reflected in their average annual income of R52 500. 6% of this group have directorships in some form of business, with the majority of the Inexperienced Earners being salaried employees.

Inexperienced Earners usually still reside with their parents or are renting cheaper accommodation. Only 0,6% have home loans, with a maximum original balance of R131 100, indicating that they would be purchasing a starter home or apartment in a low-income area.

Almost none, 0.4%, of the Inexperienced Earners group have vehicle asset finance and therefore rely on family, friends or public transport to commute.

Young and impressionable, Inexperienced Earners need to be seen as keeping up with trends, which is why their need for esteem drives them to take out credit. 98% make use of unsecured loans, 73% have clothing accounts, 82% have retail accounts, and 77% have revolving credit. A low 11% of Inexperienced Earners use credit card facilities.

A low 27% of Inexperienced Earners make use of communications accounts, instead opting to use free Wi-Fi when available, and prepaid data and airtime only when required.

Lack of financial experience and limited salaries leads to 68% struggling to meet their debt repayment obligations, and a rate of 66% having 3 or more accounts in arrears. Almost 50% are using more than 75% of their maximum credit; however, only 12% make maximum use of their credit limits.

Type 30: Eager Youth – 11,6%

Eager Youth are the youngest group with an average age of 25 and earn a basic entry-level average annual salary of R59 900. In comparison to the Inexperience Earners of the same group, by earning more, the Eager Youth are in a better position to higher credit, such as home loans. 1% have home loans of up to R376 900 – while a high amount versus their salaries, it's possible that a parent has signed surety and is paying towards the loan. Similarly, the 0.75% that own property could be a gift or inheritance from a parent.

There is the possibility that this population consists of students from more affluent families, whose salaries are from part-time work while studying.

Only 2% of Eager Youth have financed vehicles, with an average of R155 10 value, a value that is in line with first car purchases. 13% of Eager Youth has some form of insurance to protect their assets; the older of this population may have life or funeral cover as well.

To supplement their low income, 57% of Eager Youth have unsecured loans, while 94% of them have clothing accounts. Credit allows these individuals to be up to date with the latest trends and fashion. 95% of Eager Youth have retail accounts, and 97% have revolving credit accounts.

42% of this group have communication accounts, as they often don't the disposable income to purchase the latest handset devices but can still access the latest technology via a communications contract as service providers offer better deals to contract customers.

Despite their low salaries, there is a significant percentage of Eager Youth that shop online. They are part of a generation that are avid consumers of technology which puts pressure on companies, especially financial service providers, to engage with them on these platforms and develop products that can be consumed using technology.

29% of Eager Youth use their allocated credit to the maximum, while 51% struggle to make payments toward their debt. A significant 48% of Eager Youth have been in arrears for 3 or more months, which could severely impact their ability to obtain credit in the future.

Experian
Ballyoaks Office Park, 35 Ballyclare Drive
Bryanston, Johannesburg, 2194
T: +27 11 799 3400
www.experian.co.za

Compuscan
3 Neutron Avenue, Techno Park,
Stellenbosch, South Africa, 7600
T: +27 11 799 3400
www.compuscan.co.za