May 2021

A Look at the New Now

Experian Quarter 1 2021 | Consumer Default Index

Contents Page

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

Overview of Index – What does it measure?

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

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

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

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

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

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

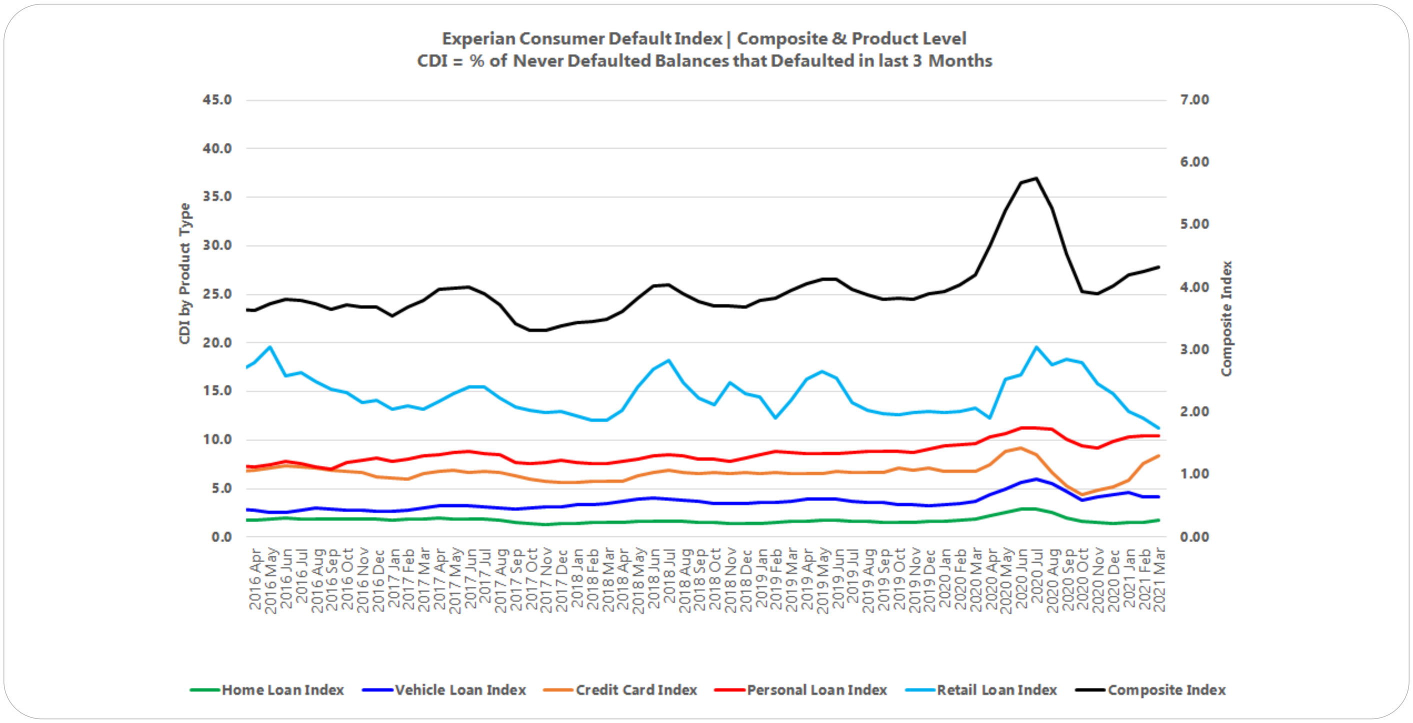
23.7 million consumers with Credit Card, Personal Loan, Vehicle Loan, Home Loan and/or Retail Loan accounts.

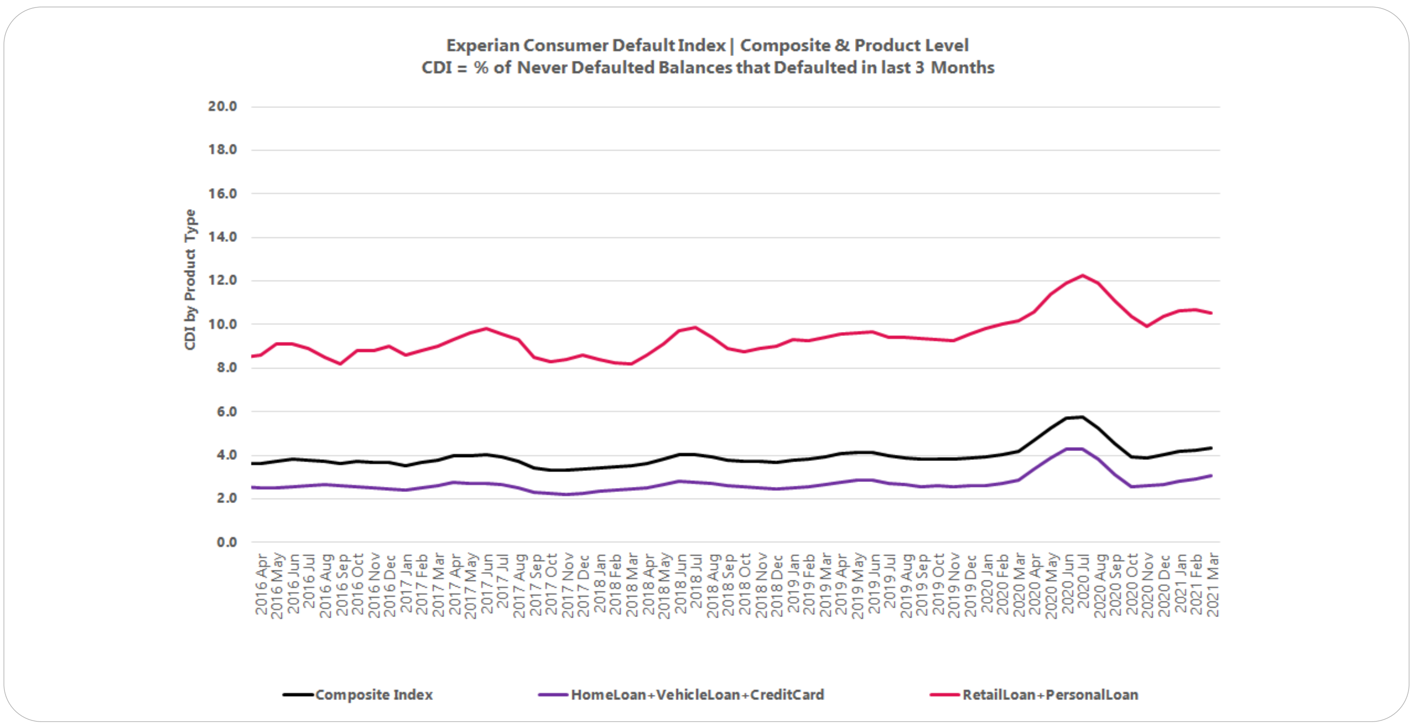
29.0 million active accounts across Credit Card, Personal Loan, Vehicle Loan, Home Loan and/or Retail Loan.

R1.90 trillion in outstanding debt.

Note: It must be noted that the recent historical CDI values have been restated in this report, as the outstanding datasets from one retail provider have now been received and loaded onto the bureau.

Composite Consumer Default Index[1]





Index	CDI Mar'21	CDI Mar'20	Average Outstanding Jan'21-Mar'21	New Default Balances Jan'21-Mar'21
Composite	4,33	4,19	1 882 735 703 503	20 399 691 457
Home Loan	1,73	1,86	948 429 860 637	4 104 611 214
Vehicle Loan	4,10	3,67	467 758 744 651	4 792 704 405
Credit Card	8,39	6,74	142 572 498 119	2 989 514 454
Personal Loan	10,42	9,67	286 031 110 044	7 450 775 091
Retail Loan	11,20	13,32	37 943 490 052	1 062 086 293
Home Loan + Veicle Loan + Credit Card	3,05	2,85	1 558 761 103 407	11 886 830 073
Retail Loan + Personal Loan	10,51	10,15	323 974 600 096	8 512 861 384

The CDI deteriorated in 2021 Q1, increasing from 4.02% in December 2020 to 4.33% in March 2021. This deterioration is partly the result of the re-introduction of **lockdown criteria** in late December 2020 (Level 3), continuing in various degrees of strictness until the end of February 2021. Another major reason for the deterioration is the relative uptick in **business volumes** – particularly for Credit Cards and Personal Loans over Black Friday and the Festive season in 2020. The combination of these two aspects (re-introduction of harder lockdown levels and new business volumes) have resulted in an increase in the incidence and value of first-time defaults among South African consumers.

At 4.33% in March 2021, the **CDI is also tracking higher Y-o-Y** than the 4.19% observed in March 2020. The deterioration resulted from worsening outcomes for all products comprising the CDI, except for **Home and Retail loans**. Home Loans showed a slight improvement from 1.86% in March 2020 to 1.73% in March 2021, whilst Retail Loans showed a drastic improvement from 13.22% in March 2020 to 11.20% in March 2021. This latter improvement is despite increased new business volumes for Retail observed in 2020 Q4 and is probably the result of a combination of more strict lending criteria being applied by lenders as well as consumers opting to prioritise payment of their smaller retail credit payments over the larger banking credit monthly due amounts.

Despite these improvements, the CDI recorded a Y-o-Y deterioration. This is due to the deterioration in **Vehicle Loans** (3.67% in March 2020 up to 4.10% in March 2021), **Credit Card** (6.74% in March 2020 up to 8.39% in March 2021) and **Personal Loans** (9.67% in March 2020 up to 10.42% in March 2021).

Composite Consumer Default Index by Macro-FAS

	Composite CDI	CDI Mar' 20	CDI Mar' 21	Average Oustanding Jan' 21 - Mar' 21	New Default Balances Jan' 21 - Mar 21	CDI % Change
	Group 1: Luxury Living	2,65	3,42	R 613,82 Billion	R 5,24 Billion	29%
	Group 2: Aspirational Achievers	3,55	3,80	R 825,11 Billion	R 7,85 Billion	7%
	Group 3: Stable Spenders	7,23	6,06	R 191,55 Billion	R 2,9 Billion	-16%
	Group 4: Money-Concious Majority	6,44	6,08	R 202,92 Billion	R 3,08 Billion	-6%
	Group 5: Laboured Living	13,93	11,53	R 29,19 Billion	R 0,84 Billion	-17%
	Group 6: Yearning Youth	18,17	13,76	R 10,72 Billion	R 0,37 Billion	-24

The 6 groups that make up macro-FAS include:

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

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

We continue to see the most affluent FAS Groups being the most negatively affected due to their high exposure to secured credit.

FAS Groups 1 and 2 exhibited the most significant deterioration (CDI % change) between March 2020 and March 2021.

- **Luxury Living:** With an average opening home loan balance in excess of R1.2m (54% owning one home and 25% owning multiple properties) and an average opening vehicle loan balance greater than R450k, this group is highly exposed to secured credit resulting in a CDI deterioration from 2.65% in March 2020 to 3.42% in March 2021. This deterioration is the result of their high exposure to Vehicle Loans and Credit Cards, where Luxury Living holds a third of the market.
- **Aspirational Achievers:** With an average opening home loan balance of ~R550k (51% owning at least one home) and an average opening vehicle loan balance greater than R250k, this group is also highly exposed to secured credit resulting in a CDI deterioration from 3.55% in March 2020 to 3.80% in March 2021. Aspirational Achievers have almost half of the Vehicle Loan market and >40% of the Credit Card market, of which both products showed deterioration in March 2021.

FAS Group 4, the **Money Conscious Majority**, which makes up the majority of the South African credit-active population (~40%), saw an improvement in CDI from 6.44% in March

2020 to 6.08% in March 2021. While exposure to secured credit is low in this group (25% own a property, and the average opening vehicle loan balances is ~R160k), exposure to unsecured facilities like Personal Loans and Retail Credit is very high, with these consumers holding ~30% of the market in both these products. The drastic improvement in Retail CDI has been the driver for the nett improvement in the CDI for FAS Group 4.

Composite Consumer Default Index by Micro-FAS

FAS		CDI		
FAS Type Name	**Description**	**Mar'21**	**Mar'20**	**Year on Year Δ**
01. Independent Investors	The most affluent members of South Africa the majority of which are directors and financially savvy individuals that understand how to make their money work for them.	4,12	2,77	1,35
02. Affluent Couples	Well-educated power couples that understand the importance of investments, the correct handling of finances, and protecting their assets.	3,33	2,52	0,81
03. Professional Players	Career-driven and well-educated individuals with exceptional entrepreneurial abilities that know how to work hard to support their lifestyles.	3,09	2,73	0,36
04. Logged-On Lifestyles	Young professionals that are very active when it comes to online retail buying but understand the value investments such as property carry.	1,33	1,84	-0,51
05. Liquid Living	Upper-middle-class, mature individuals with strong family tendencies that rely on financing to afford the extra necessities in life.	2,89	2,68	0,21
06. Successful Singles	Young and unmarried but successful individuals that are driven by prestige and seek to further their personal and professional accomplishments.	3,23	2,84	0,39
07. Lifestyle Lending	Established individuals that are eager to spend but are still somewhat reliant on credit to support their lifestyles.	4,34	3,97	0,38
08. Comfortable Retirees	Stable, mature individuals either approaching or in retirement that are set up for comfortable retirement.	4,26	3,64	0,62
09. Secure Singles	Young singles that are setting up their lives and with the potential to become a more affluent type as they age and their incomes increase.	5,52	4,06	1,46
10. Comfortable Couples	Couples leading enjoyable lives and whose basic needs are met; however, they are not prepared for the odd financial hiccough.	6,17	5,89	0,28
11. Steady Entrepreneurs	Middle-aged small business entrepreneurs that can support themselves but would struggle to afford more expensive assets.	9,29	10,01	-0,72
12. Stand-Alone Singles	Young money-savvy and independent singles that are building their personal lives and careers by climbing the ranks and that understand the importance of assets.	3,72	4,53	-0,80
13. Plugged-In Purchasers	Having grown up with the development of technology, most have not known a world without the internet and would leverage technology in their careers.	3,66	5,34	-1,68
14. Payday Pursuers	Living from month to month, these middle-aged individuals rely on finance to bridge the gap between paydays.	4,44	5,60	-1,16
15. Deficient Directors	Owners of small enterprises that are unlikely to see any significant increase in income and whose financial limits impact their ability to budget for unforeseen financial needs.	7,38	7,94	-0,56

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.	13,18	14,66	-1,49
17. Secure Seniors	Senior citizens who are mostly in their retirement with enough income to provide for the basics and financial security.	3,22	2,89	0,33
18. Coping Couples	Mature couples in the late stages of their careers as employees with enough income to cover basic needs until they retire.	2,55	2,90	-0,35
19. Restricted Retirees	Senior citizens who struggle to afford the basics, and therefore need to continue working despite being in retirement.	5,53	6,14	-0,61
20. Low Earners	With some of the lowest salaries, these middle-aged individuals are severely restricted in terms of access to financing and purchasing power.	9,43	10,33	-0,90
21. Misfortunate Mature	Approaching retirement age, these wage-based employees would need to continue working well into retirement to supplement their state pensions.	7,49	7,56	-0,08
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.	7,56	7,98	-0,42
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.	7,19	6,94	0,24
24. Depleted Resources	Employees, probably in the unskilled worker sector, with low resources which restrict access to financial services to afford monthly necessities.	8,67	10,30	-1,63
25. Strained Adults	Low finances leave these middle-aged individuals strained to afford little more than the basics.	10,93	13,00	-2,07
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.	10,77	11,80	-1,03
27. Struggling Earners	While these individuals struggle to make ends meet, which has led to a reliance on financing to supplement their income, they do understand the value of insuring the little they have.	8,06	8,18	-0,12
28. Minimum-Money Workers	Unskilled labourers, with salaries barely above the minimum wage for South Africa, whose meagre salaries are a huge obstacle in obtaining finance with which to buy assets.	12,99	17,42	-4,43
29. Inexperienced Earners	Young salaried employees that are new to the job market and are beginning to set up their lives; however, they are likely still residing with family or are renting cheaper accommodation.	13,18	17,09	-3,91
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.	15,20	21,07	-5,87

Considering¬ the impact of the distressed economic environment in South Africa during 2021 Q1, at a micro-FAS level, two specific consumer segments seem to be most impacted on a Y-o-Y basis.

- **Secure Singles (Type 9):** This consumer type has an average age of 31 years, with 35% of them being directors in one or more business enterprise. 74% of these consumers have Vehicle Loans, and they also favour secured loans (96% having retail accounts). Being very credit active, these consumers sometimes overextend themselves, which could contribute to their 45% delinquency rate. They earn annual salaries of ~R300k, and possibly live with a partner who also contributes to the household.
- Secure Singles saw the most significant Y-o-Y deterioration in CDI, deteriorating from 4.06% in March 2020 to 5.52% in March 2021.
- These consumers, having relatively high exposure to business enterprises through their relatively high directorship, suffered significant reductions in income off the back of the more severe lockdown criteria that prevailed in January and February 2021.

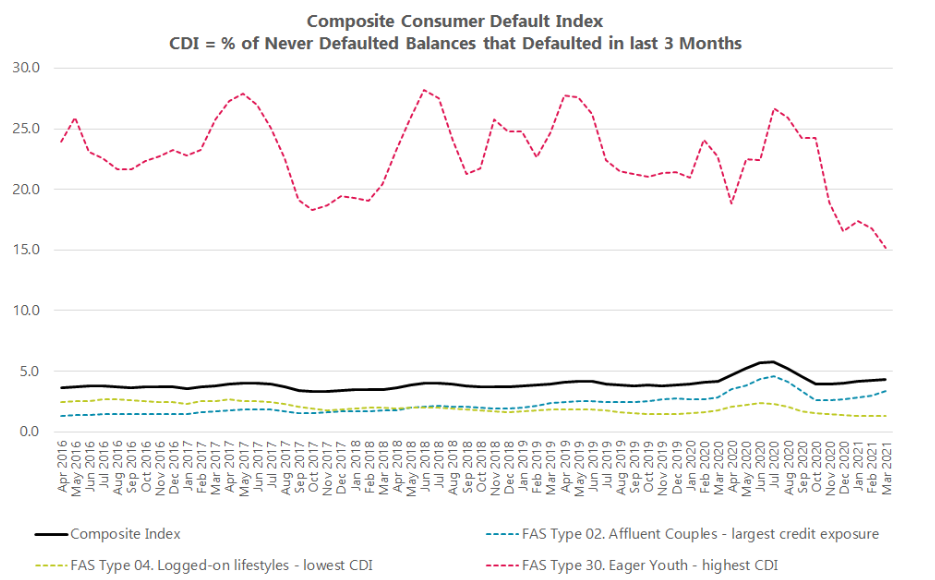
Independent Investors (Type 1): These consumers are the most affluent members of South African society. They earn average annual salaries over R1 million per annum and have the largest percentage of business entrepreneurs and directors at 86% (73% of Independent Investors hold multiple directorships). At an average age of 45 years, with 74% of them being male and 71% being married, these consumers are mature in the way they work with money.

- **Independent Investors** showed significant Y-o-Y deterioration in CDI, increasing from 2.77% in March 2020 to 4.12% in March 2021.
- These consumers, having very high exposure to business enterprises through directorship, suffered significant reductions in income off the back of the firmer lockdown criteria that prevailed in January and February 2021.

In stark contrast to FAS Types 1 and 9, consumers in the least affluent FAS micro-types are showing notable improvement in CDI on a Y-o-Y basis (e.g. Eager Youth improving from 21.07% in March 2020 to 15.20% in March 2021).

In particular, the **Minimum-Money Workers (Type 28), Inexperienced Earners (Type 29)** and **Eager Youth (Type 30)** types are showing significant Y-o-Y improvement. This improvement, however, does not reflect improved financial ability, as these consumers typically exhibit the highest credit risk. Instead, the improved CDI results from reduced new business volumes, as these are the consumers whose new credit applications are often declined due to many lenders becoming increasingly risk-averse.

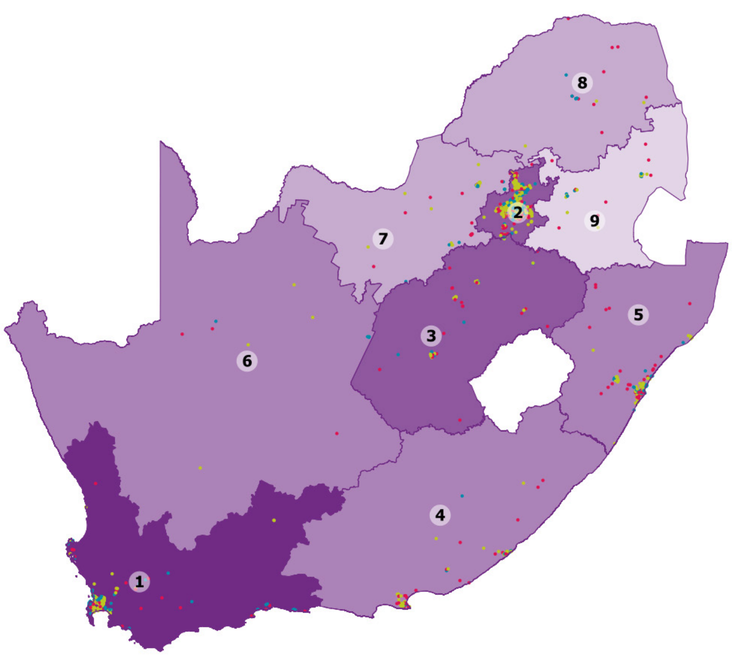
Composite Consumer Default Index by Province.



4.33% of balances on an annualized basis defaulted for first time over the period January 2021 to March 2021.

R20.40bn in value defaulted for first time over the period January 2021 to March 2021.

	CDI Mar'21	CDI Mar'20	New Default Balances Jan'21-Mar'21
Composite Index	4,33	4,19	20 399 691 457
FAS Type 2 - Largest Credit Exposure	3,33	2,52	2 104 287 264
FAS Type 4 - Lowest CDI	1,33	1,84	466 950 313
FAS Type 30 - Highest CDI	15,20	21,07	116 975 488



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

Composite	CDI	
Rank & Province	Mar '20	Mar' 21
Western Cape	3,14	3,61
Gauteng	4,05	4,18
Free State	4,48	4,36
Eastern Cape	4,44	4,43
KwaZulu-Natal	4,70	4,84
Northern Cape	5,06	4,87
North West	5,46	5,05
Limpopo	5,46	5,24
Mpumalanga	5,35	5,52

At a provincial level, the deterioration in CDI was most prominent in the Western Cape, where there is a high representation of the more affluent members of the SA society.

- The CDI in the **Western Cape deteriorated** from 3.14% in March 2020 to 3.61% in March 2021, making it the worst impacted province. 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 improved province, showing a decrease in CDI from 5.65% in March 2021 to 5.05% in March 2021. Compared with other provinces, the performance in Mpumalanga aligns with the higher proportion of FAS Groups 4, 5 and 6 residing in this province, who tend to be more financially distressed.

The high representation of more affluent consumers led to the deterioration in CDI. This holds for the Western Cape, Gauteng, KwaZulu-Natal and Mpumalanga. Improvement in CDI was observed for North West, Limpopo, Northern Cape and the Free State.

Composite Consumer Default Index by Micro-FAS

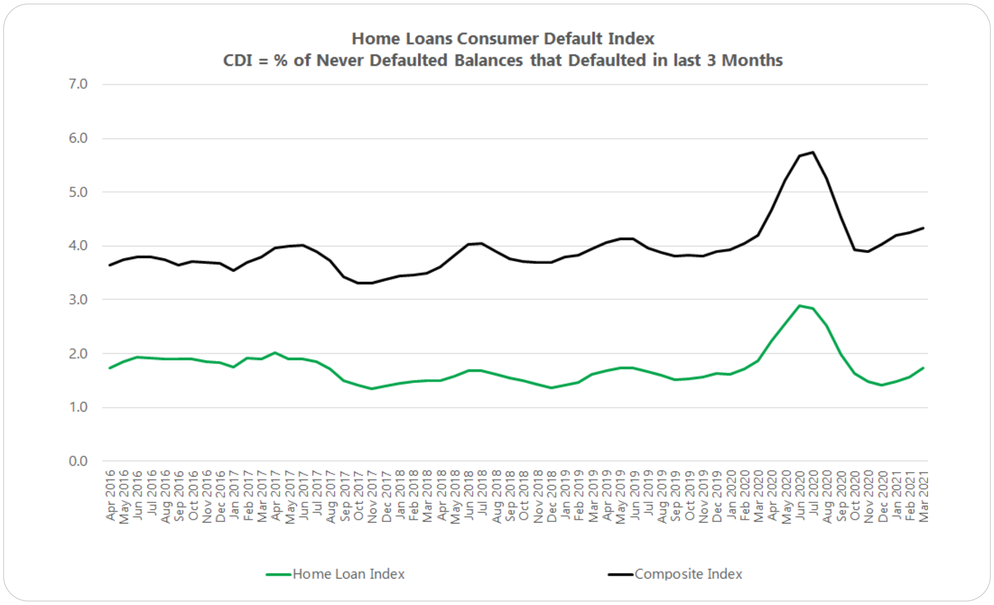
FAS	CDI		
FAS Type Name	Mar'21	Mar'20	Year on Year Δ
01. Independent Investors	4,12	2,77	1,35
02. Affluent Couples	3,33	2,52	0,81
03. Professional Players	3,09	2,73	0,36
04. Logged-On Lifestyles	1,33	1,84	-0,51
05. Liquid Living	2,89	2,68	0,21
06. Successful Singles	3,23	2,84	0,39
07. Lifestyle Lending	4,34	3,97	0,38
08. Comfortable Retirees	4,26	3,64	0,62
09. Secure Singles	5,52	4,06	1,46
10. Comfortable Couples	6,17	5,89	0,28
11. Steady Entrepreneurs	9,29	10,01	-0,72
12. Stand-Alone Singles	3,72	4,53	-0,80
13. Plugged-In Purchasers	3,66	5,34	-1,68
14. Payday Pursuers	4,44	5,60	-1,16
15. Deficient Directors	7,38	7,94	-0,56
16. Credit-Reliant Consumers	13,18	14,66	-1,49
17. Secure Seniors	3,22	2,89	0,33
18. Coping Couples	2,55	2,90	-0,35
19. Restricted Retirees	5,53	6,14	-0,61
20. Low Earners	9,43	10,33	-0,90
21. Misfortunate Mature	7,49	7,56	-0,08
22. Concerning Citizens	7,56	7,98	-0,42
23. Money-Wise Mature	7,19	6,94	0,24
24. Depleted Resources	8,67	10,30	-1,63
25. Strained Adults	10,93	13,00	-2,07
26. Online Survivors	10,77	11,80	-1,03
27. Struggling Earners	8,06	8,18	-0,12
28. Minimum-Money Workers	12,99	17,42	-4,43
29. Inexperienced Earners	13,18	17,09	-3,91
30. Eager Youth	15,20	21,07	-5,87

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

- **Affluent Couples (FAS Type 2)**, who can best be described as well-educated power couples that understand the importance of investments, the correct handling of finances, and protecting their assets, have, by far, the ***largest credit exposure*** across all segments. While financially mature, this type similarly experienced a deterioration in CDI from 2.52% in March 2020 to 3.33% in March 2021.
- **Logged-on Lifestyles (FAS Type 4)**, who are young professionals that are very active when it comes to online retail buying, but understand the value of investments such as property, have the ***lowest CDI*** and are actually showing improvement in their first-time default rate from a CDI of 1.84% in March 2020 to 1.33% in March 2021.
- **Eager Youth (FAS Type 30),** who are the youngest entry-level employees that are beginning to realise the cost of living and are likely reliant on their family for support or accommodation, have the ***highest CDI***. However, as this typically is the population that is excluded from credit in a tightening environment, their CDI has shown a marked improvement over the past year, moving from a CDI of 21.07% in March 2020 to 15.20% in March 2021.

	CDI Mar'21	CDI Mar'20	New Default Balances Jan'21-Mar'21
Composite Index	4,33	4,19	20 399 691 457
FAS Type 2 - Largest Credit Exposure	3,33	2,52	2 104 287 264
FAS Type 4 - Lowest CDI	1,33	1,84	466 950 313
FAS Type 30 - Highest CDI	15,20	21,07	116 975 488

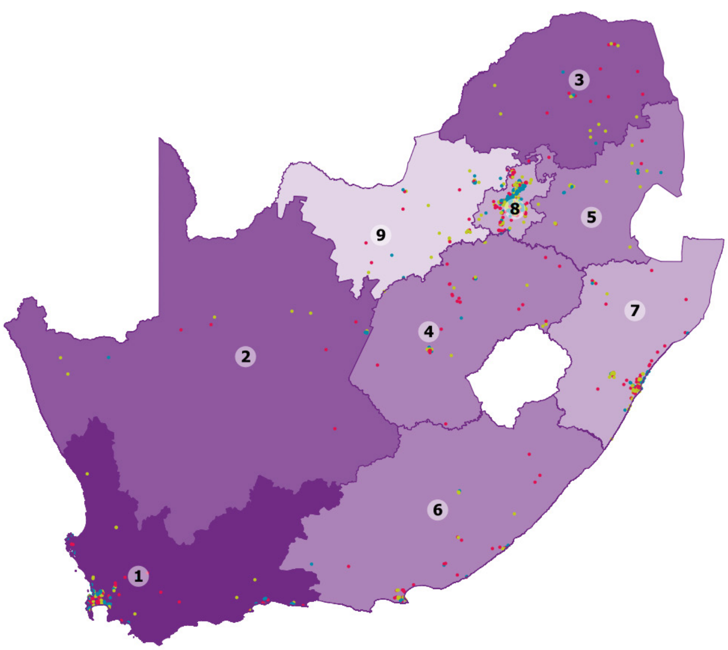
Home Loan Consumer Default Index by Province



1.73%
of home loan balances on an annualized basis defaulted for first time over the period January 2021 to March 2021.

R4.1bn
in value defaulted for first time over the period January 2021 to March 2021.

	CDI Mar'21	CDI Mar'20	New Default Balances Jan'21-Mar'21
Home Loan Index	1,73	1,86	4 104 611 214
FAS Type 2 - Largest Credit Exposure	1,95	1,75	772 578 187
FAS Type 12 - Lowest CDI	0,61	1,18	31 243 480
FAS Type 30 - Highest CDI	3,96	0,68	3 047 964



FAS Type 2 - Largest Credit Exposure
FAS Type 12 - Lowest CDI
FAS Type 30 - Highest CDI

Home Loans	CDI	
Rank & Province	**Mar'20**	**Mar'21**
Western Cape	1,20	1,40
Northern Cape	2,28	1,55
Limpopo	2,04	1,68
Free State	2,17	1,70
Mpumalanga	2,13	1,74
Eastern Cape	1,84	1,77
KwaZulu-Natal	1,94	1,81
Gauteng	2,04	1,84
North West	2,55	1,88

The main mitigating factor in the deterioration of the Composite CDI was the slight improvement in the Home Loans CDI, moving from 1.86% in March 2020 to 1.73% in March 2021. This mitigation is due to the sheer magnitude of the outstanding balances on Home Loans portfolios relative to that of other credit products. Subsequently, we also see similar patterns in the provincial views for the Home Loans CDI to what was seen for the Composite CDI.

- The Home Loans CDI in the **Western Cape** exhibited the most significant deterioration, increasing from 1.20% in March 2020 to 1.40% in March 2021. The province remains the province least impacted by the distressed environment, as is evident from the relatively low CDI. However, the range of provincial CDIs is rapidly decreasing, where in March 2020, the provincial CDI range was 1.35%, and in March 2021, this range came to only 0.47%.
- At the opposite end of the scale, **Northern Cape** is the most improved province from a first default perspective, improving in Home Loans CDI of 2.28% in March 2020 to 1.55% in March 2021.
- **North West** has recorded the highest Home Loans CDI in March 2021 but also showed a significant improvement from 2.55% in March 2020 to 1.88% in March 2021. This is reflective of the relatively low representation of high-affluence FAS groups, who have been under severe strain from a CDI perspective.



Home Loan Consumer Default Index by Micro-FAS

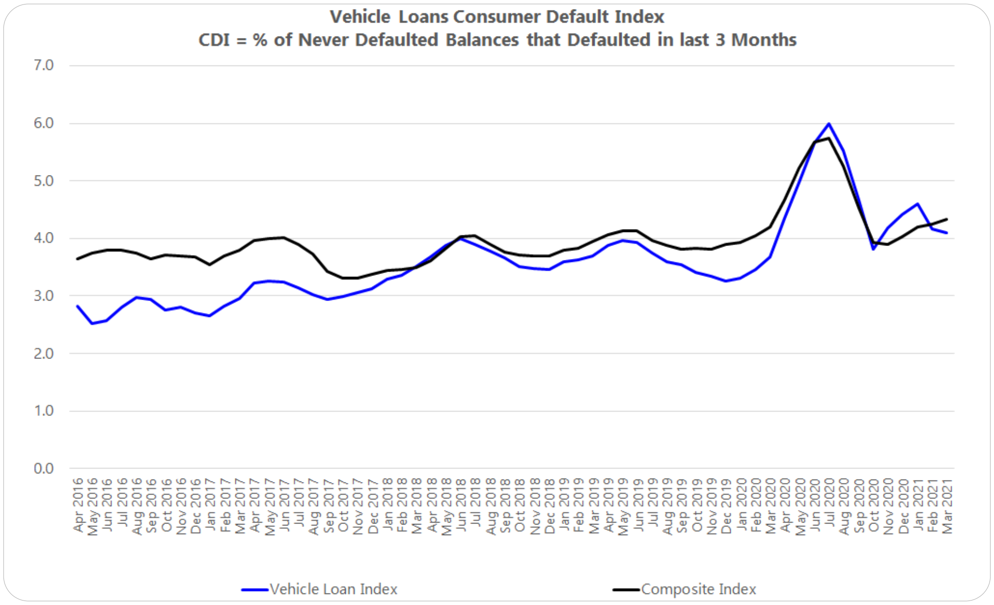
FAS	CDI		
FAS Type Name	Mar' 20	Mar' 21	Year on Year Δ
01. Independent Investors	2,87	2,19	0,68
02. Affluent Couples	1,95	1,75	0,20
03. Professional Players	1,50	1,75	-0,25
04. Logged-On Lifestyles	1,04	1,51	-0,47
05. Liquid Living	1,39	1,73	-0,34
06. Successful Singles	1,06	1,18	-0,12
07. Lifestyle Lending	2,50	2,61	-0,11
08. Comfortable Retirees	1,99	2,06	-0,08
09. Secure Singles	2,39	2,02	0,37
10. Comfortable Couples	2,59	3,01	-0,42
11. Steady Entrepreneurs	2,32	4,10	-1,78
12. Stand-Alone Singles	0,61	1,18	-0,57
13. Plugged-In Purchasers	1,05	1,67	-0,62
14. Payday Pursuers	1,14	2,54	-1,40
15. Deficient Directors	2,19	2,76	-0,57
16. Credit-Reliant Consumers	3,12	1,68	1,44
17. Secure Seniors	2,03	1,96	0,07
18. Coping Couples	1,64	1,98	-0,35
19. Restricted Retirees	1,79	4,71	-2,92
20. Low Earners	1,00	1,20	-0,20
21. Misfortunate Mature	1,78	4,03	-2,25
22. Concerning Citizens	1,84	3,09	-1,25
23. Money-Wise Mature	2,21	2,24	-0,03
24. Depleted Resources	1,70	2,91	-1,21
25. Strained Adults	1,69	3,99	-2,30
26. Online Survivors	1,09	3,11	-2,03
27. Struggling Earners	1,27	1,98	-0,71
28. Minimum-Money Workers	2,55	2,55	0,00
29. Inexperienced Earners	1,50	8,54	-7,04
30. Eager Youth	3,96	0,68	3,28

The largest credit exposure from a home loans perspective falls in the macro-FAS Groups 1 and 2. Again, this is a function of the ability of these FAS segments to gain access to secured lending products due to their financial standing. While not immune to the distressed environment, consumers with access to home loans have a lower likelihood of defaulting on loans due to the strict credit risk criteria lenders have in place when assessing applicants.

- **Affluent Couples (FAS Type 2)**, are typically well-educated power couples that understand the importance of investments, the correct handling of finances, and protecting their assets, have by far ***largest credit exposure across all segments***. While financially mature, this type experienced a deterioration in Home Loans CDI from 1.75% in March 2020 to 1.95% in March 2020.
- **Stand-alone Singles (FAS Type 12)**, independent singles, ~20% of which have a ~R500k opening balance on their home loan, earning comfortable salaries of R200k p.a. on average. They have the ***lowest Home Loans CDI***, improving from 1.18% in March 2020 to 0.61% in March 2021. They have a mature approach to credit, with generally low delinquency rates of around 34%.
- **Inexperienced Earners (FAS Type 30)**, are the youngest entry-level employees that are beginning to realise the cost of living. They are likely reliant on family for support or accommodation and only ~1% have a Home Loan. Eager Youth have a high likelihood of being 3 or more months in arrears (48%). This FAS type has the ***highest Home Loans CDI***, at 3.96%. Note, however, that due to small volumes in this consumer type, CDI metrics tend to vary quite significantly.

	CDI Mar'21	CDI Mar'20	New Default Balances Jan'21-Mar'21
Home Loan Index	1,73	1,86	4 104 611 214
FAS Type 2 - Largest Credit Exposure	1,95	1,75	772 578 187
FAS Type 12 - Lowest CDI	0,61	1,18	31 243 480
FAS Type 30 - Highest CDI	3,96	0,68	3 047 964

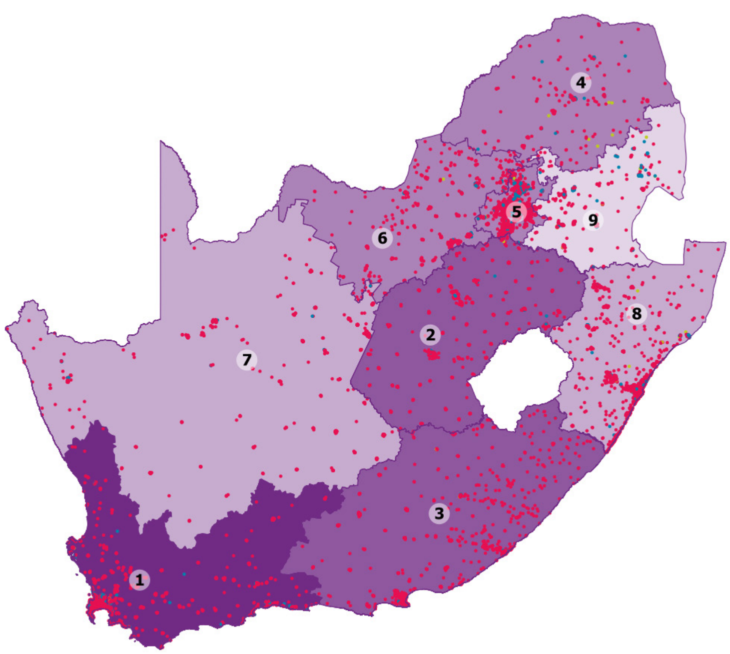
Vehicle Loan Consumer Default Index by Province



4.10%
of vehicle loan balances on an annualised basis defaulted for the first time over the period of January 2020 to March 2020.

R4.79bn
in value defaulted for the first time over the period of January 2020 to March 2020.

	CDI Mar'21	CDI Mar'20	New Default Balances Jan'21-Mar'21
Vehicle Loan Index	4,10	3,67	4 792 704 405
FAS Type 5 - Largest Credit Exposure	3,10	2,57	454 815 008
FAS Type 27 - Lowest CDI	0,41	8,51	93 519
FAS Type 19 - Highest CDI	10,90	7,77	3 132 783



- FAS Type 5 - Largest Credit Exposure
- FAS Type 27 - Lowest CDI
- FAS Type 19 - Highest CDI

Vehicle Loans	CDI	
Rank & Province	Mar' 20	Mar' 21
Western Cape	2,90	3,51
Free State	3,40	3,79
Eastern Cape	3,55	3,86
Limpopo	3,68	4,01
Gauteng	3,75	4,15
North West	4,37	4,15
Northern Cape	3,92	4,18
KwaZulu-Natal	3,77	4,33
Mpumalanga	4,23	4,86

The performance of the Vehicle Loans CDI has shown movement in the opposite direction than the other secured lending product, i.e. Home Loans. The Vehicle Loan CDI has deteriorated from 3.67% in March 2020 to 4.10% in March 2021.

- The Vehicle Loans CDI in the **Western Cape** has returned to the leading position in terms of the lowest CDI in March 2021. This, after dropping to the 3rd position in December 2020. Still, the Western Cape was one of the 8 provinces that experienced a Y-o-Y deterioration in CDI, moving up from 2.90% in March 2020 to 3.51% in March 2021. This is reflective of the high representation of FAS Groups 1 and 2 in the province and also points to the fact that Vehicle Loans is really the main reason for the deterioration in these more affluent consumer segments.
- The **North West** is the only province that showed an improvement in Vehicle Loan CDI, moving from 4.37% in March 2020 to 4.15% in March 2021.
- **Mpumalanga** is showing the highest CDI for Vehicle Loans, increasing from 4.23% in March 2020 to 4.86% in March 2021.

Vehicle Loan Consumer Default Index by Micro-FAS

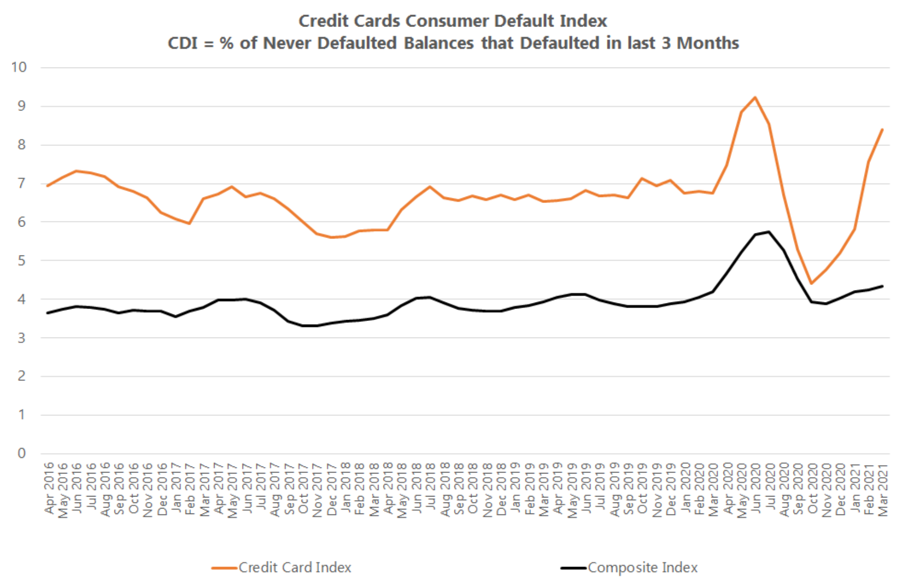
FAS	CDI		
FAS Type Name	**Mar' 20**	**Mar' 21**	**Year on Year Δ**
01. Independent Investors	4,95	3,46	1,49
02. Affluent Couples	3,69	2,95	0,74
03. Professional Players	3,66	3,09	0,57
04. Logged-On Lifestyles	1,41	1,72	-0,30
05. Liquid Living	3,10	2,57	0,53
06. Successful Singles	4,17	3,54	0,63
07. Lifestyle Lending	3,64	3,31	0,34
08. Comfortable Retirees	3,36	2,64	0,72
09. Secure Singles	4,83	3,06	1,76
10. Comfortable Couples	4,17	3,86	0,31
11. Steady Entrepreneurs	7,39	7,71	-0,32
12. Stand-Alone Singles	4,27	4,57	-0,30
13. Plugged-In Purchasers	4,41	5,63	-1,22
14. Payday Pursuers	5,72	6,92	-1,20
15. Deficient Directors	6,09	6,71	-0,62
16. Credit-Reliant Consumers	6,27	8,62	-2,36
17. Secure Seniors	3,89	3,04	0,85
18. Coping Couples	2,86	2,77	0,09
19. Restricted Retirees	10,90	7,77	3,13
20. Low Earners	3,69	9,10	-5,40
21. Misfortunate Mature	5,07	5,76	-0,68
22. Concerning Citizens	6,87	6,48	0,39
23. Money-Wise Mature	7,68	6,05	1,63
24. Depleted Resources	6,71	8,58	-1,87
25. Strained Adults	6,95	12,25	-5,31
26. Online Survivors	3,15	6,57	-3,42
27. Struggling Earners	0,41	8,51	-8,10
28. Minimum-Money Workers	9,73	16,12	-6,39
29. Inexperienced Earners	5,76	16,39	-10,64
30. Eager Youth	1,25	6,73	-5,48

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

- **Liquid Living (Type 5)**, upper-middle-class mature individuals, with an average age of 52. 69% of them are married, probably having children in their late teens and early twenties. With an average annual income of R415 000 and 78% of them having Vehicle Loans, these consumers have ***the largest credit exposure*** in Vehicle Loans. While financially mature, this type similarly experienced a deterioration in Vehicle Loan CDI over the period, moving from 2.57% in March 2020 to 3.10% in March 2021.
- **Struggling Earners (Type 27)** struggle to make ends meet, and as such, only 5% of them have Vehicle loans valued at an average R136k. Although they have the ***lowest Vehicle Loan CDI***, this is purely the result of very low product ownership (0.02% exposure to Vehicle Loan market) in this type.
- **Restricted Retirees (Type 19)** are senior citizens who struggle to afford the basics and therefore need to continue working despite being in retirement. As such, the few individuals in this segment who do have a Vehicle Finance product (6%) are likely to be pushing their limits in terms of affordability, and as a result, are exhibiting the ***highest Vehicle Loans CDI.***

	CDI Mar'21	CDI Mar'20	New Default Balances Jan'21-Mar'21
Vehicle Loan Index	4,10	3,67	4 792 704 405
FAS Type 5 - Largest Credit Exposure	3,10	2,57	454 815 008
FAS Type 27 - Lowest CDI	0,41	8,51	93 519
FAS Type 19 - Highest CDI	10,90	7,77	3 132 783

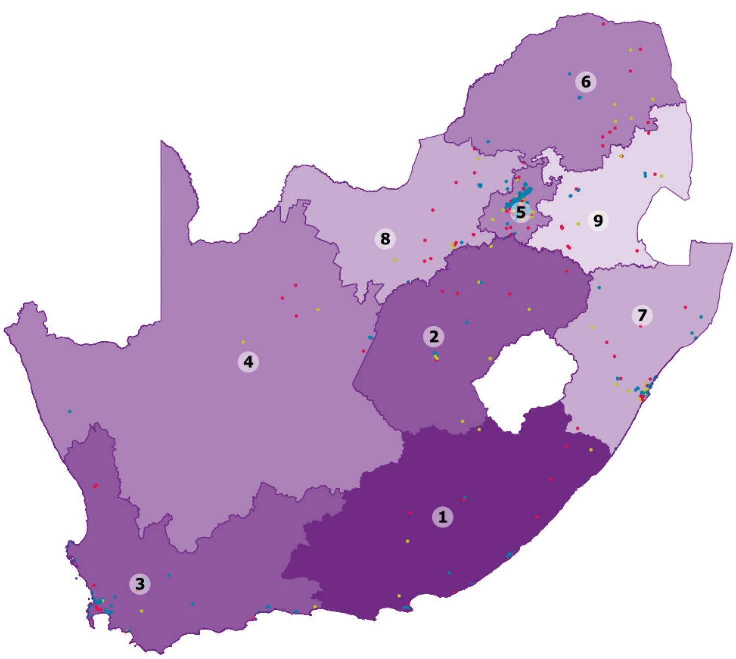
Credit Card Consumer Default Index by Province



8.39%
of credit card balances on an annualised basis defaulted for the first time over the period of January 2020 to March 2020.

R2.99bn
in value defaulted for the first time over the period of January 2020 to March 2020.

	CDI Mar'21	CDI Mar'20	New Default Balances Jan'21-Mar'21
Credit Card Index	8,39	6,74	2 989 514 454
FAS Type 2 - Largest Credit Exposure	7,85	4,58	400 599 746
FAS Type 14 - Lowest CDI	2,53	5,51	2 495 733
FAS Type 16 - Highest CDI	16,17	16,07	163 235 224



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

Credit Cards	CDI	
Rank & Province	Dec'19	Dec'20
1. Eastern Cape	6,76	7,67
2. Free State	6,63	7,72
3. Western Cape	5,77	7,86
4. Northern Cape	7,81	7,93
5. Gauteng	6,60	8,35
6. Limpopo	7,49	8,42
7. KwaZulu-Natal	7,42	9,14
8. North West	7,89	9,17
9. Mpumalanga	8,17	9,66

Following the improvement in Credit Card CDI as observed in December 2020, March 2021 showed a significant deterioration again, moving from 5.20% in December 2020 to 8.39% in March 2021. Y-o-Y, the Credit Card CDI also saw significant worsening, increasing from 6.74% in March 2020.

- The Credit Card CDI in the **Western Cape** has again shown the worst deterioration, moving from 5.77% in March 2020 to 7.86% in March 2021. This aligns with the high representation of FAS Groups 1 and 2 in this province, where these are the consumer groups who are showing the worst deterioration in CDI terms.
- **Northern Cape** is showing the least deterioration, moving from 7.81% in March 2020 to 7.93% in March 2021. The performance again aligns with the higher proportion of FAS Groups 4, 5 and 6, residing in this province, who, at an aggregated level, have shown less deterioration in CDI terms over the last year.
- The CDI in the **Mpumalanga** is the highest, also showing deterioration from 8.17% in March 2020 to 9.66% in March 2021.

It must be noted that the Credit Card new business volumes have been low ever since the first lockdown announcement in March 2020. As such, this drastic deterioration cannot be attributed to new business. Rather, it is due to existing Credit Card clients, who have for the first time not been able to meet their debt obligations.

Credit Card Consumer Default Index by Micro-FAS

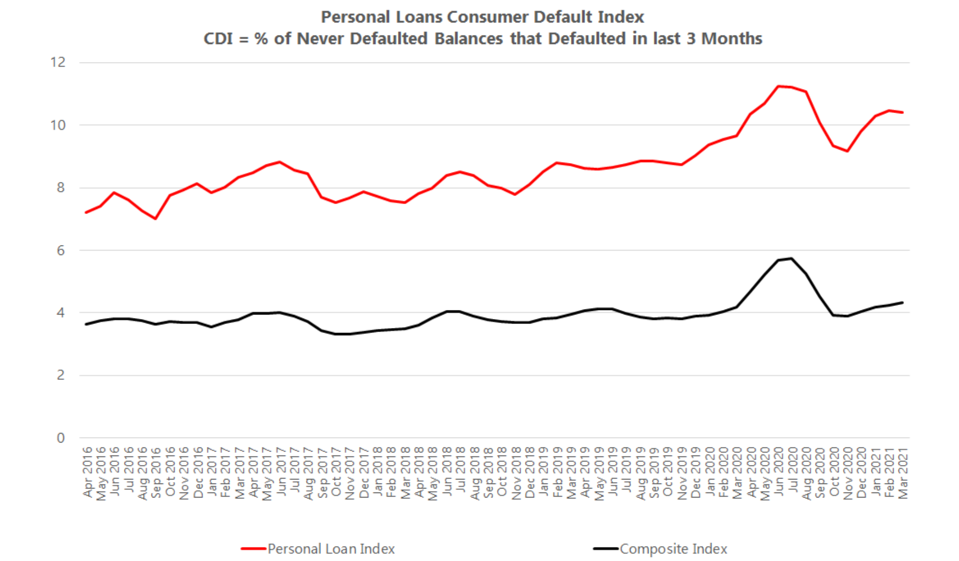
FAS	CDI		
FAS Type Name	Mar'20	Mar'21	Year on Year Δ
01. Independent Investors	7,35	3,78	3,57
02. Affluent Couples	7,85	4,58	3,26
03. Professional Players	8,17	5,55	2,62
04. Logged-On Lifestyles	3,25	4,06	-0,81
05. Liquid Living	6,42	5,08	1,34
06. Successful Singles	9,64	6,98	2,66
07. Lifestyle Lending	9,06	7,05	2,01
08. Comfortable Retirees	7,82	5,95	1,87
09. Secure Singles	10,80	7,41	3,39
10. Comfortable Couples	10,54	8,98	1,56
11. Steady Entrepreneurs	14,33	12,80	1,53
12. Stand-Alone Singles	5,93	7,23	-1,30
13. Plugged-In Purchasers	5,69	8,19	-2,50
14. Payday Pursuers	2,53	5,51	-2,98
15. Deficient Directors	11,72	11,81	-0,10
16. Credit-Reliant Consumers	16,17	16,07	0,09
17. Secure Seniors	4,37	3,92	0,45
18. Coping Couples	3,96	4,57	-0,61
19. Restricted Retirees	5,99	6,99	-1,00
20. Low Earners	7,50	6,99	0,51
21. Misfortunate Mature	7,57	7,22	0,34
22. Concerning Citizens	6,74	7,11	-0,37
23. Money-Wise Mature	9,16	6,58	2,58
24. Depleted Resources	10,92	9,03	1,88
25. Strained Adults	12,80	12,45	0,35
26. Online Survivors	6,92	13,15	-6,23
27. Struggling Earners	11,16	8,30	2,86
28. Minimum-Money Workers	12,27	12,12	0,15
29. Inexperienced Earners	11,58	14,77	-3,19
30. Eager Youth	9,67	14,68	-5,02

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

- **Affluent Couples (Type 2)**, who can best be described as well-educated power couples that understand the importance of investments, the correct handling of finances, and protecting their assets, have by far the ***largest credit exposure*** across all segments. While financially mature, this type similarly experienced a deterioration in Credit Card CDI over the period.
- **Payday Pursuers (Type 14)** are living from month to month. These middle-aged individuals rely on finance to bridge the gap between paydays. Having tight budgets, these consumers are active credit users who are also good payers. This type has the ***lowest and significantly improved*** Credit Card CDI. Note that they have very low exposure (~0.3%) in the Credit Card market.
- **Credit-reliant Consumers (Type 16)**, who are consumers earning average salaries of ~R145k p.a. and have high unsecured loans, with utilisation standing at 80% of these consumers using more than 75% of their maximum credit. They are highly reliant on credit for monthly expenses, mostly using revolving loans. They have the ***highest Credit Card CDI***.

	CDI Mar'21	CDI Mar'20	New Default Balances Jan'21-Mar'21
Credit Card Index	8,39	6,74	2 989 514 454
FAS Type 2 - Largest Credit Exposure	7,85	4,58	400 599 746
FAS Type 14 - Lowest CDI	2,53	5,51	2 495 733
FAS Type 16 - Highest CDI	16,17	16,07	163 235 224

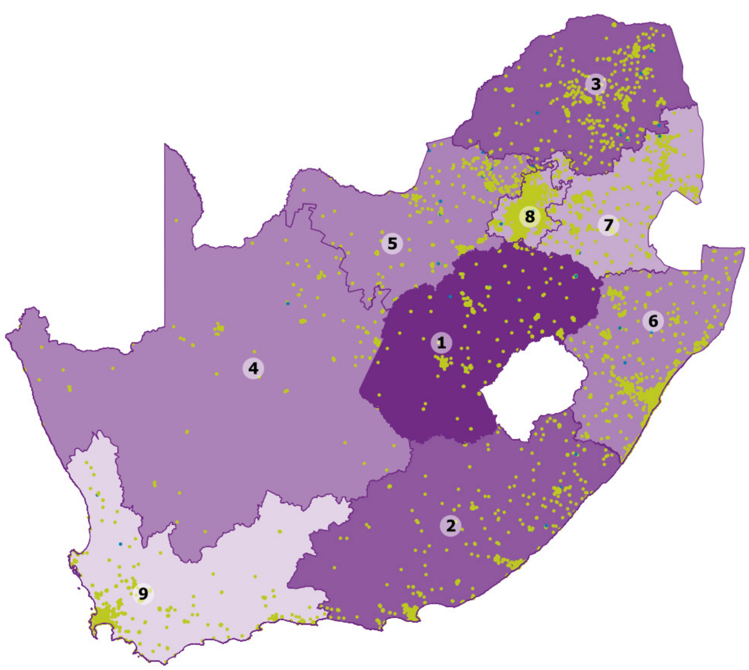
Personal Loan Consumer Default Index by Province



10.42%
of personal loans on an annualised basis defaulted for the first time over the period of January 2021 to March 2021.

R7.45bn
in value defaulted for the first time over the period of January 2021 to March 2021.

	CDI Mar'21	CDI Mar'20	New Default Balances Jan'21-Mar'21
Personal Loan Index	10,42	9,67	7 450 775 091
FAS Type 16 - Largest Credit Exposure	15,03	16,53	821 316 724
FAS Type 26 - Lowest CDI	3,46	4,00	4 429 653
FAS Type 16 - Highest CDI	15,03	16,53	821 316 724



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

Personal Loans	CDI	
Rank & Province	Mar'20	Mar'21
1. Free State	8,34	8,64
2. Eastern Cape	8,32	8,68
3. Limpopo	8,81	8,78
4. Northern Cape	8,56	9,03
5. North West	9,28	9,23
6. KwaZulu-Natal	9,93	10,30
7. Mpumalanga	9,91	10,70
8. Gauteng	10,17	11,14
9. Western Cape	9,88	11,44

The Personal Loans CDI still shows deterioration from 9.67% in March 2020 to 10.42% in March 2021. Q-o-Q this figure also deteriorated, increasing from the 9.81% observed in December 2020.

From a market-exposure and credit-active population penetration perspective, the primary FAS segments that actively engage with credit providers for this product are more concentrated in the FAS Groups 4, 5 and 6. However, even in Personal Loans, we see that more affluent consumers are struggling to meet their debt commitments.

- The **Western Cape** has shown the worst deterioration in Personal Loans CDI, moving from 9.88% in March 2020 to 11.44% in March 2021. This province now also has the highest CDI.
- **North West** and **Limpopo** are the only 2 provinces recording an improved CDI. North West improving Y-o-Y from 9.28% in March 2020 to 9.23% in March 2021. The movement over the same period for Limpopo was down from 8.81% to 8.78%.
- The **Free State** represented the most favourable CDI in March 2021 but still showed deterioration from 8.34% in March 2020 to 8.64% in March 2021.

The provincial movements in Personal Loans CDI highlight that more affluent consumers, who typically are more likely to reside in the Western Cape and Gauteng, have shown to be under particular strain over the first quarter of 2021, following the harsher lockdown criteria imposed during January and February.

Personal Loan Consumer Default Index by Micro-FAS

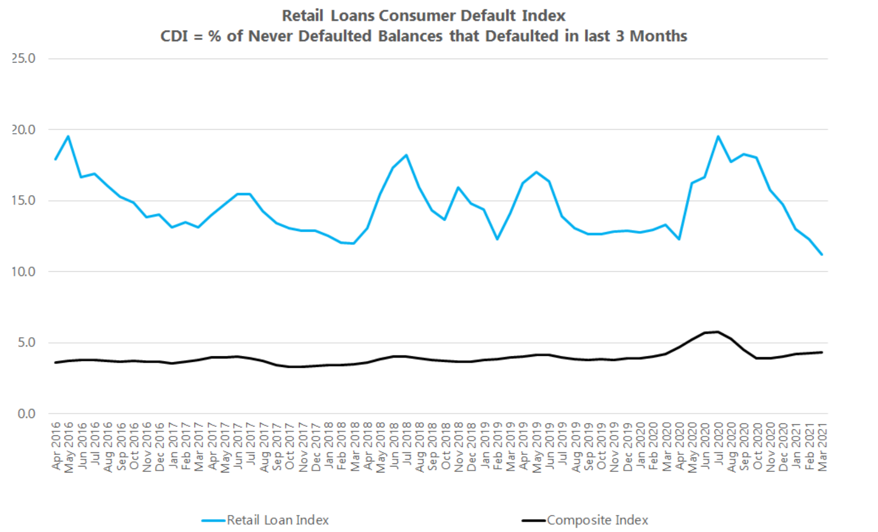
FAS	CDI		
FAS Type Name	Mar'20	Mar'21	Year on Year Δ
01. Independent Investors	10,09	4,95	5,14
02. Affluent Couples	9,94	6,15	3,78
03. Professional Players	10,85	8,01	2,84
04. Logged-On Lifestyles	5,47	6,07	-0,60
05. Liquid Living	8,45	6,56	1,89
06. Successful Singles	11,98	9,34	2,64
07. Lifestyle Lending	10,12	8,85	1,27
08. Comfortable Retirees	7,93	6,67	1,26
09. Secure Singles	12,28	8,74	3,55
10. Comfortable Couples	10,91	9,80	1,11
11. Steady Entrepreneurs	12,16	13,57	-1,41
12. Stand-Alone Singles	8,34	8,66	-0,31
13. Plugged-In Purchasers	10,34	8,97	1,37
14. Payday Pursuers	8,33	6,92	1,42
15. Deficient Directors	11,59	9,90	1,69
16. Credit-Reliant Consumers	15,03	16,53	-1,49
17. Secure Seniors	5,76	4,35	1,42
18. Coping Couples	5,28	5,31	-0,03
19. Restricted Retirees	5,95	5,34	0,61
20. Low Earners	9,97	8,79	1,18
21. Misfortunate Mature	8,40	6,36	2,04
22. Concerning Citizens	8,71	8,69	0,02
23. Money-Wise Mature	8,83	8,46	0,37
24. Depleted Resources	10,52	11,94	-1,41
25. Strained Adults	11,26	13,38	-2,11
26. Online Survivors	3,46	4,00	-0,54
27. Struggling Earners	10,33	7,36	2,97
28. Minimum-Money Workers	12,89	16,72	-3,83
29. Inexperienced Earners	13,37	16,43	-3,05
30. Eager Youth	10,14	9,26	0,87

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 (Type 16)**, who are young adults that rely on financing to cover monthly expenses, especially for retail purchases, most likely to elevate their level of lifestyle, have the ***largest Personal Loans*** credit exposure. While this type's CDI has improved marginally over the past year, this can largely be attributed to the already high rate of defaults on existing facilities. They also have the highest Personal Loans CDI but show a meaningful improvement from 16.53% in March 2020 to 15.03% in March 2021.
- **Online Survivors (Type 26)** who are young adult unskilled or shift workers that are likely cohabiting with significant others or family and are unable to afford more than their basic needs, still have the ***largest Personal Loan credit exposure***, and they also saw an improvement in CDI from 4.00% in March 2020 to 3.46% in March 2021.
- Note that the deterioration in Personal Loans CDI was mostly observed in the **more affluent consumer** groups and types.

	CDI Mar'21	CDI Mar'20	New Default Balances Jan'21-Mar'21
Personal Loan Index	10,42	9,67	7 450 775 091
FAS Type 16 - Largest Credit Exposure	15,03	16,53	821 316 724
FAS Type 26 - Lowest CDI	3,46	4,00	4 429 653
FAS Type 16 - Highest CDI	15,03	16,53	821 316 724

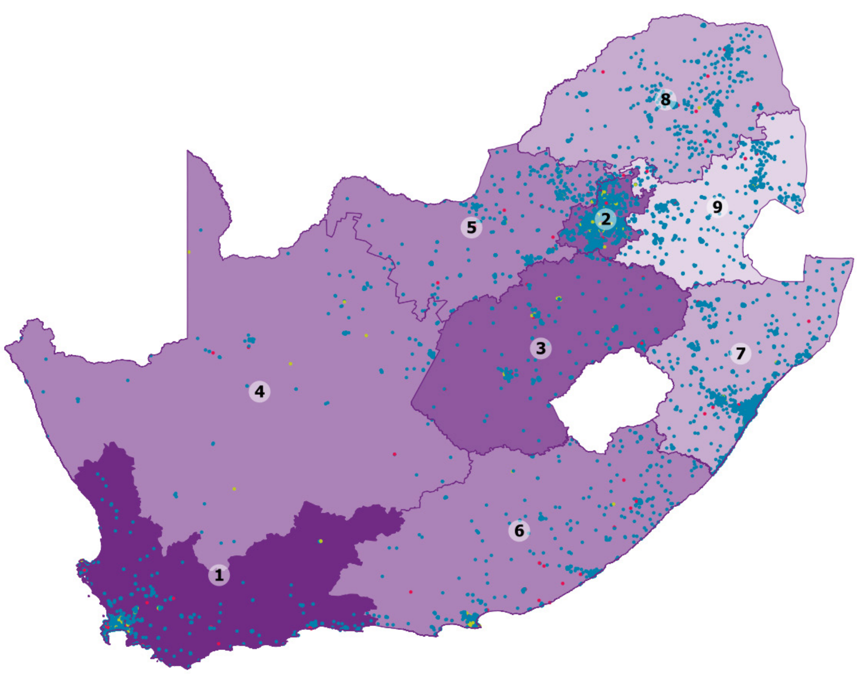
Retail Loans Consumer Default Index by Province



11.20% of retail loans on an annualised basis defaulted for the first time over the period of January 2021 to March 2021.

R1.06bn in value defaulted for first time over the period January 2021 to March 2021.

	CDI Mar'21	CDI Mar'20	New Default Balances Jan'21-Mar'21
Retail Loan Index	11,20	13,32	1 062 086 293
FAS Type 26 - Largest Credit Exposure	16,23	20,80	166 937 336
FAS Type 4 - Lowest CDI	4,47	6,59	10 486 648
FAS Type 30 - Highest CDI	24,92	29,48	86 969 688



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

Retail Loans	CDI	
Rank & Province	**Mar'20**	**Mar'21**
1. Western Cape	11,39	9,86
2. Gauteng	13,11	10,72
3. Free State	12,27	10,82
4. Northern Cape	11,38	11,02
5. North West	13,37	11,21
6. Eastern Cape	13,93	11,26
7. KwaZulu-Natal	13,94	11,38
8. Limpopo	16,80	13,33
9. Mpumalanga	15,01	13,41

The Retail Loans CDI has exhibited a highly significant improvement, moving from 13.32% in March 2020 to 11.20% in March 2021. This improvement mainly results from the improvement in CDI of FAS Groups 4, 5 and 6 consumers. Retail Loans are the one product set in which these, the least affluent consumer groups, hold a significant portion (59%) of the market.

- **Limpopo** has shown the greatest improvement in Retail Loans CDI, moving from 16.80% in March 2020 to 13.33% in March 2021.
- The smallest improvement was observed for the **Northern Cape**, moving from 11.38% in March 2020 to 11.02% in March 2021.
- **Mpumalanga** fared the worst in provincial Retail Loans CDI ranking but still showed an improvement from 15.01% in March 2020 to 13.41 in March 2021.

Retail Loans Consumer Default Index by Micro-FAS

FAS	CDI		
FAS Type Name	Mar'20	Mar'21	Year on Year Δ
01. Independent Investors	6,16	6,31	-0,16
02. Affluent Couples	6,51	7,00	-0,50
03. Professional Players	7,18	7,85	-0,67
04. Logged-On Lifestyles	4,47	6,59	-2,12
05. Liquid Living	5,63	6,73	-1,09
06. Successful Singles	9,89	9,27	0,62
07. Lifestyle Lending	8,32	9,23	-0,91
08. Comfortable Retirees	6,21	7,52	-1,31
09. Secure Singles	13,36	11,63	1,73
10. Comfortable Couples	8,82	10,43	-1,61
11. Steady Entrepreneurs	12,82	13,88	-1,05
12. Stand-Alone Singles	10,85	10,94	-0,08
13. Plugged-In Purchasers	11,24	10,67	0,56
14. Payday Pursuers	8,03	10,46	-2,43
15. Deficient Directors	10,37	13,43	-3,07
16. Credit-Reliant Consumers	16,47	17,89	-1,43
17. Secure Seniors	5,51	5,97	-0,46
18. Coping Couples	5,25	6,42	-1,18
19. Restricted Retirees	8,49	8,55	-0,05
20. Low Earners	12,88	16,31	-3,43
21. Misfortunate Mature	8,63	10,22	-1,59
22. Concerning Citizens	10,72	12,94	-2,22
23. Money-Wise Mature	8,16	10,89	-2,73
24. Depleted Resources	11,76	11,64	0,13
25. Strained Adults	11,69	13,68	-1,99
26. Online Survivors	16,23	20,80	-4,57
27. Struggling Earners	12,71	15,11	-2,40
28. Minimum-Money Workers	18,76	25,09	-6,33
29. Inexperienced Earners	20,59	23,33	-2,74
30. Eager Youth	24,92	29,48	-4,57

The Retail first-time default rate continued to decrease in March 2021, improving from 13.32% in March 2020 to 11.20% in March 2021. This continued decline in CDI is likely due to unusually low new business volumes in the retail space. Also, the comparatively lower exposure of FAS Groups 1 and 2 for these products (~ 30% only) means that it was less susceptible to the deteriorations that were observed in Retail CDI for the higher affluent consumers.
When looking at the FAS type-level segmentation, we observe the following:

- **Online Survivors (Type 26)**, who are young adult unskilled or shift workers that are likely cohabiting with significant others or family and are unable to afford more than their basic needs, still have the ***largest Retail Loan credit exposure***, and they also saw a significant improvement in CDI from 20.80% in March 2020 to 16.23% in March 2021.
- **Logged-on lifestyles (Type 4)** who are young professionals that are very active when it comes to online retail buying but understand the value that investments such as property carry, have the ***lowest Retail Loans CDI***. They also showed an improvement, from 6.59% in March 2020 to 4.47% in March 2021.
- **Eager Youth (Type 30)** are the youngest entry-level employees that are beginning to realise the cost of living. They are likely reliant on family for support or accommodation, and 94% are likely to have retail clothing accounts. Eager Youth have a high likelihood of being 3 or more months in arrears (48%). This FAS type has the ***highest Retail Loans CDI*** but still show an improvement from 29.48% in March 2020 to 24.92% in March 2021.

	CDI Mar'21	CDI Mar'20	New Default Balances Jan'21-Mar'21
Retail Loan Index	11,20	13,32	1 062 086 293
FAS Type 26 - Largest Credit Exposure	16,23	20,80	166 937 336
FAS Type 4 - Lowest CDI	4,47	6,59	10 486 648
FAS Type 30 - Highest CDI	24,92	29,48	86 969 688

ADDENDUM (Youth)

Consumer Default Index

Experian Quarter 1 2021 – ADDENDUM (Youth)

Market exposure of Youth (FAS Types 12, 13, 29 & 30)

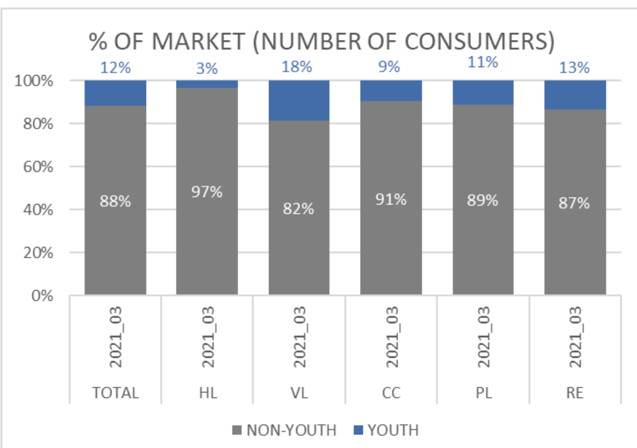
These FAS types are on average younger than 30 years

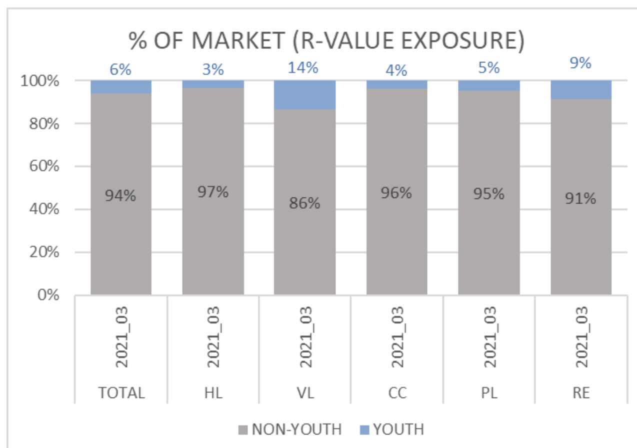
TOTAL South African Market	South African Youth
23.7m consumers with Credit Card, Personal Loan, Vehicle Loan, Home Loan and/or Retail Loan accounts.	**2.8m** youth consumers with Credit Card, Personal Loan, Vehicle Loan, Home Loan and/or Retail Loan accounts.
29.0m active accounts across Credit Card, Personal Loan, Vehicle Loan, Home Loan and/or Retail Loan.	**3.1m** active youth-owned accounts across Credit Card, Personal Loan, Vehicle Loan, Home Loan and/or Retail Loan.
R1.90 trillion in outstanding debt.	**R0.12** trillion in outstanding debt to associated with youth.

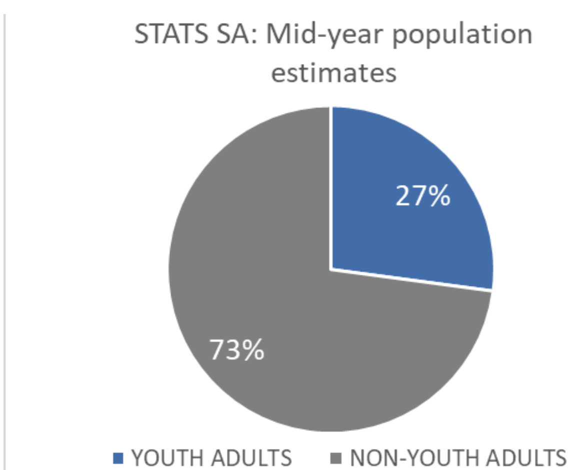
Market exposure of Youth (FAS Types 12, 13, 29 & 30)

Young South Africans (20-29 years of age) constitute roughly 27% of the South African adult population*. However, they are not that well represented in the credit economy, where these consumers only constitute 12% of the total market. Moreover, the value of loans taken up by the youth population is typically smaller than the rest of the market, resulting in the total market exposure (in terms of Rands) of debt owed by youth to come to only 6 %.

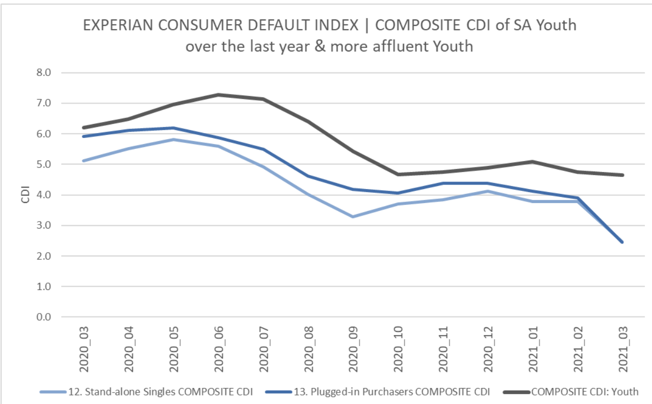
The credit products to which young people are mostly exposed, are Vehicle Asset Finance (14%) and Retail Loans (9%), as younger people typically have an affinity for these products. On the other end, the exposure of South African youth is the smallest (in relative terms) when it comes to Home Loans, where they hold only 3% market exposure.

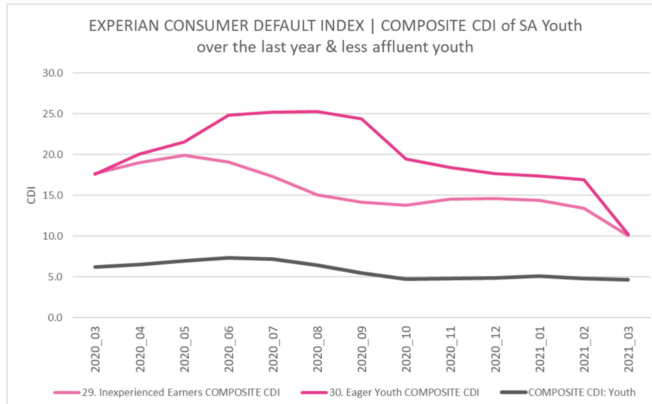






Consumer Default Index: Youth





South Africa's youth, who generally fall in the less affluent market segments (i.e. not FAS Groups 1 and 2) have shown a significant improvement in CDI over the last year, dropping in first time default rate from 6.20% in March 2020 to 4.65% in March 2021. This, however, does not signify improved consumer health. As these young consumers typically find themselves on the more risky end of the credit risk spectrum, and given the reduction in risk appetite from many lenders, these consumers are finding that their credit applications are declined more often than previously. Furthermore, as these young consumers are less likely to have established careers, they were at an even higher risk of losing their employment.

The FAS youth segments fall in 2 main groups. These are FAS Group 3: Stable Spenders (FAS Types 12 & 13) and FAS Group 6: Yearning Youth (FAS Types 29 & 30), of which the latter is the least affluent and also has the least exposure in the credit market.

	CDI Mar'21	CDI Mar'20	New Market Exposure Jan'21-Mar'21
COMPOSITE CDI: Youth	4,65	6,20	R115 102 783 077
12. Stand-alone Singles	2,47	5,12	R86 329 179 240
13. Plugged-in Purchasers	2,46	5,92	R18 052 361 377
29. Inexperienced Earners	10,06	17,68	R7 642 575 988
30. Eager Youth	10,21	17,58	R3 078 666 471

Experian Financial Affluence Segmentation

What is FAS, and how is it calculated?

What is FAS?

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

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

Applications of FAS

Applications of Financial Affluence Segmentation include:

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

How FAS Works

1. Data or Description

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

2. Development

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

3. Delivery

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

4. Deployment

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

A Universe of Data

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

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

Smart Coverage

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

Accuracy

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

Find potential customers

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

Safe and Secure

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

Group 1

Luxury Living – 2,5%

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

R58 962,33
Average Gross Monthly Income

R707 547,96
Average Estimated Annual Income

37% Female

63% Male

68% Married

44 Average Age
25-65 Age Range

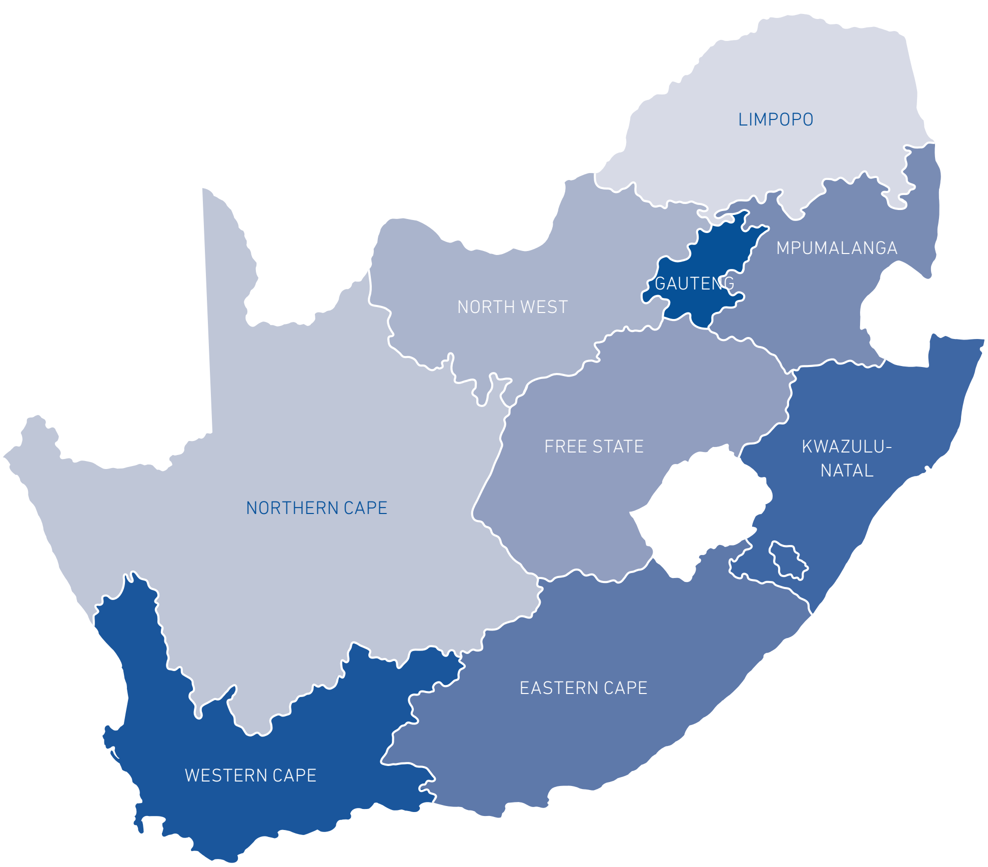
68% Directors
46% Multiple Directorships

54% Own 1 Property
25% Own Multiple Properties

R1 258 325,73
Opening Home Loan Balance:

R481 329,22
Opening Balance on Vehicle and Asset Finance

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



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

Aspirational Achievers – 9,3%

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

R27 388,45
Average Gross Monthly Income

R328 661,40
Average Estimated Annual Income

47% Female

53% Male

53% Married

42 Average Age
25-65 Age Range

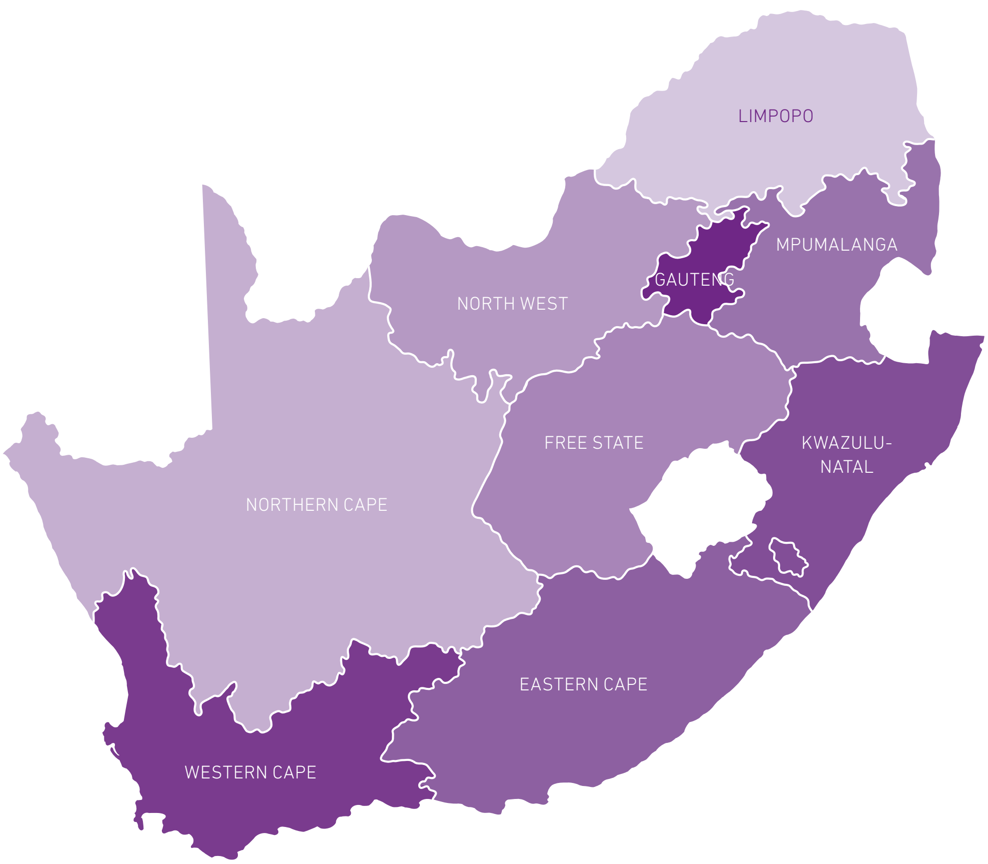
41% Directors
19% Multiple Directorships

43% Own 1 Property
8% Own Multiple Properties

R557 150,16
Opening Home Loan Balance:

R244 919,88
Opening Balance on Vehicle and Asset Finance

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



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

Stable Spenders – 7,2%

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

R12 954,88
Average Gross Monthly Income

R155 458,56
Average Estimated Annual Income

40% Female

60% Male

22% Married

33 Average Age
20-45 Age Range

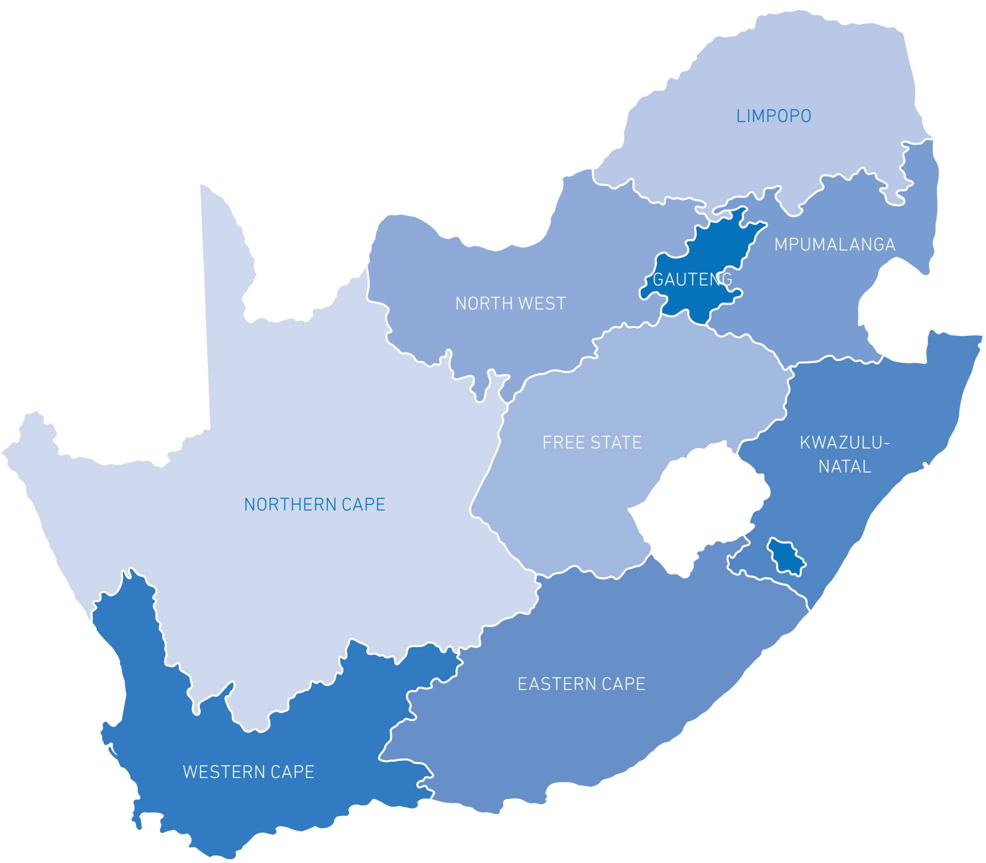
26% Directors
9% Multiple Directorships

10% Own 1 Property
1% Own Multiple Properties

R405 630,90
Opening Home Loan Balance:

R171 290,04
Opening Balance on Vehicle and Asset Finance

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



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

Money-Conscious Majority – 40,0%

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

R7 719,80
Average Gross Monthly Income

R92 637,60
Average Estimated Annual Income

50% Female

50% Male

44% Married

51 Average Age
40-75 Age Range

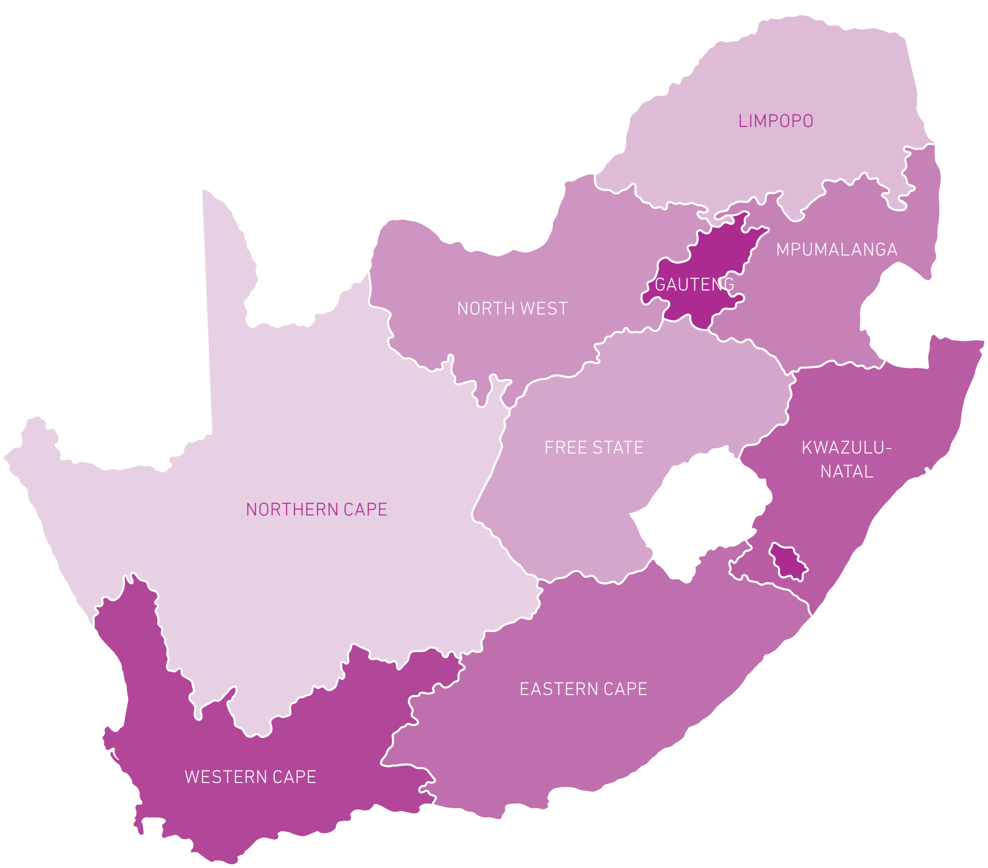
12% Directors
4% Multiple Directorships

23% Own 1 Property
2% Own Multiple Properties

R239 494,30
Opening Home Loan Balance:

R165 722,20
Opening Balance on Vehicle and Asset Finance

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



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

Laboured Living – 24,6%

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

R4 836,25
Average Gross Monthly Income

R58 035,00
Average Estimated Annual Income

53% Female

47% Male

15% Married

34 Average Age
25-40 Age Range

10% Directors
2% Multiple Directorships

3% Own 1 Property
0% Own Multiple Properties

R272 128,46
Opening Home Loan Balance:

R141 934,81
Opening Balance on Vehicle and Asset Finance

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

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

Yearning Youth – 16,4%

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

R4 621,36
Average Gross Monthly Income

R55 456,32
Average Estimated Annual Income

45% Female

55% Male

15% Married

26 Average Age
low - 30 Age Range

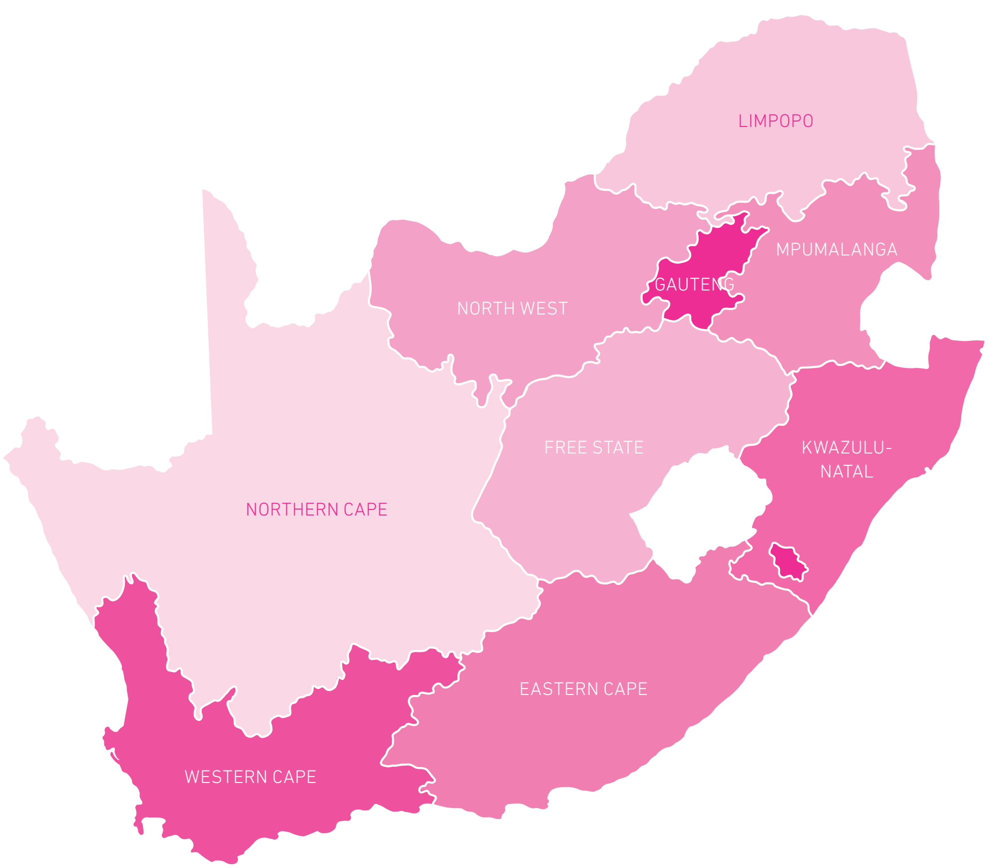
5% Directors
1% Multiple Directorships

1% Own 1 Property
0% Own Multiple Properties

R259 100,76
Opening Home Loan Balance:

R152 401,58
Opening Balance on Vehicle and Asset Finance

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



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

Scoresharp

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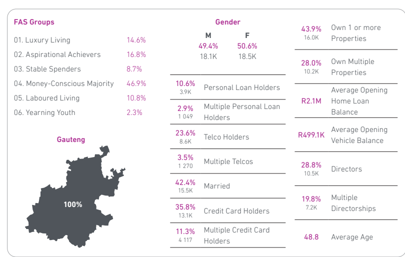
The unpredictable nature of the future can be daunting – let us help you understand your situation and how you can overcome your business obstacles through data and analytics.

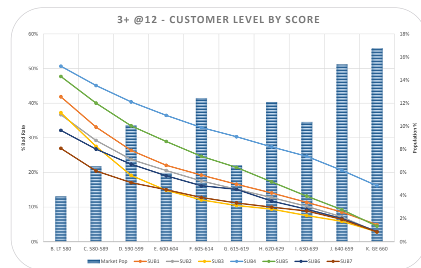
Understanding your Customers

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



Locate your Ideal Customer

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



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