



The role of the credit bureaus in South Africa and how they operate
By Annelene Dippenaar, Chief Legal and Compliance Officer at Experian Africa

The main function of credit bureaus, as intended in the National Credit Act (NCA), is to protect consumers from irresponsible lending and over-indebtedness. For this reason, a credit bureau gathers, stores, and reports credit-related financial information of consumers that includes successful applications for credit or services, such as loan agreements, credit cards, store cards, insurance products and cellphone contracts.

The intention of reporting this information is to allow a prospective lender to be aware of all the agreements that the consumer is already party to and how well the consumer has conducted the repayment under those agreements to make an informed decision in terms of creditworthiness. It helps them understand how likely the consumer is to honour the payment on what is being applied for; and along with salary and expenses information provided by the consumer, assess affordability.

Through this process, credit bureaus play an important part in supporting financial inclusion and economic growth by making credit and services accessible to more people, enabling lenders and businesses to reduce risks associated with lending and promote responsible lending. Risk-based lending and services can also mean lower service costs and reduced costs of credit, which means lower fees for the consumer.

What does a credit bureau do?

Credit bureaus provide information about an applicant's credit profile to credit providers, other financial service providers and providers of services on credit or for cash. This information, combined with the provider's own business rules and internal information, determines whether credit or access to services is approved or declined and may even impact the pricing of the service.

Credit bureaus also compile credit reports along with credit scores. A credit report documents all of a consumer's credit and related information (i.e. properties owned), showing how they manage and repay the credit or services given to them. A credit score is a number that reflects the likelihood of the consumer paying credit back. A credit score is based on the consumer's credit report information, which will show credit providers the predicted level of risk of a consumer defaulting (not honouring your payment obligations).

Experian is committed to improving consumer financial literacy and is dedicated to helping consumers understand what a credit score means and how to manage their overall credit health.

We encourage consumers to take advantage of the free service provided by our credit bureau giving consumers the right to access their credit reports. [My Credit Check](#) provides consumers with unlimited free access to their credit reports.

The more insight and understanding people have about credit and the information on their credit reports, the easier it is to build and strengthen their overall financial wellbeing. Financial health plays a critical role in enabling access to credit and affordable services. Access to credit opens the door to opportunities for people to transform their lives – from homes and healthcare to education and entrepreneurship.



Working in a POPIA environment

Under the Protection of Personal Information Act (POPIA) and as part of the credit environment under The National Credit Act (NCA), credit bureaus have responsibilities to both consumers in South Africa and companies that have a business relationship with a bureau.

Credit bureaus look after vast amounts of data. In this modern, data-rich world, it can be easy to lose track of how your data is being used, which is why credit bureaus need to provide complete transparency over what they hold and how they use it.

The [Experian Trust Centre](#) is a helpful resource that aims to explain in simple terms what information Experian holds, where we source it, what we do with it, and with whom we share it. This centre also includes information on our legal and compliance material relating to POPIA, PAIA, the National Credit Act and other information processes.

To understand your data relationship with a credit bureau, watch our [Know Your Bureau video](#), which explains how bureaus operate and the information credit bureaus hold.

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About Experian

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We have 17,800 people operating across 44 countries, and every day we're investing in new technologies, talented people and innovation to help all our clients maximize every opportunity. We are listed on the London Stock Exchange (EXPN) and are a constituent of the FTSE 100 Index.

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