National Credit Regulator

Advocating For Inclusive Credit

ANNUAL REPORT

2024 | 2025

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PART

GENERAL INFORMATION

NATIONAL CREDIT REGULATOR GENERAL INFORMATION

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Acting Company Secretary
Mr Ngoako Mabeba

LIST OF ABBREVIATIONS/ACRONYMS

AA	Accounting Authority
ADRA	Alternative Dispute Resolution Agent
AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
ARMC	Audit and Risk Management Committee
B-BBEE	Broad-based Black Economic Empowerment
BusCRI	Business Credit and Risk Information Sharing Initiative
CB	Credit Bureau
CBA	Credit Bureau Association
CBI	Corporate Banking Institution
CBM	Credit Bureau Monitor
CCMR	Consumer Credit Market Report
CCR	Central Credit Register
CEC	Consumer Education Committee
CEO	Chief Executive Officer
CIF	Credit Industry Forum
CP	Credit Provider
CPF	Consumer Protection Forum
CSD	Central Supplier Database
dtic	Department of Trade, Industry and Competition
DC	Debt Counsellor
DHS	Debt Help System
EAP	Employee Assistance Programme
EE	Employment Equity
FPI	Financial Planning Institute of Southern Africa
FSCA	Financial Sector Conduct Authority
FSP	Financial Services Provider
GRAP	Generally Recognised Accounting Practice
HR	Human Resource
ICCR	International Committee on Credit Reporting
ICT	Information and Communication Technology
IFC	International Finance Corporation
MFSA	Microfinance South Africa
MoU	Memorandum of Understanding
MSME	Micro, Small, and Medium Enterprises
NCA	National Credit Act
NCC	National Consumer Commission
NCR	National Credit Regulator
NCT	National Consumer Tribunal
NGB	National Gambling Board
NGO	Non-governmental Organisation
NRCS	National Regulator for Compulsory Specification
NT	National Treasury
OHS	Occupational Health and Safety
PDA	Payment Distribution Agent
PFMA	Public Finance Management Act
POPIA	Protection of Personal Information Act
PSC	Public Service Commission
SACRRA	South African Credit and Risk Reporting Association
SANCA	South African National Council on Alcoholism and Drug Dependence
SAPS	South African Police Service
SARB	South African Reserve Bank
SARS	South African Revenue Service
SASSA	South African Social Security Agency
SCA	Supreme Court of Appeal
SCM	Supply Chain Management
SCOPA	Standing Committee on Public Accounts
SLA	Senior Legal Advisor
TR	Treasury Regulations
WCF	Workman's Compensation Fund

Definitions used to measure performance	
Effective	Successful in producing a desired or intended result
Enhance	Improve the quality of performance
Facilitate	To make an action or process easier
Support	To give assistance

FOREWORD BY THE

Minister of Trade, Industry and Competition

It is my pleasure to table the annual report of the National Credit Regulator (NCR) for the 2024/25 financial year.

The report is presented against the backdrop of tough economic conditions that drive consumers to seek solutions to their financial woes from credit providers. Seldom before in the history of our democratic nation has responsible consumer-credit granting been more necessary. As such, the role and importance of the NCR in the facilitation of the social and economic advancement of South Africans cannot be overestimated.

In response to the unique nature and demands of the South African consumer-credit market, the NCR is increasingly developing innovative approaches to enhance fairness and eliminate discriminatory practices in the consumer-credit market.

By making it possible for a broader dataset to be considered when determining a consumer's creditworthiness, the NCR is advancing financial inclusion. Furthermore, the imminent inclusion of maintenance payment behaviour in a consumer's credit record has the potential to materially improve the lives of children by ensuring consequences for parents who default on their obligations. The NCR is also doing ground-breaking work with the support of the IFC to create technology solutions that will improve the viability of MSMEs in the credit-extension value chain.

During the year under review, the NCR obtained an unqualified audit opinion with findings and secured in excess of R92.7 million in redress to consumers by way of monetary refunds and/or adjustments to outstanding account balances because of complaint evaluations, compliance monitoring and investigations. Education of consumers and credit providers continued, while efforts to engage proactively around compliance were stepped up.

The NCR secured in excess of

R92.7 million

in redress to consumers.

In all this, NCR implemented its core mandate, while contributing to the achievements of the dtic's three shared outcomes, namely, increased industrialisation, strengthened transformation in the economy and building a capable state. The purpose of these outcomes is to allow the entities in the dtic group – comprising regulators, financiers and technical institutions – to pool capacities and collaborate in the interest of making a tangible difference to the lives of South African people.

I extend a special word of thanks and appreciation to Ms Lynette de Beer and her senior management team who succeeded admirably in guiding the regulator through a year marked by leadership uncertainty and a far-reaching political change at the national level.

Thank you also to the management and the NCR staff for their efforts in the past year

Mr Parks Tau, MP

Minister of Trade, Industry and Competition

30/09/2025

STATEMENT BY THE

Deputy Minister of Trade, Industry and Competition

In a country with high inequality such as South Africa, access to fair credit facilities is crucial in ensuring that we have responsible credit granting and use, while also fostering redress. The National Credit Regulator's commitment to establish a business credit and risk reporting ecosystem for South Africa that will facilitate sharing of credit business information to enhance the visibility lenders have of small businesses is a critical intervention towards this.

Understanding that credit information sharing is crucial to inclusive growth, the NCR will continue its efforts to launch a public credit registry capable of supporting macroprudential supervision and risk monitoring, and financial stability, policy formulation, as well as research and analytics.

Against the backdrop of the strategic priorities of the 7th Administration, the NCR will focus on meeting its policy objectives as contained in the National Credit Act. These are inclusive growth and job creation, reducing poverty and tackling the high cost of living and building a capable, ethical and developmental state, resulting in an inclusive economy and ensuring improved impact of public policies.

The dtic family pledges its support to the NCR as we join hands in the task to facilitate growth and prosperity in South Africa, understanding that each of our entities has a targeted role to play in bringing about the much needed economic transformation and access to opportunities.

Mr Zuko Godlimpi, MP
Deputy Minister of Trade, Industry and Competition

FOREWORD BY THE

Accounting Authority

The year under review was not an easy one for the NCR. The retirement of our previous CEO early in the year left a leadership gap that had a domino effect across the regulator's leadership structures as staff members were moved into acting positions and took on additional responsibilities to ensure the continued effective functioning of the organisation while the process to recruit a successor ran its course.

In addition, the transition to the 7th Administration following the formation of a government of national unity after the general elections in May 2024 brought with it strategic and operational changes to which the NCR had to adapt.

Strategic relationships

As a member of the International Committee on Credit Reporting (ICCR), the NCR undertook to collaborate with the International Finance Corporation (IFC) on various projects to improve credit information reporting in South Africa:

- An automation project that includes the development of a roadmap for the development or acquisition of an operational management information system (OMIS) that will assist the organisation in fulfilling its regulatory mandate.
- The use of alternative data to broaden access to the consumer credit market. Under Phase 1 of the cooperation agreement, the NCR and the IFC have carried out a diagnostic study to determine the nature of alternative data available in the country. Phase 2 entails promoting the adoption and usage of alternative data by integrating and completing ongoing work initiated during Phase 1.
- Phase 2 was launched in 2024.

Despite this set of circumstances, the organisation **delivered to the best of its ability** and **recorded an overall 82% achievement** of its regulatory ministerial targets:

TARGETS

12 Exceeded

6 Achieved

1 Substantially achieved

3 Not achieved

Other strategic partnerships include an MoA with the South African Credit and Risk Reporting Association (SACCRA) and the Credit Bureau Association (CBA) to support the transmission of consumer credit information data via the Data Transmission HUB. Through this strategic partnership agreement, commercial credit reporting for micro, small and medium enterprises will be supported through the Business Credit and Risk Information Sharing Initiative (BusCRI).

Under the Financial Sector Regulation Act, 2017, the NCR was established as a member of the Financial Stability Oversight Committee (FSOC). This committee serves as a forum to be informed and to exchange views, about the activities regarding financial stability. The NCR has provided bi-annual feedback to the FSOC in terms of debt review process, statistics and trends as well as progress on the establishment of a credit registry in strengthening South Africa's financial stability oversight mechanisms.

Under the same act, the Prudential Authority (PA) and the Financial Sector Conduct Authority (FSCA) must co-operate with and assist the National Credit Regulator in order to achieve objectives. To this end, the NCR attended a collaboration workshop with the FSCA during 2024/25 to establish whether the contents of the MoU require a review. During the discussion in the meeting, both parties agreed that the MoU does not require any amendments. The need for a periodical review of the MoU with the PA has not been established, and the current contents of this MoU will also remain unchanged.

Sustainability of NCR registrants

In participating freely in an economy, it is almost impossible to disconnect oneself from the credit market. When used wisely, credit has the potential to exponentially expand opportunities. Credit fuels economic growth by providing businesses and individuals with the financial resources to invest, expand, and innovate, driving productivity and consumption.

It is important to prescribe an appropriate fee structure that will enable the credit industry participants - registrants of the NCR - to remain sustainable and uphold the provisioning of safe products to consumers.

Regulations to the NCA that provide for maximum prescribed rates to be disbursed by Credit Providers, Debt Counsellors, Payment Distribution, Alternative Dispute Resolution Agents, and Credit Bureaus have not been amended since 2015. Disbursement of these fees have failed to keep pace with inflation, operational costs, and compliance requirements which NCR registrants are exposed to. This has created unsustainable conditions for NCR registrants resulting in a negative service delivery to the consumer market and ultimately contributing to financial exclusion.

This concern underlines the need for an urgent review of industry fees to encourage the sustainability of current registrants and to open the market for more competition for the benefit of the consumer.

The strategic focus over the short- to medium-term period

During 2024, South Africa's general election resulted in the formation of the government of national unity (GNU). With the appointment of the new minister of trade, industry and competition, a new approach was introduced to shift from activities to impact targets. The objective was to combine the efforts of the dtic and its entities towards creating real impact for South Africans.

To this end, the dtic introduced 10 core output targets, five of which the NCR will contribute to. These focus areas were aligned to the dtic's three strategic priorities: inclusive growth and job creation; reduced poverty and tackle the high cost of living; and building a capable, ethical and developmental state.

Over the past two decades the NCR has enforced the National Credit Act, No. 34 of 2005 (NCA) in promoting a fair and non-discriminatory credit market. There are, however, further opportunities to enhance the protection of vulnerable consumers against predatory lenders and to support the creation of opportunities for MSMEs.

The NCR will continue to build on its two existing strategic programmes, namely, improving the regulatory environment and ensuring the enforcement of the NCA, while also incorporating the newly added programme on sustainability and ESG into its operational plan. These efforts will improve the day-to-day operations of the entity in alignment with the Medium-Term Development Plan (MTDP) priority to build a capable, ethical and developmental state.

In the next reporting period, the NCR will furthermore be guided by its revised vision, mission and motto that were signed off by the dtic during April 2025.

CHIEF EXECUTIVE OFFICER'S OVERVIEW

General financial review

For the 2024/2025 financial year, the NCR has a final approved budget of R147 953 942 (2023/2024: R141 652 032. Revenue consists of R79 051 000 (2023/2024: R81 538 000), which constitutes 52% of the NCR funding, received from the dtic and the balance of R68 902 942 (2023/2024: R60 114 032) received from registrants fees and other income. .

Spending trends

The NCR allocated its budget as follows during the financial year under review:

Expenditure	**2024/2025 R**	2023/2024 R
Professional/programme	**14 698 600**	16 795 081
Administration	**37 671 876**	29 186 557
Personnel	**87 233 424**	84 730 394
Capital expenditure	**8 350 042**	10 940 000

Capacity constraints and challenges facing the NCR

The NCR's funding limitations significantly constrain its capacity in terms of human resources and information technology.

Discontinued key activities/activities to be discontinued

No activities were discontinued during the year under review.

New or proposed key activities

No new activities were undertaken during the year under review.

Requests for roll over of funds

In the 2024/25 financial year, the National Treasury approved the roll over of funds from the 2023/24 financial year. The retention of these funds is predominantly for ongoing legal matters.

Supply chain management

The NCR's supply chain management (SCM) processes and systems comply with the SCM regulations and practices in the Public Finance Management Act (PFMA),1999 (Act No. 1 of 1999) and Treasury Regulations (TR). These policies and procedures ensure that the NCR procures goods and services in a fair, competitive, transparent and equitable manner. The NCR has neither received nor concluded unsolicited bid proposals for the year under review.

Audit report matters

In the 2024/2025 financial year, the NCR received an unqualified audit opinion with findings.

Outlook/plans for the future to address financial challenges

In addressing its financial challenges, the NCR is developing a new funding model that will positively influence the regulator and its stakeholders.

Events after the reporting date

The NCR is not aware of any events after the reporting date of 31 March 2025 that are likely to have a material impact on its financial results or operations.

Economic viability

The NCR financial statements have been prepared on a going concern basis. The economic viability and going concern of the NCR is supported by the dtic.

Acknowledgements

I thank the NCR executive team, management and staff for their efforts and support throughout the year. They weathered the inevitable disruptions caused by internal staff movements with fortitude, while continuing the contributions that make it possible for the NCR to achieve its mission and fulfil its mandate.

Ms Lynette De Beer CA (SA)
Acting Chief Executive Officer

31 July 2025

Ms Lynette De Beer CA(SA)
Acting Chief Executive Officer

Mr Ngoako Mabeba
Acting Company Secretary (from 1 March 2025)

Ms Phillipine Mweli
Acting Chief Financial Officer

Ms Nthupang Magolego
Executive Senior Legal Advisor

Adv Kedilatile Legodi
Acting Company Secretary (up to 28 February 2025)

NCR PROJECTS THAT WILL SHAPE CREDIT INDUSTRY

The South African Credit Reporting and Financial Inclusion Programme (SACRFI)

The National Credit Regulator (NCR) and the International Finance Corporation (IFC) launched of Phase 2 of the South African Credit Reporting and Financial Inclusion Programme on 15 August 2024 at Indaba Hotel was attended by numerous industry participants, with some joining virtually. The event was especially significant as it marked a new phase of the collaboration between the NCR and IFC. The NCR has a legislative mandate in terms of the National Credit Act to establish an accessible credit market in South Africa, this includes enhancing consumer credit data and reporting, while advocating for an equitable and transparent credit market.

This Programme features various projects and interventions, some of which were highlighted during the launch, and offered a diverse range of sessions covering various aspects of the SACRFI programme, including panel discussions on the role of alternative data in promoting financial inclusion; the promotion of business access to credit; and the Public Credit Registry. The launch was also designed to explore opportunities for collaboration with our various stakeholders.

The second phase of the programme seeks to implement the achievements from Phase 1 to broaden enhance alternative data points, and introduce new initiatives, including the BusCRI, designed to improve credit information exchange for small to medium sized enterprises. Additional activities include implementing the Public Credit Registry, automation of the NCR business processes and the development of various knowledge resources.

The NCR collaborates with the Financial Services Regulatory Authority (FSRA) in Eswatini

One of the NCR's missions is to enhance consumer protection through information sharing on market trends and developments, as well as collaboration with regional regulators. The NCR team was hosted by the Financial Services Regulatory Authority (FSRA) of Eswatini, where they provided training to the FSRA team on the National Credit Act from 17–20 September 2024.

The training event marked the initial step of collaboration and coordination between the two regulators regarding consumer credit market challenges and the exchange of information on regulatory best practices.

The partnership between the NCR and the FSRA aims to enhance cross-border oversight of the consumer credit market, and to harmonise laws and regulations related to consumer credit cross in both countries. The Collaboration is crucial for maintaining the respective financial systems overseen by the NCR and the FSRA remain robust, resilient while serving the public interest.

The NCR and the FSRA have formalised their collaboration through the conclusion of a Memorandum of Understanding, which will facilitate the collaboration between the regulators on matters including information sharing, technical support, and capacity building.

The London workshop positioned NCR as Ambassadors for Women's Financial Inclusion

The Executive Senior Legal Advisor, Ms. Nthupang Magolego and Legal Advisor, Ms. Mmathabiso Khalema participated in a programme called Tech-Equity: Women in Inclusive Tech Regulation from August 2024 until November 2024 that was offered by Women's World Banking, AIR-Alliance for Innovative Regulation, and New York University and University of Pennsylvania Schools of business.

This was a multi-week program designed to empower the next generation of diverse women policymakers, regulators and supervisors with the information, knowledge, and mindset necessary to be at the cutting edge of technology, while expediting efforts to bridge the gender gap in financial inclusion.

The programme has provided both NCR Advisors with the skills and strategies to navigate current and future technological advancements and trends, the knowledge on some of the most catalytic technologies impacting the financial services industry, as well as an understanding of how to foster innovation, engage stakeholders and spearhead change within their organisations.

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF THE ACCURACY OF THE ANNUAL REPORT

To the best of my knowledge and belief, I confirm the following:

- All information and amounts disclosed in the annual report are consistent with the annual financial statements (AFS) audited by the Auditor-General;
- The annual report is complete, accurate and is free from omissions;
- The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury;
- The annual financial statements (Part E) have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) applicable to the public entity;
- The accounting authority (AA) is responsible for the preparation of the annual financial statements and the judgements made in this information;
- The AA is responsible for establishing, and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the human resources information and the annual financial statements; and
- The external auditors are engaged to express an independent opinion on the annual financial statements.

In my opinion, this annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs for the financial year ended 31 March 2025.

Ms Lynette De Beer CA(SA)
Acting Accounting Authority and Chief Executive Officer

31 July 2025

STRATEGIC OVERVIEW

VISION

To promote a South African consumer credit market that is fair, transparent, accessible and dynamic.

MISSION

To support the social and economic advancement of South Africa by:

- Regulating for a fair and non-discriminatory market for access to consumer credit.
- Promoting responsible credit-granting use and effective redress.

VALUES

Service excellence: we strive for service excellence that exceeds the expectations of all stakeholders.

Integrity: we are committed to honesty and integrity without compromise.

Empowerment: we strive for empowerment in the consumer credit market, and we are also committed to employee empowerment.

Good corporate governance: we strive to be a model of good corporate governance at all times.

LEGISLATIVE AND OTHER MANDATES

In terms of the PFMA, the NCR is a Schedule 3A public entity.

The purpose of the NCR is to:

- Promote a fair and non-discriminatory marketplace for access to consumer credit and for that purpose to provide for the general regulation of consumer credit and improved standards of consumer information;
- Promote black economic empowerment and ownership within the consumer credit industry;
- Prohibit certain unfair credit and credit-marketing practices;
- Promote responsible credit granting and use and for that purpose prohibit reckless credit granting;
- Provide for debt reorganisation in cases of over-indebtedness;
- Provide for registration of credit bureaus, credit providers, debt counsellors, payment distribution agents and alternative dispute resolution agents;
- Establish national norms and standards relating to consumer credit;
- Promote a consistent enforcement framework relating to consumer credit;
- Establish the NCR and the NCT; and
- Promote and advance the social and economic welfare of South Africans; promote a fair, transparent, competitive, sustainable, responsible, efficient, effective and accessible credit market and industry.

The NCR enforces the provisions of the NCA by:

- Promoting informal resolution of disputes between consumers and credit providers, credit bureaus and/or debt counsellors;
- Receiving complaints regarding contraventions of the NCA;
- Monitoring the consumer credit market and industry to prevent, detect and/or prosecute contraventions;
- Investigating and evaluating alleged contraventions of the NCA;
- Issuing and enforcing compliance notices in respect of contraventions;
- Negotiating and concluding undertakings and consent orders as a means of resolving consumer complaints; and
- Referring matters to the NCT for adjudication.

The NCR is also mandated to undertake research on the nature and dynamics of the consumer credit market by:

- Implementing education and information measures to develop public awareness of the provisions of the NCA;
- Providing guidance to the credit market and industry;
- Monitoring socioeconomic patterns of consumer credit activity in the Republic of South Africa;
- Conducting reasonable periodic audits of registered credit providers in respect of historical data relative to credit applications and credit agreements;
- Monitoring trends in the consumer credit market and industry;
- Reviewing legislation and regulations and reporting to the minister concerning matters related to consumer credit.

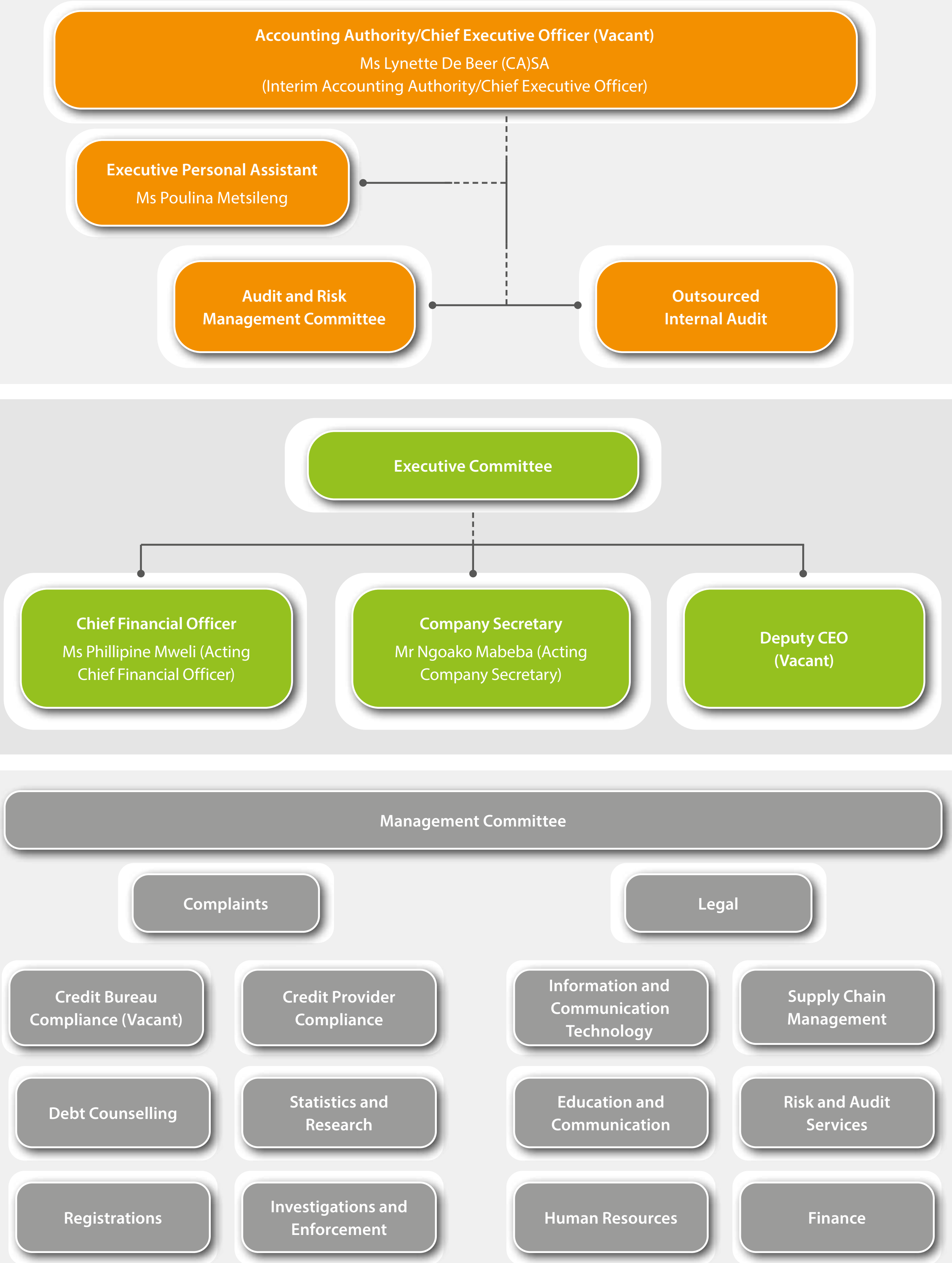
The NCR promotes public awareness around consumer credit matters by:

- Implementing education and information measures.

The NCR is also mandated to advise the minister of trade, industry and competition on matters of national policy relating to consumer credit and on the determination of national norms and standards regarding consumer protection.

ORGANISATIONAL STRUCTURE

The organogram provides a high-level overview of the organisation structure of the National Credit Regulator as at 31 March 2025.



STATISTICAL OVERVIEW OF THE CONSUMER-CREDIT MARKET

Credit granted

New credit granted decreased from R158.70 billion for the quarter ended December 2024 to R146.58 billion (7.64%) for the quarter ended March 2025.

Credit granted – credit type (in R'000)

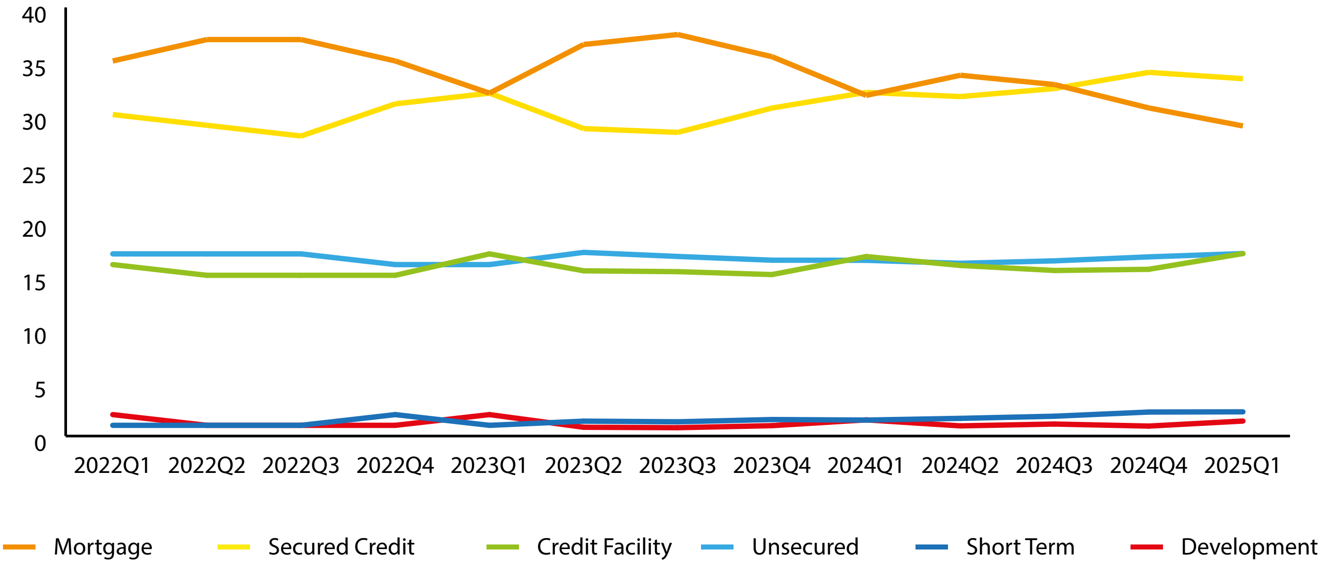
Agreement	2024–Q1 R	2024–Q2 R	2024–Q3 R	2024–Q4 R	2025–Q1 R	2025–Q1 % distribution	% change (Q1/Q4)	% change (Y/Y)
Mortgage	38 355 779	45 600 496	45 242 477	48 655 683	**41 509 327**	**28.32**	**(14.69)**	**8.22**
Secured credit	44 193 545	44 614 699	48 176 073	54 343 383	**49 961 977**	**34.09**	**(8.06)**	**13.05**
Credit facility	22 563 600	23 509 713	23 387 091	24 734 859	**24 436 722**	**15.57**	**(1.21)**	**8.30**
Unsecured	22 572 708	22 500 296	23 116 103	26 832 184	**26 021 530**	**17.75**	**(3.02)**	**15.28**
Short term	2 990 633	3 093 585	3 257 194	3 576 983	**3 164 394**	**2.16**	**(11.53)**	**5.81**
Developmental credit	1 853 006	446 803	453 720	554 200	**1 481 728**	**1.01**	**167.36**	**(20.04)**
Total	**132 529 271**	**139 765 592**	**143 632 658**	**158 697 292**	**146 575 678**	**100.00**	**(7.64)**	**10.60**

New credit granted

The unsecured credit share of total credit granted decreased from R26.83 billion for the quarter ended December 2024 to R26.02 billion for the quarter ended March 2025.

Mortgages' share of total credit granted decreased from R48.66 billion for the quarter ended December 2024 to R41.51 billion for the quarter ended March 2025.

Credit granted: percentage distribution



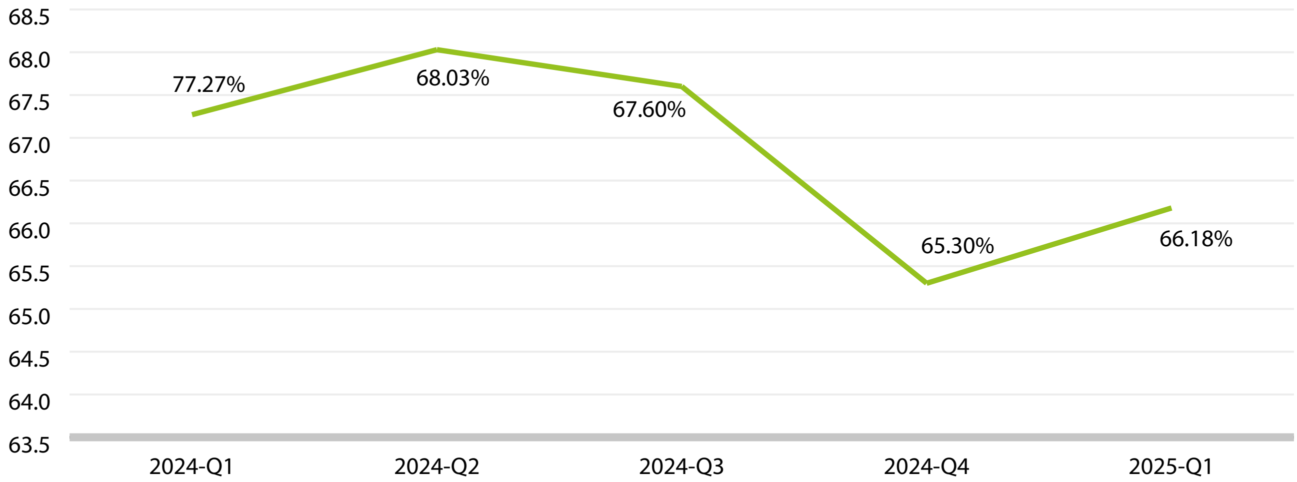
Rejection rate

The rejection rate increased from 65.30% for the quarter ended December 2024 to 66.18% for the quarter ended March 2025. The number of applications received decreased by 2.44% and number of applications rejected decreased by 1.13% for the quarter ended March 2025.

Number of applications received and rejected

Agreement	2024–Q1	2024–Q2	2024–Q3	2024–Q4	2025–Q1	% Change (Q1/Q4)	% Change (Y/Y)
Number of applications received	16 546	17 592	18 128	18 532	**18 081**	**(2.44)**	**9.27**
Number of applications rejected	11 131	11 969	12 255	12 102	**11 966**	**(1.13)**	**7.50**
Percentage rejection	**67.27%**	**68.03%**	**67.60%**	**65.30%**	**66.18%**		

Percentage rejection



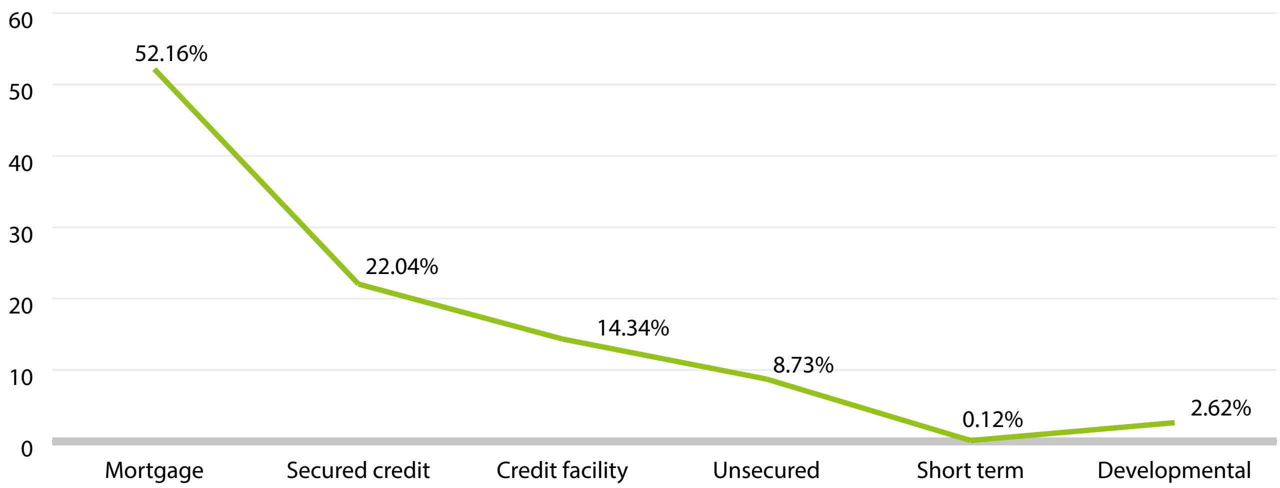
Gross debtors book

There was a quarter-on-quarter increase of R23.45 billion (0.98%) in the value of the gross debtors' book for the period ended March 2025. The corresponding year-on-year growth was R54.17 billion (2.28%). The mortgage credit book increased by R8.87 billion (0.71%) quarter on quarter and by R31.18 billion (2.53%) on a year-on-year basis. The secured book increased by R8.18 billion (1.55%) quarter on quarter and by R17.20 billion (3.32%) on a year-on-year basis.

Gross debtors book-credit type R'000

Agreement	2024–Q1 R	2024–Q2 R	2024–Q3 R	2024–Q4 R	2025–Q1 R	2025–Q1 % distribution	% change (Q1/Q4)	% change (Y/Y)
Mortgage	1 233 636 135	1 242 110 852	1 248 903 848	1 255 948 434	**1 264 819 463**	**52.16**	**0.71**	**2.53**
Secured credit	517 306 871	512 947 540	517 325 721	526 328 953	**534 505 341**	**22.04**	**1.55**	**3.32**
Credit facility	333 392 659	334 941 393	337 362 756	341 505 888	**347 705 769**	**14.34**	**1.82**	**4.29**
Unsecured	218 226 200	215 411 927	211 947 607	212 028 050	**211 620 865**	**8.73**	**(0.19)**	**93.03)**
Short term	2 768 964	2 773 081	2 839 159	3 132 594	**2 900 406**	**0.12**	**(7.41)**	**4.75**
Developmental credit	65 580 761	64 651 224	64 226 881	62 689 206	**63 528 846**	**2.62**	**1.34**	**(3.13)**
Total	**2 370 911 590**	**2 372 836 018**	**2 382 605 972**	**2 401 633 125**	**2 425 080 689**	**100.00**	**0.98**	**2.28**

Gross debtors book% Distribution 2025Q1



B
PART

PERFORMANCE INFORMATION

AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General of South Africa performed a findings engagement for predetermined objectives with no audit conclusion provided, only factual findings and results. The report on other legal and regulatory requirements is provided in the Report of the Auditor-General to Parliament on the National Credit Regulator on pages 85 to 89 of this report.

SITUATIONAL ANALYSIS

Notwithstanding several internal and external challenging factors elaborated in detail under the Accounting Authority's statement, the NCR was able to implement its priorities, objectives and targets as set out in its strategic and annual performance plans.

Furthermore, the NCR was successful in aligning its strategic focus to the three (3) shared outcomes introduced by the dtic, namely, industrialisation to promote jobs, transformation to build an inclusive economy and building a capable state to ensure improved impact of public policies. The strategic focus aligned to the dtic's shared outcomes and output targets were categorised into two (2) programmes with relevant activities as follows:

1. Improved regulatory environment to promote economic growth through job creation, integration, and transformation.
2. Enforcement of the NCA to promote a fair, responsible and accessible consumer credit market. This was implemented by conducting investigations and taking enforcement action on non-compliant registrants.

To this end, the NCR achieved and/or exceeded **18 of its 22** set targets under these programmes, with **3** being not achieved and 1 substantially achieved.

STATE OF THE CREDIT MARKET

The NCR published the Consumer Credit Market Report (CCMR) and the Credit Bureau Monitor (CBM), which are based on data submitted by the registered credit providers and credit bureaus respectively. The latest edition of the reports covers credit market information up to March 2025. All credit types granted decreased this quarter except developmental credit. The banking sector constitutes almost 80% of total credit granted.

The total value of new credit granted decreased by 7.64% quarter-on-quarter from R158.70 billion to R146.58 billion. The number of credit agreements entered-into decreased by 11.10% quarter-on-quarter from 5.71 million to 5.06 million.

The following were some of the most significant trends observed in terms of credit granted for the quarter ended March 2025:

- The value of new mortgages granted decreased by R7.15 billion (14.69%) quarter-on-quarter and increased by R3.15 billion (8.22%) year-on-year.
- Secured credit, which is dominated by vehicle finance, decreased by R4.38 billion (8.06%) quarter-on-quarter, and increased by R5.77 billion (13.05%) year-on-year.
- Credit facilities decreased by R298.14 million (1.21%) quarter-on-quarter and increased by R1.87 billion (8.30%) year-on year.
- Unsecured credit decreased by R810.65 million (3.02%) quarter-on-quarter and increased by R3.45 billion (15.28%) year-on-year.
- Short-term credit decreased by R412.59 million (11.53%) quarter-on-quarter and increased by R173.76 million (5.81%) year-on-year.

The total outstanding consumer credit balances (or gross debtor's book) as at March 2025 was R2.43 trillion, representing an increase of 0.98% quarter-on-quarter and by 2.28 year-on-year. The trends for outstanding balances for the quarter ending March 2025 were as follows:

- Mortgages debtors book increased by R8.87 billion (0.71%) quarter–on-quarter and by R31.18 billion (2.53%) year-on-year.
- Secured credit debtors book increased by R8.18 billion (1.55%) quarter-on-quarter and by R17.20 billion (3.32%) year-on-year.
- Credit facilities debtors book increased by R6.20 billion (1.82%) quarter-on-quarter and by R14.31 billion (4.29%) year-on-year.
- Unsecured credit debtors' book decreased by R407.19 million (0.19%) quarter-on-quarter and by R6.61 billion (3.03%) year-on-year.
- Short-term credit debtors' book decreased by R232.188 million (7.41%) quarter-on-quarter and increased by R131.44 million (4.75%) year-on-year.

Credit bureaus held records for 28.90 million credit-active consumers, which was an increase of 1.01% when compared to 28.61 million in the previous quarter. Consumers classified in good standing increased by 92,475 to 18.49 million. This amounts to 63.15% of the total number of credit-active consumers. The number of credit-active accounts increased from 97.02 million to 101.26 million in the quarter ended March 2025. The number of impaired accounts has increased from 19.87 million (20.48%) to 20.68 million (20.42%) in March 2025.

INTERNAL ENVIRONMENT ANALYSIS

Internal institutional factors that influence the NCR's ability to deliver on its mandate are summarised below.

a) Challenges that NCR has experienced in the performance environment

The NCR's funding challenges continued due to fiscal constraints and low revenue generation. The latter stems from the fact that some credit providers, debt counsellors and credit bureaus stopped operating and cancelled their registration with the NCR. Furthermore, a number of credit providers (especially banks) closed branches due to digitisation and cost-cutting needs. In addition, the fees that the NCR is legislated to bill registrants, have not been amended since 2016.

As a result of its funding challenges, the NCR's ability to develop much-needed ICT infrastructure is severely hampered and has serious consequences. The regulatory environment needs to be digitized as a matter of urgency given the increasingly sophisticated systems used by providers of consumer credit. The NCR's capacity constraints, aggravated by outdated policies and procedures, place the rising number of consumers in need of its services, at an unfair and unfortunate disadvantage. In addition, this results in poor consumer perceptions of the regulator.

b) NCR's capacity to deliver on its mandate (including human resources, financial resources, ICT capacity and other factors)

Financial resources: Adequate funding is a factor that the NCR needs to consider, especially due to the recessionary economic conditions. Despite to cost-cutting measures and improved efficiencies [mentioned in point c) under situational analysis], the NCR was able to deliver against on its mandate. The regulator needs to continue finding innovative ways to augment the budget and new ways of working smarter in order to be able to execute our legislative mandate.

Human resources: Having people with the right skills on board is an important factor that determines the success of the NCR. Funding cuts experienced in recent years resulted in the NCR freezing some key positions, losing key personnel to the industry and not being able to attract suitable skills. To increase capacity and boost staff complement, we will continue to recruit interns to assist with, in particular, information communication technology.

Occupational health and safety: NCR is committed to keep its working environment safe for its employees. We have an Occupational Health and Safety Committee responsible for implementing the requirements of the OHS Act and to ensure that occupational health and safety training is conducted as and when required. We employ the services of an occupational health and safety consultant who is responsible for legal compliance and a working environment that is safe and meets basic health standards.

Digitisation of structure, systems, and processes: In order to improve operational efficiencies, the NCR embarked on automating its internal processes. In this regard, the NCR has as part of the cooperation agreement with the IFC, agreed to undertake an automation project that includes the development of a roadmap for the development or acquisition of an operational management information system (OMIS) that will assist the organisation in fulfilling its regulatory mandate.

It remains imperative to continue scanning the environment for developments and to continuously update and innovate our systems and processes and ensure that a robust structure underpins it all.

Knowledge intensity: Operating in a knowledge economy and digitized workplace means the NCR has to provide its valued staff with opportunities for training and participation in conferences and similar industry events, albeit online.

c) Compliance with the Broad-based Black Economic Empowerment Act (No. 53 of 2003), as amended:

Compliance with BBBEE legislation and best practice is vital. The NCR issues tenders based on the PPR 2022 and advertises new tenders on the e-tender portal and the website. Only suppliers who are registered on the Central Supplier Database (CSD) are engaged.

The National Credit Regulator complies with the Public Finance Management Act (PFMA) and the 2009 King IV Code of Governance Principles for South Africa (King IV Code) in as far as the Code can be applied to the NCR. The Executive Authority, the Minister of Trade, Industry and Competition and Parliament ensures that the NCR embraces good corporate governance practices.

Budgetary constraints furthermore impede staff recruitment and retention, which negatively impacts organisational stability, continuity, and culture. It also leads to an unhealthy level of dependance on consultants.

Lengthy litigation, which is the norm in the credit sector and requires sizeable funding, is a further persistent challenge exacerbated by funding constraints. Matters referred to the NCT or the High Court are often challenged by either the NCR or industry players, resulting in costly legal processes.

The most notable non-financial challenge was different interpretations of the NCA that result in uncertainty regarding the regulatory framework.

d) Emerging priorities and opportunities

Innovation To Improve Regulatory Environment

Research and pilot project on Promoting Alternative Data: Understanding that a variety of data can be used when assessing a consumer's creditworthiness, the NCR entered into a Cooperation Agreement with the IFC to carry out a diagnostic study during 2022 to determine the nature of so-called alternative data available in the country. Examples are tenants' rental history and the record a small retailer builds up through a trading account with a wholesaler. The NCR and the IFC have since concluded a Phase 2 Cooperation Agreement aimed at promoting the adoption and usage of alternative data by integrating and completing on-going work initiated under the initial Phase 1. Under this agreement, the IFC will provide advisory services and technical assistance to the NCR for a wide range of activities, including the adoption of alternative data.

Key pieces of priority legislation amendment: The dtic has committed to review the NCA. The NCR will form an internal working group on the required amendments to the NCA. Ongoing guidance will be sought from the dtic on additional working groups in relation to the development of this project.

Critical pending projects

Debt counsellors' qualification: The Debt Counselling Department has engaged the Quality Council for Trades and Occupation (QCTO) and BankSeta to explore the feasibility of developing an occupational qualification for debt counsellors. Given the complexity of the debt review process, the NCR requires that individuals successfully complete an NCR-approved debt counselling course before they can register with the regulator as a debt counsellor. The current qualification is a 10-day short course. With this project, however, the NCR aims to provide prospective debt counsellors with in-depth theory and practical training that will prepare them for the debt counselling profession. As a result, the standard of debt counselling services, the profession itself and, ultimately, the regulatory environment will improve. The BankSeta has approved funding for the project and is in the process of procuring the services of a facilitator. This long-term project will run well into the next financial year.

Enforcing and listing maintenance court orders

The NCR has been involved in a regulatory oversight and advisory capacity to help improve the efficiency of the maintenance system and ensure compliance with the credit reporting regulatory framework. The NCR has been working with the Department of Justice and Constitutional Development (the department responsible for maintenance courts) to provide guidance on the reporting of maintenance judgments to credit bureaus.

Known as the Maintenance Online Listing of Defaulters (MOLD) Project, it aims to ensure proper listing and accountability of maintenance defaulters.

Strategic collaboration and cooperation

Existing relationships: One of the critical lessons the NCR took from the pandemic is that through collective cooperation, all entities can enjoy better outcomes. The NCR will continue strengthening strategic relations with other regulators as well as its main stakeholders through the Credit Industry Forum (CIF); collaborate with the IFWG and other governmental bodies such as the Department of Small Business Development's Movable Asset Collateral Registry Committee (MACR); and participate in relevant international events. The NCR is a member of the World Bank's International Committee on Credit Reporting (ICCR) and is involved in various programs with the International Finance Corporation (a World Bank member) including advisory and technical assistance that is credit market related, and will be hosting the ICCR Spring Plenary Meeting in 2025 in South Africa.

EXTERNAL ENVIRONMENT ANALYSIS

The following issues in the external environment are relevant in informing the NCR's strategy:

a) Focus on economic recovery and reconstruction

South Africa's internal economy struggles with low growth, inequality, unemployment, and poverty persist and are exacerbated by geopolitical events. In addition to the ongoing war between Russia and Ukraine, Middle East tensions, including the Israel-Hamas war, risk drawing Africa into proxy conflicts. The potential impact on security, foreign investment and trade relationships is severe and will have a direct influence on the South Africa's efforts to rebuild its economy.

A counterpoint, however, was the free and fair elections that marked our 30th year of democracy, and the peaceful transfer of power to a government of national unity. In addition, economic recovery and reconstruction is greatly supported by the ongoing partnership between government and the private sector to address security of electricity supply, transport and logistics, and crime and corruption. Notable successes were achieved in the first phase of the partnership and ambitious targets have been set for the second phase, including a 3% growth rate and hundreds of thousands of new jobs by mid-2025.

The NCR will contribute to this regard (within its mandate) in support of the following 5 of the 10 dtic core output targets:

- Work experience
- MSME support
- Transformation
- Red tape reduction
- Subsistence Farmers

b) Socioeconomic conditions

In March 2025, the Monetary Policy Committee (MPC) of the South African Reserve Bank decided to maintain the repo rate at 7.50% and the prime rate at 11%. The governor noted that, while services inflation is somewhat higher, it remains below the 4.5% target midpoint.

According to Statistics South Africa, annual consumer price inflation was 2.7% in March 2025, down from 3.2% in February 2025. Economists had mixed opinions leading up to the MPC decision, with some arguing that real (inflation-adjusted) interest rates are too high given the sluggish local economy, indicating a need for further interest rate relief.

Looking ahead, the anticipated reduction in the repo rate is expected to offer relief to consumers struggling with debt repayments and other household obligations.

According to Statistics SA's September 2024 report, food inflation has slowed to 5.9%, compared to 11.5% two years ago. While this is good news, the Human Sciences Research Council's HSRC's National Food and Nutrition Security Survey, conducted from 2021 to 2023 and involving 34 500 households, indicated that South Africa faces a deepening malnutrition crisis. According to the survey, which was released in August 2024, more than 60% of households suffer some form of food insecurity and more than 40% are unable to afford nutritious items.

South Africa's repo rate is currently set at 7%, while the prime lending rate, which affects secured loans like mortgages, is around 11%. Over the past 12 months, the repo rate fluctuated between 7% and 8.25% as part of the South African Reserve Bank's efforts to control inflation.

As of the first quarter of 2024, South Africa's official unemployment rate stands at 32.9%, reflecting a slight increase from previous quarters. This translates to around 8.2 million individuals unemployed in the country, according to Stats SA.

Load shedding has been suspended since 26 March 2024. As of mid-October, the country has gone more than 200 days of uninterrupted power supply. Water supply, however, is coming under increased pressure, especially in Gauteng where Johannesburg, Tshwane and Ekurhuleni are experiencing severe water shortages. Key issues include mismanagement, outdated infrastructure, and escalating demand due to urbanization and population growth. Erratic rainfall due to climate change exacerbates the situation.

This poly-crisis reality leaves South African consumers in a precarious socioeconomic situation. As pressure on the average consumer shows little sign of abating, the NCR expects consumers to borrow more and buy more on credit. Furthermore, unethical players in the credit industry can be expected to take advantage of vulnerable and desperate consumers. This, in addition to an expected increase in the number of over-indebted consumers (in June 2024, private debt stood at 65.94% of GDP), will increase demand for the NCR's services. Over-indebtedness reduces disposable income, causing consumers to increasingly turn to debt for living expenses and hence sinking deeper into a downward debt spiral.

c) Fifth Industrial Revolution (5IR)

The Fifth Industrial Revolution (5IR) is expected to significantly transform the consumer credit market in South Africa by introducing a focus on human- centered technology, ethics, and sustainability. Building on the Fourth Industrial Revolution's advances in digitalization, AI, and data analytics, 5IR emphasizes personalized and ethical technology use, aimed at building deeper connections between humans and machines.

With 5IR technologies, credit providers can offer more tailored financial products. AI-driven insights allow for highly customised credit assessments, potentially extending financial services to previously underserved populations by better understanding individual credit behaviors and needs. This can improve credit accessibility for South Africa's diverse demographics, including those with limited credit histories, and ties in with the NCR's alternative data sources project.

5IR marks yet another leap forward in technology use in the consumer credit market. It opens up unprecedented opportunities and potential benefits to consumers, but also demands more than ever before of the NCR in terms of ICT infrastructure and skills. The regulator has to function at a different level to monitor new credit products and their marketing by credit providers, in order to protect consumers against debt traps, especially the most vulnerable groups (women and youth).

d) Strategic relationships

Engagement and collaboration with a wide range of local and international industry players and other bodies (private and corporate) is essential to the NCR's effectiveness and reach, and therefore relevant in informing the institution's strategy. Recently, the NCR concluded an MOU with the National Financial Ombud Scheme South Africa (NFO) to strengthen consumer protection collaborative efforts.

OVERVIEW OF PERFORMANCE

Service delivery environment

The services that the NCR delivers directly to the public entail face-to-face educational activities with consumers and registrants and the channels through which complaints can be lodged. These are a combination of physical contact when consumers come into the NCR offices or approach officers at outreach events, real-time exchanges in the form of phone calls to the contact centre, and digital exchanges. The latter entails complaints lodged via email or the NCR website.

Personal finance is an intensely personal issue and education on complex matters, such as dealing with debt and understanding the credit market, is best delivered in face-to-face situations or in real-time exchanges. For these reasons, the NCR values and prioritises its direct dealings with the public.

The persistent tough economic environment continues putting pressure on consumers, as is evident by the number of impaired accounts at the credit bureaus. The number of impaired accounts at the end of the financial year had increased to 19.87 million, which was 1.25% higher than at the end of the previous year.

As unemployment remains stubbornly high (32.9%) and households struggle to make ends meet, unscrupulous entities prey on consumers' desperation. In the NCR's sphere of influence, this is reflected in the increase in complaints regarding debt review without consent. In response, the organisation has increased its debt counselling education efforts, as well as the monitoring of debt counsellors and taking of enforcement action where necessary.

Economic realities unfortunately also hamper the NCR's ability to fulfil its mandate. Lack of funds complicates the recruitment of appropriately skilled people to fill key positions and prevents the organisation from migrating from a mostly manual to a digital and automated environment that will improve its oversight, enforcement and reporting capabilities. During the year under review, the NCR clarified the specifications for the IT system that would meet its current and foreseeable-future needs.

In terms of direct service delivery, the NCR does not have a national footprint. Therefore, it relies heavily on reports and complaints from consumers to guide investigations that do not stem from anomalies or shortcomings in statutory reports from credit providers. Establishing a physical presence across the country will be a costly exercise.

In addressing these challenges, the NCR is developing a new funding model that will positively influence the regulator and its stakeholders.

Organisational environment

The retirement of the NCR's previous CEO in April 2024 had a significant impact on the leadership structures of the organisation. With the CFO appointed in an acting role, a reshuffling of managers took place to cover vacant roles and ensure that all responsibilities were assigned to an accountable person. While all affected staff members carried out their new and/or expanded duties with dedication, impacts on the smooth functioning of the organisation were inevitable.

The transition to the 7th Administration and the resultant changes to the dtic's strategic direction led to noteworthy adjustments to the NCR's 2024/25 APP targets. The target relating to "% of the total number of qualifying purchase orders issued to MSMEs" was revised up from 25% to 75% in order to maximise contribution to the dtic core output: MSMEs supported. Additionally, three new indicators were introduced to increase contribution to the dtic core outputs of Work Experience, Subsistence Farmers, Transformation and Red Tape Reduction. The new indicators were: (1) Diagnostic study of business credit and risk reporting information in SA (2) Report on the feasibility of establishing the central credit register and (3) Learners/Interns recruited in partnership with BankSETA.

These amendments impacted the NCR's achievement of its APP targets mainly due to insufficient time to adjust to the revised targets and appoint the necessary service providers to support their achievement. Despite this, the organisation achieved an overall performance of 82%.

The organisational environment was further affected by internal procurement matters and unexpected downtime of the Iras system that prevented the capturing of applications.

Key policy developments and legislative changes

There were no major changes to legislation and/or policies.

The following institutional policies were reviewed and updated:

- Unidentified and Undistributed Funds Policy
- Workplace Harassment Policy
- ICT Portfolio Management Framework
- ICT Strategy and Enterprise Architecture
- Supply Chain Management Policy
- Supply Chain Management Procedure Manual
- Performance Information Policy
- Fraud Prevention Policy and Plan
- Occupational Health and Safety Policy
- Statistics and Research Policy
- Registration Policy
- Investigations and Enforcement Policy
- Petty Cash Policy
- Expenditure and Accounts Payable Policy
- Budget and Reporting Policy
- Month-end Policy

PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

As per the five-year strategic plan, the NCR has two impact statements, three outcomes and six outcome indicators. These are aligned to two programmes and eleven outputs. The below tables depict progress made towards the achievement of the five-year targets in relation to the outcome indicators.

IMPACT STATEMENT 1:
Improved regulatory environment, which promotes economic growth through job creation, integration and transformation.

Outcome	Outcome indicator	Baseline	Five-year target from 2020–2024	One-year achievement
Improved consumer protection through education and awareness of the NCA.	Number of consumer education and awareness campaigns and activities conducted on consumer rights.	**500** consumer education and awareness campaigns and activities.	**3 400** consumer education and awareness campaigns and activities.	Conducted **1 725** consumer education and awareness campaigns and activities on the NCA within **52** district municipalities.
	Reports on impact assessment evaluations for activities conducted relating to educational awareness, investigations, complaints evaluations, compliance monitoring, debt counselling and enforcement.	New indicator	New Indicator	Four evaluations reports on consolidated activities relating to educational awareness, investigations, complaints evaluations, compliance monitoring, debt counselling and enforcement.
Increased efficiency in registration of persons and entities to facilitate creation of job opportunities.	% of new entrants (persons and entities) registered within a number of days of receipt of signed proposed conditions and payment of registration fees.	**97%** of applications registered within **9** business days of receipt of signed proposed conditions and payment of registration fees.	**99%** of applications registered within **2** business days of receipt of signed proposed conditions and payment of registration fees.	**96.57%** of applications were registered within **6** business days of receipt of signed proposed conditions and payment of registration fees.

IMPACT STATEMENT 2:
A fair, responsible and accessible consumer credit market promoted.

Outcome	Outcome indicator	Baseline	Five-year target from 2020–2024	One-year achievement
Improved compliance through enforcement of the NCA.	Number of investigations on credit providers for compliance with regulations pertaining to reckless lending.	**380**	**1 500** investigations	Discontinued, focus is on investigations of credit providers in relation of the NCA. Conducted **721** investigations on credit providers relating to the NCA.
	Number of investigations conducted on debt counsellors.	New indicator	**1 500** investigations	Conducted **1 069** investigations on debt counsellors relating to compliance with the NCA.
	Evaluate a percentage (%) of credit bureau annual compliance with the NCA.	3 credit bureaus	70 investigations	Evaluated **100%** annual compliance reports certified by an independent Auditor submitted by credit bureaus for the 2023 financial year.
	Number of reports produced on the impact of enforcement action taken on entities and persons that were found to be non-compliance in the previous financial year.	New indicator	Three progress reports and one final report on the impact of enforcement action taken on entities and persons that were found to be non-compliant in the previous financial year.	**Three** progress reports and one **final** report on the impact of enforcement action taken on entities and persons that were found to be non-compliant in the previous financial year.

Amendments to the Strategic Plan

There were no significant amendments to the NCR five-year Strategic Plan.

ACTIVITY AREA

Registrations

The Registrations Department registers credit providers, credit bureaus, debt counsellors, alternative dispute resolution agents and payment distribution agents. It is also responsible for the cancellation and lapsing of registrations, maintaining the register of registrants, and managing the payment of annual registration renewal fees.

The department advanced its mandate to facilitate the efficient registration of persons and entities by making the registration process more efficient. As of 31 March 2025, a total of 8 147 credit providers with 41 669 branches, 53 credit bureaus, three payment distribution agents, nine alternative dispute resolution agents and 1 583 debt counsellors were registered with the NCR.

To ensure the effective implementation of the NCA, the department conducted stakeholder engagements and roadshows to explain the registration criteria and process for credit providers. For the period under review, the department hosted six such workshops for unregistered credit providers.

Zolile Mngqundaniso
Manager: Registrations

HIGHLIGHTS

A total of **2 215 credit providers** and **178 debt counsellors** were registered during the financial year, which is a 16.33% increase compared to 1 904 during 2023/24. We are proud of the improvements that were made to the application processing turnaround times, and of the job creation and economic growth that these registrations could facilitate.

The trend of increasing applications continued during the year under review. The NCR received **2 642 applications** from entities wanting to be registered. This represents a **16.59% increase** compared to the 2 266 applications received in the previous year

The bulk of the applications came from Gauteng, Limpopo and KwaZulu-Natal and most were from sole-director businesses. A noticeable trend is that entities that provide access to payment systems seem to be acting as intermediaries, linking credit providers to consumers, and are encouraging businesses to register with the NCR.

It is important to note that the increase does not reflect a net number of new applicants; it includes registrants reapplying after having allowed their registration to lapse.

The year ahead

The department will continue conducting workshops for unregistered credit providers and reminding registrants to renew their registrations on time to prevent any lapses.

ACTIVITY AREA

Credit Provider Compliance

Takalani Mudau
Manager: Credit Provider Compliance

The mandate of the Credit Provider Compliance Department is to monitor credit providers' compliance with the National Credit Act and with their conditions of registration. Section 15 of the NCA states that the NCR may monitor the consumer credit market and industry to ensure that prohibited conduct is prevented or detected and prosecuted.

The department is also responsible for receiving and analysing statutory reports and returns. Regulations 62 – 68 of the NCA requires credit providers to submit specific reports and returns on specified dates. The required documents are quarterly and annual statistical returns (Form 39), annual financial statements, annual financial and operational reports (Form 40), and compliance and assurance engagement reports.

HIGHLIGHTS

Together with the South African Credit and Risk Reporting Association (SACCRA), the department conducted four workshops relating to Regulation 19(13), to help combat over-indebtedness and improve the submission of statutory reports/returns. These workshops were held in areas outside the five metros.

During the indaba hosted by the Cooperative Banks Development Agency (CBDA), the department conducted a workshop with the CBDA to train representatives of corporate banking institutions (CBI) on cost of credit, statutory reporting, affordability assessments and developmental credit in general. The department also joined Micro Finance South Africa (MFSA) in discussions relating to general compliance with the NCA.

Robust onsite visits took place in Limpopo, North West, Gauteng, the Free State and KwaZulu-Natal to enhance compliance.

The department ensures credit provider compliance on a continuous basis through:

- Desktop monitoring
- Onsite visits
- Analysis of quarterly and annual statutory reports
- Monitoring of conditions of registration
- Market conduct studies

Registrants to be monitored is selected based on, among other factors:

- Failure to submit statutory returns
- Complaints received by the NCR
- Trends identified in the credit providers' statistical returns
- Negative media coverage

In achieving its first strategic objective, i.e., protecting consumers from abuse, unfair practices and over-indebtedness, the department conducts compliance monitoring and investigations, and enforces compliance by credit providers with the provisions of the NCA.

To this end, during the year under review, the department conducted 381 desktop and on-site monitoring exercises in respect of reckless lending. This was a decrease on the performance in 2023/24 when 430 such exercises were carried out. Practices such as failure to provide consumers with credit agreements and pre-agreement statements, and inclusion of prohibited or unlawful provision in credit agreements were noted.

In terms of enforcement, 360 instructional letters were issued to credit providers, compelling them to correct contraventions of the Act that were noted during the monitoring exercises. In 2023/24, 318 such letters were issued.

Achievements and successes

As a result of compliance monitoring exercises and educational activities during the reporting report, submission of compliance and assurance engagement reports increased by 4%. This is taken as a positive indication of the credit industry's commitment to improved adherence to established regulatory standards.

The total number of B-BBEE report submissions increased significantly and can be attributed to heightened awareness of and improved compliance by credit providers with B-BBEE requirements.

An impressive 97% of credit providers have consistently complied with the requirements for quarterly submissions of Form 39. Their commitment to meet regulatory requirements and maintain accurate reporting practices is noted with appreciation.

The compliance rate of credit providers with respect to the annual submission of Form 39 increased to 47%. Various measures have been instituted to encourage credit providers to submit their statistical returns, including quarterly workshops to educate newly registered credit providers.

Approximately 65 000 affected consumers were reimbursed by way of refund and/or account balance adjustments for overcharged fees.

More than R88 million was refunded to consumers.

The department's enforcement impact analysis resulted in credit providers implementing recommended corrective measures and thus improving compliance.

Challenges

- Non-responsive credit providers
- Credit providers changing contact details and business premises without notifying the Regulator
- Submission of incomplete information or non-submission of reports
- Non-adherence to turnaround times by registrants
- Lack of cooperation by credit providers when addressing non-compliance issues identified
- Credit providers use residential addresses as place of businesses. This poses a challenge when conducting on-site visits
- NCR database still showing credit provider contact details that were provided by consultants during the initial registration
- Budget constraints

The year ahead

The department noted an increase in non-compliance with the Act, specifically affordability assessments, which is a major cause of consumers becoming over-indebted. Our focus will, therefore, be on monitoring the impact of instructional letters issued to credit providers.

Given that credit providers often blame system errors whenever non-compliance with certain sections of the Act, particularly cost of credit, is pointed out to them, the department will continue re-visiting credit providers where serious non-compliances were noted.

Training for newly registered credit providers will continue, particularly to improve the completion and submission of the statutory forms and/or reports.

Monitoring of the submission of B-BBEE scorecards will continue, in line with the NCA and in collaboration with the B-BBEE Commission.

The department will continue with on-site visits to closely monitor compliance with the NCA by credit providers, enhance visibility, address non-compliance and directly address contraventions.

The department will carry out market conduct studies into the implementation of the language policy, as mandated by section 63 of the NCA, to ensure that consumers receive pre-agreement statements, quotations, credit agreements and enforcement notices in an official language that they can read and understand.

The department will continue monitoring developmental credit to ensure compliance with the Act.

ACTIVITY AREA

Credit Bureau Compliance

Sibusiso Nhangombe
Acting Manager: Credit Bureau Compliance

The Credit Bureau Compliance Department plays a critical role in regulating registered credit bureaus. Its primary objective is to strengthen adherence to the NCA, ensuring compliance with registration conditions and guidelines issued by the NCR. The department focuses on maintaining the quality, accuracy and standards of consumer credit information held by credit bureaus.

To achieve its mandate, the department:

- Reviews annual and quarterly reports submitted by credit bureaus
- Conducts on-site and desktop monitoring exercises
- Hosts proactive engagements and visibility meetings to foster open communication and collaboration between credit bureaus and the NCR

ACHIEVEMENTS

During the 2024/25 fiscal year, the department conducted 13 on-site compliance monitoring visits, held 20 compliance visibility meetings, and reviewed the periodic regulatory submissions from credit bureaus.

Non-compliance

The department uncovered three primary areas of non-compliance:

1. Failure to submit regulatory reports as required.
2. Misrepresentation of the NCA related to some areas of the credit bureaus legislative obligations.
3. Operating as a credit bureau without proper NCR registration.

Strategic collaboration and enhancements

The department currently oversees two collaborative projects aimed at enhancing the consumer credit market.

The BusCRI project aims to improve the sharing of MSME credit data to make it easier for these businesses to access credit. The Credit Register project intends to develop a repository of credit data that will enable the effective monitoring of consumer credit market trends in South Africa.

The year ahead

The Credit Bureau Compliance Department will continue its oversight efforts by refining compliance monitoring tools and strengthening regulatory enforcement in alignment with the NCA. Through enhanced engagement and strategic initiatives, the department aims to ensure that credit bureaus uphold the highest standards of compliance and in doing so, foster trust and transparency in the credit reporting ecosystem.

ACTIVITY AREA

Education and Communication

The Communications and Education Department advances the mandate of the NCR by enhancing consumers' credit literacy and awareness of their rights. The department's work spans public education campaigns, traditional and digital media communication, strategic partnerships, branding and reputation management, as well as public participation and engagement at national and regional levels.

Simphiwe Mthembu
Manager: Education and Communication Services

HIGHLIGHTS

In achieving 100% of its APP targets across all four quarters of the 2024/25 financial year, the department conducted **1 731 consumer education** and awareness activities related to the NCA across South Africa's **52 district municipalities**.

High-impact campaigns, notably "**Know Your Credit Rights**" and World Consumer Rights Month, had nation-wide reach and impact. The latter attracted more than R5.2 million in media exposure, both planned and incidental.

Further highlights included:

- Partnering with **36 stakeholders**, including government departments, industry associations and civil society organisations.
- Delivering **480 media mentions**, maintaining consistent visibility of the NCR brand across TV, radio, online and print, according to MediaShop.
- Delivering consumer education through workshops, digital platforms and media channels, in all seven official languages.
- Conducting **515 education workshops**, exhibitions and community engagements in both urban and rural settings.
- Producing and airing **789 multilingual radio interviews** and features on key credit topics, according to MediaShop.

The year ahead

The department will pursue six focus areas in the year ahead:

1. Digital transformation by enhancing the NCRS's digital communication platforms, including AI-powered engagement tools and improved mobile responsiveness for the NCR website. We will also deliver social media services for the NCR brand and expand multilingual digital campaigns to underserved communities.
2. Research and impact measurement by commissioning a national brand audit and consumer credit literacy baseline study and developing campaign evaluation tools to measure impact beyond reach metrics.
3. A vulnerable-sectors engagement strategy to address indebtedness, budgeting and financial planning.
4. Inclusive and accessible communication delivered through campaigns rolled out in formats accessible to persons with disabilities, as well as using community radio and grassroots activations to better reach consumers in rural and semi-urban areas.
5. Strategic stakeholder relations through the establishment of a stakeholder engagement framework and CRM system to improve collaboration tracking and feedback. We will also start hosting annual credit rights indabas to align messaging with registrants, other regulators, NGOs and the developmental agenda of the 7th Administration.
6. Position the NCR as a thought leader through public participation, op-eds and participation in key regional forums.

ACHIEVEMENTS AND SUCCESSES

Stakeholder engagement and partnerships

We successfully co-hosted national and provincial engagement dialogues with the Financial Sector Conduct Authority (FSCA), the Financial Planning Institute of Southern Africa (FPI), the International Finance Corporation (IFC) and various other government institutions and departments to better reach a variety of audiences.

Media relations and brand visibility

The department carried out 1 216 media engagement activities, the vast majority (1 181) radio interviews on community and national radio stations. The balance were 11 television interviews, 14 media releases, four podcasts and six article contributions. Many of these activities featured NCR spokespeople on platforms including SABC, eNCA, Newsroom Africa and national and community radio stations. Significantly, 85% of the media coverage was rated as "favourable".

Education and awareness impact

The department delivered high-impact campaigns on over-indebtedness, handling finances and consumer protection during Youth Month, Women's Month, 16 Days of Activism, Black Friday, the December festive season and World Consumer Rights Month. An estimated 6.8 million people were reached through direct and digital and traditional media channels, according to MediaShop.

Digital expansion

Traffic to the NCR website increased by 21.3%, mainly due to the improved financial literacy portal (according to ManageEngineSite24/7, Google Analytics and AHRefs).

Reputation and crisis communication management

Through prompt public response and clear messaging, the department successfully managed reputational risks posed by increased debt review complaints.

The NCR collaborated with the FSCA on a nationwide campaign

Money management and debt counselling campaign

The NCR is stepping up its efforts to raise awareness about the NCA consumer protection, Money Management and Debt Counselling campaign launched in July 2024, seeks to empower consumers to make informed decisions about their consumer rights, managing their money and debt more prudently.

The financial strain for most South Africans has left many unable to meet their debt obligations and heavily reliant on credit for financial relief.

The campaign will be rolled out across the country during the 2024/25 financial year, and will include activities such as webinars, radio interviews, social media posts, roadshows as well as face-to-face engagements. In July, from 10–12 face to face engagements were conducted together with the North-West office of the Consumer Protector, the engagements were held with employees of the departments of Education, Agriculture, Public Works, Sports, Arts and Culture, including a roadshow at one of the taxi rank in Vryburg.

The NCR and FSCA, have identified the need to educate consumers about debt counselling, loan scams, misleading financial advertising and managing personal finances, amongst others. This initiative is envisaged to create awareness on a consumer's fiduciary obligations of financial services providers, including debt counsellors.

A countrywide virtual Consumer Education Webinar on Money Management and Debt Counselling was held on 28 August 2024, with over two hundred stakeholders in attendance participating in the two-hour webinar. The roadshow and face to face community engagements continued in the Eastern Cape Province from 5–7 September, followed by the Free State from 9–12 September 2024. Throughout these campaigns, the NCR received numerous complaints concerning unauthorised debt reviews without consent and fraudulent debt review applications. The complaints were addressed, and some were escalated to the Complaints Department for further support. Additionally, a media release was published on 28 August 2024 to consumers to be vigilant of debt counsellors engaging in the deceptive or misleading practice of placing consumers under debt counselling without their consent.

Education and Communication activities

NCR conducting an educational workshop with Western Cape Office of the Consumer Protector and Financial Sector Conduct Authority in Elsies River, 10 October 2024

NCR conducting an exhibition with Mpumalanga Office of Consumer Protector, Council for Debt Collectors and the National Consumer Commission in Ermelo, Gert Sibande District Municipality – Mpumalanga, on the 24th October 2024

What should you do with your debts before you go on retirement. The NCR conducted a consumer education workshop for the employees of North West Office of the Premier at Mmabatho Palm Hotel in Mahikeng, 14 November 2024

Mr Akhona Mata – NCR Education and Communication Officer, Conducting a Live radio interview with Lesedi FM in an outside broadcasting van during a World Consumer Rights Day workshop organised by the Gauteng Office of Consumer Affairs, in Diepsloot, 14 February 2025. Lesedi FM is the fourth largest radio station in South Africa, with a listenership of about 3.6m

Taking consumer education to the people of Cosmo City. The NCR participated at an exhibition which was hosted at Cosmo Mall

We are all consumers, irrespective of age. The NCR, in partnership with the Gauteng Office for Consumer Affairs and the Gauteng Gambling Board, conducted a consumer education workshop for elderly citizens/consumer in Diepsloot, on the 4th March 2025

Workshop for City of Joburg's Public Safety Department, Martindale, 22 November 2024

Catching them young!! The NCR is partnership with Financial Sector Conduct Authority conducted a consumer education workshop for the youth at Moroka in Soweto, on the 31st January 2025.

Education and Communication activities

On the 17th October 2025, a consumer education workshop was held with senior citizens at Majaneng Village, in partnership with the Gauteng Office for Consumer Affairs.

Panel discussion on "Fair Digital Financial Marketplace and Consumer Protection," during the 2025 World Consumer Rights Day celebration at the University of Mpumalanga on 14 March 2025.

WCRD2025 attendees at the University of Mpumalanga, 14 March 2025

A workshop for the City of Johannesburg's Managers and Senior Managers was held on 28 February 2025 in Roodepoort.

Financial literacy should be introduced at a young age as part of the education curriculum, this would help youngsters to develop into adult consumers who are empowered to make sound and informed financial choices and decisions. The National Credit Regulator, the Financial Sector Conduct Authority, the Information Regulator and the Council for Debt Collectors joined forces and took consumer education to first year students at Sefako Makgato University on Saturday, 15 February 2025.

Students from the University of Mpumalanga who attended the 2025 World Consumer Rights Day celebration hosted at the university's Multipurpose Hall on 14 March 2025

Conducting a radio interview with Mash FM on the sidelines of the WCRD2025 exhibition at Mashishing, on the 12th March 2025

Students from the University of Mpumalanga who attended the 2025 World Consumer Rights Day celebration hosted at the university's Multipurpose Hall on the 14 March 2025

Flying the NCR flag high at the Tfokomala Hotel and Conference Centre at the University of Mpumalanga, in preparation for the Business Breakfast which was held on 14 March 2025, under the theme – From the Farm to the Fork.

While the consumer educators educated the public, inspectors were hard at work in the supermarkets, spaza shops and other point of sale locations. Foodstuffs, drinks and other goods found to be non-compliant and/or expired were confiscated from several outlets and destroyed. NCR inspectors also visited a number credit providers, registered and registered.

The NCR, alongside other members of the Consumer Protection Forum educating consumers about their rights and responsibilities, and how they reach the NCR, during an exhibition at Mashishing. Elsewhere in the town of Mashishing inspectors from the NCR and other regulators were conducting business compliance inspections.

NCR participated in a week-long activities to commemorate World Consumer Rights Day 2025

The World Consumer Rights Day 2025 (WCRD) 2025 was commemorated under the umbrella of the Consumer Protection Forum (CPF), a voluntary body made up of nine Provincial Consumer Protection Authorities, and various regulators mandated to protect consumers.

The WCRD build-up activities took place from 10 March to 14 March 2025, was a (CPF) collaborative effort to conduct consumer education, awareness, exhibitions, compliance, and enforcement initiatives throughout the Mpumalanga Province. This year's commemorative activities themed "Empowering Consumer: Balancing Rights with Ethical Business Practices" prioritised on the ground engagements providing an invaluable opportunity to share information about the CPF regulatory bodies.

The consumer protection space has undergone multiple enforcement actions targeted at curbing the sale of elicit goods, unsafe goods, price-gouging, non-compliant goods, and standard food products from being sold to unsuspecting consumers, highlighting the urgent necessity to tackle the widespread issue to protect public health and consumer rights. This has attracted attention when numerous media reports uncovered such products during law enforcement raids in various sectors, which revealed expired and decayed food items on shelves, leading to confiscation.

The law enforcement inspections conducted during the WCRD build up aimed to address issues pertaining to product and food safety, including the fast-moving consumer goods, automotive industry, renewable energy, and the clothing, textile, footwear, and leather goods, micro-lenders, motor vehicles, retailers of electronic equipment including mobile phones service sectors.

The NCR Investigations and Enforcement led a multi-sectoral business inspection, resulting in the confiscation of number of good during activities scheduled throughout Mpumalanga at various locations.

Education and Communications also participated in the workshops and exhibitions in Mpumalanga, activities were also conducted from 10-14 March 2025 in Diepsloot in collaboration with The Gauteng Office of the Consumer Affairs.

On 13 March 2025, a business breakfast was held at the University of Mpumalanga (UMP), where business leaders, academics, and regulators addressed concerns regarding safety and competition within the food value chain. The breakfast highlighted the findings of the Fresh Produce Market Inquiry and provided an opportunity for the Competition Commission to interact with business leaders to understand the concerns of small-scale farmers, retailers, wholesalers, and large agribusinesses, including the barriers to entry and trade they may face.

A symposium took place on the afternoon of 13 March 2025 at the UMP, centered on the theme "Ethical Responsibilities for Business and Consumer Rights." This event convened researchers, experts, regulators, and advocacy organisations to deliberate on laws, regulations, and best practices for consumer protection; to educate consumers about their rights and responsibilities; and to engage in discussions regarding consumer protection issues, including the promotion of corporate responsibility and fair-trade principles. The outcome of the discussions will aid regulators in maintaining agility to safeguard consumers in this evolving environment.

Another highlight for the symposium was the relaunch of the Mpumalanga Consumer Protection Office Provincial Consumer Court on 13 March, marking it as the eighth in the nation. The court will facilitate effective redress for consumers in the province, playing a crucial role in ensuring the resolution settlement of consumer complaints and the enforcement of consumer rights.

World Consumer Rights Day 2025 celebrated in Mpumalanga

The World Consumer Rights Day (WCRD) is an annual international event observed on March 15th. World Consumer Rights Day 2025 highlighted the power of consumers and their rights for a fair, safe, and sustainable marketplace.

The WCRD 2025 was celebrated on 14 March 2025, the hosting of the event was a collaborative initiative between the National Consumer Commission (NCC), the Mpumalanga Department of Economic Development and Tourism (MEDT) the Competition Commission, and the University of Mpumalanga (UMP). Various consumer rights regulators and entities conveyed to engage in various activities, and advocacy aimed at empowering consumers. Political heads, administrative heads and industry executives addressed participants at the main event at the UMP to advocate for all stakeholders within the consumer protection landscape to collaborate in the pursuit of effective protection of consumers.

Over 150 attendees, the event was held at University of Mpumalanga Multipurpose Hall, consisted of two sessions with esteemed panellists. The celebration brought together dignitaries, including the MMC for City Planning in Mbombela, HOD for Economic, Small Business Development, Tourism and Environmental in the Free State, Dr Godfrey Nokwequ, HOD for Economic Development and Tourism in Mpumalanga amongst other distinguished guests.

NCR Acting CEO, Ms. Lynette De Beer message of support flighted during the 2025 WCRD main event

The NCR was identified to participate in the panel discussion about the topic: "Fair Digital Financial Marketplace and Consumer Protection' which was represented by Mr. Bongani Gwexe, NCR Statistics and Research Department.

The dignitaries concurred that effective consumer protection is fundamental for regulators to safeguard consumers, ensuring that every consumer, irrespective of their background or economic standing, has access to the necessary tools and resources to make informed decisions.

ACTIVITY AREA

Complaints

The NCR Complaints Department receives and processes enquiries and evaluates allegations of contraventions of the NCA levelled against debt counsellors, credit providers, credit bureaus, alternative dispute resolution agents and payment distribution agents. Where justified, enforcement action is taken.

The department also promotes the informal resolution of NCA-related disputes and negotiates and concludes undertakings and consent orders in terms of section 138 (1) (b) of the Act.

During the year under review, around 80% of complaints related to debt review without consent (DRWC). Reasons for this trend include unscrupulous debt counsellors with a disregard for compliance, as well as ignorant consumers. In response, the NCR is exploring ways to tighten enforcement and obtaining more authority to remove consumers from review.

Other complaints categories were reckless lending, disputes regarding outstanding account balances, unregistered persons conducting debt counselling or credit granting, non-distribution of debt review payments, and cost of credit disputes.

Enquiries and calls handled

The call centre achieved an overall call-handle rate of 90%, while 77% of written enquiries were handled within an average of nine days. A total of 277 enquiries were referred to the different ombudsman offices.

Enforcement action resulted in three consent orders being granted by the NCT and seven instructional letters issued against debt counsellors and credit providers.

Enica Mpete
Manager: Complaints

The year ahead

- The department will maximise the impact of its complaints evaluations by collaborating with other stakeholders, notably the NCR's Debt Counselling and Education and Communication departments, to address areas that give rise to the most and most serious complaints, such as DRWC.
- Efforts to improve complaints resolution turnaround times will continue.

HIGHLIGHTS

The Complaints Department was able to raise its output due to process flow improvements brought about by documented processes, as well as an increase in staff numbers.

ACHIEVEMENTS

Refunds and balance adjustments of more than R1.9 million, emanating from the evaluation of complaints and enforcement action.

More than 190 consumers were removed from unlawful debt review.

ACTIVITY AREA

Statistics and Research

The Statistics and Research Department is responsible for the collation, production and publication of statistical data. The data is collected in a prescribed format from credit providers, credit bureaus, debt counsellors and credit life insurers. The department advances the body of knowledge regarding consumer credit through its research and data.

The Consumer Credit Market Report (CCMR) and the Credit Bureau Monitor (CBM) are the department's two primary trimonthly reports. Many stakeholders, including the government, media, credit providers, industry analysts, investors, researchers and other decision makers, use these reports frequently.

The reporting requirements of the NCA differentiate between small credit providers, defined as credit providers with annual disbursements of less than R15 million, and larger credit providers, defined as credit providers whose annual disbursement is more than R15 million.

The reporting quarters in the CCMR and CBM are explained in the table below:

Quarter	Reporting period	Quarter	New credit R'B	Debtors book R'T
1	1 April – 30 June	2024Q2	R139.8	R2.37
2	1 July – 30 September	2024Q3	R143.6	R2.38
3	1 October – 31 December	2024Q4	R158.7	R2.40
4	1 January – 31 March	2025Q1	R146.6	R2.43

In accordance with NCA Sections 13 and 16, the department is also charged with undertaking research in the context of current market conditions and trends.

Challenges

The study for the Review of Fees in accordance with Regulation 45 could not be concluded in the 2024/25 financial year due to budget constraints and non-responsive suppliers. As a result, the project will continue into the 2025/26 financial year.

The department is understaffed because of budget cuts that still affect the NCR.

Bongani Gwexe
Acting Manager: Statistics and Research

HIGHLIGHTS

During the year, two reports on market concentration were generated.

Following the completion of the new Form 45 redesign, an industry webinar was conducted to walk through the updated form.

A study into "Fixed Interest Rates on Credit Agreements Amid Variations in Repo Rates" was concluded.

In accordance with standard practice, quarterly reports were generated and distributed to industry stakeholders.

The year ahead

To support the South African consumer credit industry, the Statistics and Research Department will continue to revamp the statutory statistical forms and carry out additional research.

ACTIVITY AREA

Debt Counselling

Lebogang Mosupye
Acting Manager: Debt Counselling

The Debt Counselling Department monitors the compliance of debt counsellors and payment distribution agents with the provisions of the National Credit Act and their conditions of registration. In cases where contraventions are identified, the department takes enforcement action that may include referring matters to the National Consumer Tribunal (NCT) for a hearing.

In addition, the department offers support and guidance and collaborates with the debt counselling industry to identify and find solutions for challenges, and to facilitate industry agreement.

These efforts all intend to enhance consumer protection, improve the reputation of debt counselling as a debt relief measure and strike a balance between the rights of consumers, credit providers and debt counsellors.

Compliance monitoring

During the period under review, debt counsellor compliance was monitored through a combination of remote/desktop assessments, investigations and onsite assessments. It involved the evaluation and analysis of information and documentation submitted by debt counsellors and payment distribution agents, as well as NCR reports. Where non-compliance was identified, enforcement action was taken.

The department hosted webinars aimed at ensuring that debt counsellors understand the NCR's expectations during the compliance monitoring process, and to address topical issues affecting the debt counselling industry, such as misleading advertising, how to complete annual compliance report (Form 41), statistical return (Form 42) and others.

Debt counsellors

A total of 515 debt counsellors were monitored during 2024/25, compared to 455 in 2023/24. The introduction of a more intensive and comprehensive compliance monitoring process resulted in enforcement action being taken against debt counsellors who have contravened the NCA.

The most common contraventions noted was failure to refer matters to the NCT or Magistrate Court, charging reckless lending fees, failure to perform a reckless lending assessment and non-compliance with the NCR's debt counselling fee guidelines.

For the period under review, the NCT granted one judgment in favour of the NCR in a case that involved a debt counsellor charged with contravening the NCA. The guilty party's registration was cancelled and a fine amounting to R100 000 imposed.

Payment distribution agents

Payment distribution agents' (PDAs') compliance is monitored through a monthly analysis of their reports, bi-annual audits by an external service provider and quarterly remote/desktop and/or on-site assessments.

One PDA was found to have contravened the NCA and was referred to the NCT for a hearing. Judgement was granted in the NCR's favour and the agent's registration was cancelled, in addition to a fine of R100 000. The department has begun the process of winding up the PDA's activities.

Stakeholder engagements

For the period under review, the department held 56 engagements with various industry stakeholders intended to identify industry trends and shared challenges, and finding appropriate solutions. Four of these engagements involved the Credit Industry Forum, eight Credit Industry Forum subcommittees and two the magistrate forums.

Providing support and improving compliance

During the year, 26 webinars were held for debt counsellors. An additional six virtual workshops were hosted for debt counsellors outside the five metros. One webinar was specifically to capacitate newly registered debt counsellors by providing guidance on topics such as the appointment of a PDA, completion of Form 41s and Form 42s, the importance and role of the Debt Help System (DHS), compliance and others.

Debt counselling training

High quality debt counsellors are crucial to the optimal functioning of consumer credit market, and depend to a large extent on the quality of training prospective counsellors receive. Currently, candidates must complete a 10-day short course and submit a compulsory assignment.

The existing course content and material were updated during 2023/24, while work started on developing an occupational qualification, which will include mandatory practical training, in collaboration with the BankSETA.

During 2024/25, the necessary funding was approved by the BankSETA but challenges in sourcing a suitable subject matter expert service provider to develop the course have delayed further progress.

This initiative will benefit registered and prospective debt counsellors alike and ultimately improve the quality of debt counselling services.

Disbursement to credit providers

Over the last year, PDAs disbursed R19.47 billion to credit providers on behalf of consumers under debt counselling, a solid increase when compared to R15.87 billion disbursed during the 2023/24 financial year. From 2008 to date, PDAs have disbursed nearly R139 billion to credit providers.

Administration of the PDA interest account

According to a policy developed by the NCR and approved by the minister of trade, industry and competition, the interest earned by PDAs must be used by the NCR for consumer awareness, education campaigns and the investigation of prohibited conduct.

As the custodian of the policy, the Debt Counselling Department must ensure that funds are correctly used, submit quarterly utilisation reports to the dtic and conduct an independent annual audit of the PDA interest account.

During the period under review, the department submitted four quarterly reports; the independent audit process was concluded at the end of May 2025.

HIGHLIGHTS

The NCT granted two judgments in favour of the NCR, one each against a debt counsellor and a PDA. Both had their registration cancelled and were each handed a R100 000 fine.

More than R170 000 were recovered from debt counsellors and refunded to consumers either as payments to credit providers or direct deposits to the consumers.

Almost 61 000 clearance certificates were issued to rehabilitated consumers. This was 13 200 more than the number issued in 2023/24.

Challenges

Budget constraints limited the number of onsite investigations that could be undertaken.

Furthermore, the disconnect between technological advancements in the debt counselling industry and automated systems in the NCR continues to adversely impact compliance monitoring and related processes.

The year ahead

The department will continue to enhance and strengthen its compliance monitoring and enforcement efforts, including intensive investigations and the referral of matters of non-compliance to the National Consumer Tribunal.

The department plans to increase its engagements with magistrate forums throughout the country in the coming year for the advancement of the entire debt review industry.

The project to develop the current debt counselling training course into an occupational qualification will continue and should advance.

Efforts will continue to help finalise the work of the active sub-committees of the Credit Industry Forum and to engage more with the industry on issues of common interest.

Plans to enhance the Debt Help System is at an advanced stage and should be finalised in the near future. These enhancements will result in a user-friendly system that will also improve the NCR's compliance monitoring processes as supporting documents will be loaded by debt counsellors.

HIGHLIGHTS

Recovered and refunded more than

R170 000

to consumers.

The NCT granted

2 judgements

in favour of the NCR.

Hosted

26 educational, supportive and compliance-related webinars for debt counsellors and PDAs.

Hosted

6 workshops

for debt counsellors located outside the five metros.

PDAs disbursed

R19.47 billion

to credit providers – R3.6 billion more than in 2023/24.

Issued

13 201

more clearance certificates than in the previous year.

Debt counselling success stories

Mrs Jessica Malan

Mrs Jay, as she likes to be called, signed up for debt counselling about three years ago. At the time, her debt counsellor explained the whole process in detail, ensuring that she fully understood what she was committing to. She says that it felt as though the debt counsellor mentally prepared her for the journey ahead.

There were some surprises during the debt review process, but these were mostly positive. A particularly significant event occurred when her son was diagnosed with cancer for the third time. As a single mother, she needed to be there for him, making it impossible to work. During this challenging period, her debt counsellor arranged for a three-month payment break from the debt review process to help alleviate some of the pressure. Tragically, Mrs Jay's son passed away in the third month.

Throughout the debt review process, Mrs Jay's debt counsellor was always easy to contact and incredibly helpful. She describes her debt counsellor as an amazing person, someone who seemed like a blessing in her life. The debt counsellor constantly checked in, knowing Mrs Jay was dealing with not just debt but also caring for a chronically ill child.

Mrs Jay was under debt review for two and a half years and the experience significantly changed her life for the better. Before entering debt review, she was constantly stressed and struggled to sleep. She felt overwhelmed, and the incessant phone calls from creditors only added to her ever-growing anxiety. One of the most comforting things the debt counsellor did was to stop those calls, which brought immense relief for Mrs Jay. She became more responsible, focusing on needs rather than wants and carefully considered any significant financial decisions.

"I would just like to say that it was not an easy journey – you can't spend left, right and centre like you're used to – but it's not impossible either. I would advise people with children to be honest with them. Most of the time they are much more understanding than we think. I told my teenage boy about debt review and after that, his expectations of me were more realistic, because he knew I could not afford those expensive things. We also ended up eating less takeaways, which was good. If I can get through debt review while earning a minimum wage, then surely the next person can do it. You just must adjust your lifestyle and learn to adapt to the changes. It changed my life for the better."

Mr Stanley Arendse

Stanley Arendse signed up for debt counselling in 2016. Facing financial difficulties, his wife received a referral from a work colleague, and together they decided to sign up to protect their assets.

Stanley signed up for debt counselling over the telephone, which was not ideal. Not only did he not receive all the information he needed to make an informed decision, he also never met the debt counsellor. Communication always took place via email and the two parties never developed a relationship of trust.

Unsurprisingly, Stanley did not feel properly assisted and supported, and never fully understood the process. He still received calls from credit providers, and never knew what to expect next. Most concerning was that despite making payments towards his debt every month, his debts were not reducing.

Having decided to take matters into his own hands, Stanley started to pay his creditors directly. He felt more in control, especially because he could monitor his progress better.

Four years later he was debt-free, only to discover that needed the assistance of his debt counsellor for him to be issued with a clearance certificate. It took another four years of being listed as being under debt review, although he had paid up all his debts, before Stanley approached another debt counsellor. This person quickly did what was needed and issued the clearance certificate.

Looking back, Stanley understands how important it is to choose the right debt counsellor. He never knew that a debt counsellor should offer counselling on over-indebtedness and advises others to be very careful about whom they trust.

"Initially it felt that I had made a big mistake by signing up for debt review, but that was because I did not understand the process. I was under debt review for a long time, but I have learned to save for the big things I need, instead of making debt. I have no debt at the moment, no clothing accounts or credit cards, nothing! My son has also learned to live on a cash basis, save for what you need or want, and stay away from debt."

Mrs Delphine Kahn

Delphine Kahn's financial challenges began when her husband was unemployed for a long period of time. Faced with rising expenses and declining support options, Delphine resorted to borrowing. Over time, her excessive debt meant that further credit applications were being declined by multiple financial institutions.

Delphine decided that debt counselling was necessary and entered the process on 20 May 2020. Her primary concern was preserving her home, which she had held for 20 years. Selling was not an option, as she had nowhere else to live and the house was also security for a mortgage agreement.

Debt counselling does not guarantee a reduction in interest rates, but in Delphine's case it happened. With her unsecured-debt interest rates reduced to below 10% and the mortgage rate to less than 7%, her financial obligations became manageable. She could keep her home and had sufficient money to cover living expenses.

Mr Gideon Swanepoel

Gideon Swanepoel began his debt counselling journey on 10 May 2011 with a total debt exposure of more than R570 000.

At the time, Gideon was involved in a legal battle for his home as his credit provider had ceded the mortgage agreement to a third party which was not a registered credit provider. Gideon had not been informed of this and to make matters worse, the third party had issued a summons against him. With the support of his debt counsellor and the hard work of his legal team, the court ruled in Gideon's favour in the matter to keep his home.

Gideon's conduct throughout the debt counselling process led to him settling his vehicle account and all his unsecured debts, which amounted to R83 466 within six years. At this point he could have asked for a clearance certificate and exited debt counselling, However, Gideon decided to continue in the interest of settling his mortgage.

He consistently made accurate payments through the PDA and 13 years after entering debt counselling, Gideon was completely debt free.

Gideon's experience showed that debt counselling is a tool that helps overcommitted consumers with much-needed relief while satisfying all their financial obligations. When the consumer plays their part, financial rehabilitation and freedom are possible.

ACTIVITY AREA

Risk and Audit Services

The Risk and Audit Services Department coordinates and supports the NCR's overall enterprise risk management process in line with its approved Risk Management Policy Framework. It facilitates the development and review of the NCR strategy together with the Annual Performance Plan, as well as performance monitoring and evaluation. Furthermore, the department directs the outsourced Internal Audit function and ensures monitoring and reporting of the NCR policy register compliance with legislative requirements.

During the year under review, the department successfully implemented the NCR's combined assurance model. As a result, the Regulator now has an approved Combined Assurance Policy Framework, Combined Assurance Plan and terms of reference for its Combined Assurance Forum in place. The NCR adopted this model to ensure that the assurance activities provided by assurance providers adequately address the key risks facing the organisation, and that suitable controls exist to mitigate these risks and minimise duplication of efforts. The Combined Assurance Forum meets quarterly to provide overall assurance on the key risks.

Maphuti Ramuhala
Manager: Risk and Audit Services

ACHIEVEMENTS

During the period under review, the Audit & Risk Management Committee approved the Fraud Policy and Plan, and the Combined Assurance Plan. No material audit findings were reported in the quarterly performance reports.

HIGHLIGHTS

Early in November 2024, the NCR leadership participated in an independently facilitated strategic planning breakaway session with the intention of enhancing governance processes, set priorities and strengthen operations.

The planning session resulted in the NCR's five-year Strategic Plan and three-year APP and the establishment of an additional programme dealing with sustainability and ESG. The aim of the new programme is to improve the NCR's long-term value while minimising its ecological footprint, fostering inclusive communities and ensuring the highest level of ethical service delivery.

A further outcome was the revision of the organisational vision and mission and the formulation of the NCR motto to clearly articulate what the organisation stands for and what it wants to achieve in line with its mandate.

The department furthermore revised the 2024/25 APP in line with the strategic priorities of the 7th Administration strategic priorities and monitored the NCR's performance against the revised plans. It also tracked departmental performance against operational plans.

Risks that have a material impact on the strategic objectives of the organisation were identified, monitored, and reported to the oversight structures. The department also facilitated the NCR's adoption of an integrated risk management model and process that will embed sound risk management practices in all its strategic and operational activities by linking risks to objectives.

The year ahead

During the upcoming financial year, the department will execute its approved three-year Risk Management Implementation Plan to enhance internal processes and improve the risk maturity of the organisation.

A main output will be developing the NCR's ESG Framework to integrate sustainability factors into operations, decision-making and overall strategy.

ACTIVITY AREA

Investigations and Enforcement

The Investigations and Enforcement Department investigates all allegations of non-compliance with the provisions of the NCA and takes action to correct or punish confirmed instances.

Investigations

The department investigated 70 allegations regarding excessive cost of credit and reckless lending made against credit providers. A further 10 investigations related to debt counsellors and two special investigations were carried out. The special investigations involved an alternative dispute resolution agency (ADRA) and a payroll lender, respectively.

In cooperation with the SA Police Services, the department conducted 16 raid investigations in seven provinces on credit providers that illegally retain consumers' identity documents, bank cards and other instruments. Numerous arrests were made, and criminal cases opened.

Enforcement action

The department effected 56 enforcement actions during the financial year against credit providers who have contravened the NCA.

Tebogo Ntsimane
Manager: Investigations and Enforcement

HIGHLIGHTS

The raid investigations conducted were a major highlight for the department, as they uncovered the illegal practice of consumer instruments being retained as a means to enforce loan repayments resulting in arrests and the confiscation of bank cards, SASSA cards, ID books, loan records and cash from the suspects.

Challenges

ICT shortcomings and budgetary constraints were significant stumbling block for the department during this period.

The year ahead

The department will focus on improving capacity and workflows, and continue with the successful practice of raid investigations.

R1 million fine to credit provider for various contraventions of the National Credit Act

In January 2025, the National Consumer Tribunal (NCT) handed down a judgement in favour of the NCR against a credit provider who was found to be in gross contravention of numerous sections and regulations of the National Credit Act.

What sets this judgement apart from others is that it is the first time that a credit provider received a R1-million punitive fine from the NCT. This set the bar and passed a powerful message to the credit industry that contraventions of the Act will not be tolerated.

The NCT deemed the errant credit provider a gross delinquent that deliberately granted credit to consumers with no regard for the prescripts of the Act. The failure to conduct proper affordability assessments to establish applicants' ability to repay the loans had devastatingly negative impacts on the lives of vulnerable consumers. This is considered the most egregious of all contraventions.

Consumers were furthermore charged interest at a rate of over 25% more than the Act specified, in addition to unlawful fees.

The NCT concluded that the credit provider knowingly entered into reckless credit agreements and as such declared all the identified agreements void. It ordered consumers to be refunded and that all costs of credit be written off.

The NCR is proud of the diligence of its Investigation and Enforcement team to uncover unscrupulous credit providers and successfully bring them to justice.

The NCR Investigations Department amplifies its operations

Against unregistered lenders contravening the National Credit Act (NCA)

The raids joint operations were undertaken with the South African Police Service (SAPS) and South African Social Security Agency (SASSA) to clamp down unscrupulous credit providers took place on 2–4 September 2024 in De Aar, Northern Cape resulting in seven arrests and the confiscation of 93 bank cards, 9 SASSA cards, 41 ID books, 5 loan books, and a total cash of R71 506.40 from the suspects.

In a similar operation on 6 August 2024 in Loxton, Northern Cape, the NCR, SAPS and Directorate for Priority Crimes (HAWKS), delivered three arrests and the confiscation of 18 bank cards, four SASSA cards, two ID books, and one SAPS identity card from the suspects. These operations primarily targeted both registered and unregistered credit providers who unlawfully retain pension cards, bank cards, identity documents and personal identity numbers (PIN) of their clients as surety and exploiting vulnerable unsuspecting consumers.

The NCR has the obligation to issue notices to unregistered credit providers engaging in credit provision activities, directing them to stop engaging in those activities in terms of Section 54 of the NCA for unregistered credit providers exploiting vulnerable and unsuspecting consumers.

Such operations are part of the NCR's ongoing operation to ensure compliance to the provisions of the NCA by all credit providers, irrespective of where they conduct business. The NCR investigations department conducts proactive and reactive monitoring credit providers monitoring through onsite investigations and responding to consumer complaints about NCA Complaints Department for further support. Additionally, a media release was published on 28 August 2024 to consumers to be vigilant of debt counsellors engaging in the deceptive or misleading practice of placing consumers under debt counselling without their consent.

PERFORMANCE INFORMATION BY PROGRAMME

Programme: Improved regulatory environment.

Purpose of the programme

To promote access to credit (financial inclusion), economic growth through educational awareness and facilitation of job creation. The impact that the NCR seeks to achieve is an improved regulatory environment, which promotes poverty reduction and tackle the high cost of living.

Programme/sub-programme: Improved regulatory environment

Outcome	Output	Output indicator	Audited actual performance 2022/2023	Audited actual performance 2023/2024	Planned annual target 2024/2025	Actual achievement 2024/25	Deviation from planned target to actual achievement for 2024/25	Comment on deviations
Improved consumer protection through education and awareness of the NCA.	Education and awareness campaigns activities conducted.	Number of consumer education and awareness campaigns and activities conducted on the NCA within the 52 district municipalities	Conducted 1 469 consumer education and awareness campaigns and activities on consumer rights	Conducted 1 597 consumer education and awareness campaigns and activities on the NCA	Conduct 1400 consumer education and awareness campaigns and activities on the NCA within the 52 district municipalities	Conducted 1 725 consumer education and awareness campaigns and activities on the NCA within the 52 district municipalities	+325	Target exceeded. Received increased collaboration from stakeholders, and the weekly media briefs on NCA related topics generated heightened interest from media houses, resulting in more interview requests.
	NCR's success stories profiled.	Number of NCR's success stories profiled.	New indicator	44 NCR success stories were profiled.	Profile 50 NCR's success stories.	Profiled 65 NCR's success stories.	+15	Target exceeded. Collaboration between the NCR, the Hawks and SASSA in combating unregistered credit providers who were seizing consumer instruments.
	Consolidated evaluation reports produced.	Number of evaluation reports produced on consolidated activities relating to educational awareness, investigations, complaints evaluations, compliance monitoring, debt counselling and enforcement	New indicator	Four evaluation reports on activities relating to educational awareness, investigations, complaints evaluations, compliance monitoring, debt counselling and enforcement, produced.	Four evaluation reports on consolidated activities relating to educational awareness, investigations, complaints evaluations, compliance monitoring, debt counselling and enforcement.	Four evaluation reports on consolidated activities relating to educational awareness, investigations, complaints evaluations, compliance monitoring, debt counselling and enforcement.	No variance	Target achieved.

Programme/sub-programme: Improved regulatory environment								
Outcome	**Output**	**Output indicator**	**Audited actual performance 2022/2023**	**Audited actual performance 2023/2024**	**Planned annual target 2024/2025**	**Actual achievement 2024/25**	**Deviation from planned target to actual achievement for 2024/25**	**Comment on deviations**
Improved NCA compliance and transformation of the previously excluded because of being outside the metros.	Workshops in areas outside the 5 main metros conducted.	Number of workshops conducted in areas outside the 5 main metros to support MSMEs.	New indicator	New indicator	Conduct 25 workshops in areas outside the 5 main metros to support MSMEs	Conducted 32 workshops in areas outside the 5 main metros to support MSMEs	+7	Target exceeded. An increased number of invitations to conduct workshops for MSMEs were received. This was made possible through timely planning and effective collaboration with relevant stakeholders, which contributed to the successful delivery of workshops.
Increased efficiency in registration of persons and entities to facilitate creation of job opportunities (jobs supported by interventions).	New persons and entities registered within the set timelines.	% of persons and entities registered in the consumer credit market within a number of business days of receipt of signed proposed conditions and payment of registration fees.	99.06% of applications were registered within 8 business days of receipt of signed proposed conditions and payment of registration fees.	98.64% of applications were registered within 7 business days of receipt of signed proposed conditions and payment of registration fees.	Register 98% of persons and entities in the consumer credit market within 6 business days of receipt of signed proposed conditions and payment of registration fees	Register 96.57% of persons and entities in the consumer credit market within 6 business days of receipt of signed proposed conditions and payment of registration fees.	-1.43%	Target substantially achieved. The NCR experienced system challenges during April resulting in delays in processing applications.
	Creation of job opportunities facilitated	Number of jobs created through registration of MSMEs.	New indicator	New indicator	450 jobs created through registration of MSMEs.	2 420 jobs created through registration of MSMEs.	+ 1 970	Target exceeded. An increased volume of applications was received and processed timeously.
Improved regulatory environment	Circulars/ guidelines in relation to Section 16(1)(b) of the NCA issued.	Number of circulars and/ or guidelines issued in relation to Section 16(1)(b) of the NCA.	New indicator	New indicator	Four circulars and/or guidelines issued in relation to Section 16(1)(b) of the NCA.	Four circulars and/or guidelines issued in relation to Section 16(1)(b) of the NCA	No variance	Target achieved.
	Reports on market concentration produced.	Number of reports on market concentration.	New indicator	New indicator	Two reports on market concentration.	Two reports on market concentration.	No variance	Target achieved.

PERFORMANCE INFORMATION BY PROGRAMME
continued

Programme/sub-programme: Improved regulatory environment

Outcome	Output	Output indicator	Audited actual performance 2022/2023	Audited actual performance 2023/2024	Planned annual target 2024/2025	Actual achievement 2024/25	Deviation from planned target to actual achievement for 2024/25	Comment on deviations
Improved economic growth and development through procurement of goods and services from MSMEs.	Procurement spent on MSMEs, inclusive of women and youth.	% of procurement spent on MSMEs, inclusive of women and youth.	New indicator	New indicator	75% of Procurement spent on MSMEs, inclusive of women and youth.	97.58% of Procurement spent on MSMEs, inclusive of women and youth.	+22.58%	Target exceeded. The qualifying and awarded bidders falls under the MSMEs
Improved regulatory environment.	Diagnostic study report produced.	Submit a diagnostic study report on the establishment of business credit and risk reporting in South Africa.	New indicator	New indicator	Prepare implementation plan and commence with implementation of recommendations from the diagnostic study report.	Not achieved	The second draft report didn't cover critical elements of the TOR that were highlighted on the first draft reviews. As a result, the second draft did not meet the requirements of both the NCR and IFC.	Target not achieved. A meeting was held with the service provider to clarify the issues raised by both the NCR and the IFC regarding the second draft report. The service provider has been granted additional time to address the outstanding issues and finalise the report. The final report is expected to be completed by the end of June 2025.
Established Central Credit Register.	Report on the feasibility of establishing the register produced.	Submit the report on the feasibility of establishing the central credit register to the dtic.	New indicator	New indicator	Prepare implementation plan of recommendations from the feasibility study report and commence	Not achieved	The NCR has revised its approach to producing the report and has decided to conduct a thorough internal review. Additionally, the NCR will engage strategic stakeholders first, prior to disseminating the report to the credit industry for comments.	Target not achieved. The report will be submitted to the dtic by the end of the second quarter of 2025/26 FY
Facilitation of job creation.	Learners/Interns recruited in partnership with Bank-SETA	Number of learners/interns recruited in partnership with Bank-SETA	New indicator	New indicator	Recruit 10 learners/interns through Bank-Seta	Recruited 10 learners/interns through Bank-Seta	No variance	Target achieved.

Strategy to overcome areas of underperformance.

Implementation of regular performance tracking of progress on key performance indicators. Continuous review of performance against predetermined objectives to ensure alignment with strategic objectives. In addition, coordination and communication with both internal and external stakeholders have been improved to ensure achievement of outcomes.

Changes to planned targets

The target relating to "% of the total number of qualifying purchase orders issued to MSMEs" was revised up from 25% to 75% in order to maximise contribution to the dtic core output: MSME supported. Additionally, new indicators were introduced in furtherance to contribute to the dtic core outputs: Work Experience, Subsistence Farmers, Transformation and Red Tape Reduction. The new indicators are: (1) Diagnostic study report on the establishment of business credit and risk reporting in South Africa, (2) Report on the feasibility of establishing the central credit register and (3) Learners/Interns recruited in partnership with BankSETA.

Programme: Enforcement of the National Credit Act.

Purpose of the programme

To promote a fair, responsible and accessible consumer credit market through the enforcement of the NCA. This will be implemented by conducting investigations and taking enforcement action on non-compliant registrants.

Programme/Sub-programme: Enforcement of the National Credit Act

Outcome	Outputs	Output indicators	Audited actual performance. 2022/2023	Audited actual performance. 2023/2024	Planned annual target 2024/2025	Actual achievement 2024/25	Deviation from planned target to actual achievement for 2023/24	Comment on deviations
Improved compliance through enforcement of the NCA.	Impact study report produced.	Impact study report on the effect of total cost of credit and credit life insurance regulations on consumers and submit a final report to the dtic.	N/A	N/A	Conduct an impact study on regulations on limitations on fees and interest rates together with credit life regulations and submit report to the dtic	Not achieved	The Service Provider was only appointed in December 2024. The initial SCM process yielded no responses, and the subsequent one had a low response rate, with only two bidders submitting proposals.	Target not achieved. The department worked very closely with the appointed service provider to ensure progress and sign-off of every phase of the project. Phase 1 of the project has been concluded. Phase 2 and the findings are in progress. It Incorporates: Kick-off meeting, Project mapping, Inception report. The Literature review and Questionnaires for stakeholder engagement has also been concluded. All stakeholders have been engaged except BASA which is arranged for April 2025.
Improved compliance through enforcement of the NCA.	Investigations on credit providers conducted.	Number of investigations conducted on credit providers relating to the NCA.	444 investigations on credit providers were conducted by way of complaints evaluations, compliance monitoring and investigations	575 investigations on credit providers were conducted by way of complaints evaluations, compliance monitoring and investigations.	Conduct 490 investigations on credit providers relating to the NCA.	Conducted 721 investigations on credit providers relating to the NCA	+231	Target exceeded. A high number of credit provider complaints were received. Improved process flow contributed to more efficient handling and resolution of complaints.

PERFORMANCE INFORMATION BY PROGRAMME
continued

Programme/Sub-programme: Enforcement of the National Credit Act

Outcome	Outputs	Output indicators	Audited actual performance. 2022/2023	Audited actual performance. 2023/2024	Planned annual target 2024/2025	Actual achievement 2024/25	Deviation from planned target to actual achievement for 2023/24	Comment on deviations
	Enforcement action taken on noncompliance identified.	Enforcement action taken by the end of the financial year on a percentage (%) of investigations which identified non- compliance relating to the NCA by credit providers.	Enforcement action was taken on 96% of investigations on credit providers where contraventions relating to reckless lending were identified.	Enforcement action was taken on 93% of investigations on credit providers where contraventions relating to reckless lending were identified.	Take enforcement action on 80% of investigations which identified non-compliance with the NCA by credit providers by the end of the financial year	Enforcement action taken on 96% of investigations which identified non-compliance with the NCA by credit providers by the end of the financial year.	+16%	Target exceeded. Timeous assessments of information provided by Credit providers and engagements throughout the process.
Improved compliance through enforcement of the NCA.	Investigations on debt counsellors conducted.	Number of investigations conducted on debt counsellors relating to compliance with the NCA.	New indicator	610 investigations on debt counsellors were conducted by way of compliance monitoring, complaints evaluations and investigations.	Conduct 350 investigations on debt counsellors relating to compliance with the NCA.	Conducted 1 069 investigations on debt counsellors relating to compliance with the NCA.	+719	Target exceeded. A high number of debt counsellor complaints were received. In addition, increased focus on debt counsellors who were charging excessive NCT fees.
	Enforcement action taken on non-compliance identified.	Enforcement action taken by the end of the financial year on a percentage (%) of investigations which identified non-compliance with the NCA by debt counsellors.	New indicator	Enforcement action was taken on 92% of investigations on debt counsellors where contraventions relating to the NCA identified.	Take enforcement action on 80% of investigations which identified non-compliance with the NCA by debt counsellors by the end of the financial year	Enforcement action taken on 99% of investigations which identified non-compliance with the NCA by debt counsellors by the end of the financial year.	+19%	Target exceeded. Increased focus on debt counsellors who were charging excessive NCT fees.
Improved compliance through enforcement of the NCA	Investigations on credit bureaus conducted.	Percentage of investigations conducted on hosting credit bureaus in respect of credit reports issued for employment purposes in terms of the NCA, removal of adverse consumer credit information and paid-up judgements.	5 hosting credit bureaus investigations on hosting credit bureaus were conducted by way of compliance monitoring.	5 hosting credit bureaus investigations were conducted by way of compliance monitoring.	Conduct 83% of investigations on hosting credit bureaus in respect of credit reports issued for employment purposes in terms of the NCA, removal of Adverse consumer credit information and paid-up judgements	Conducted 100% of investigations on hosting credit bureaus in respect of credit reports issued for employment purposes in terms of the NCA, removal of Adverse consumer credit information and paid-up judgements. 6/6 = 100%	+17%	Target exceeded. The department adopted a strategic approach by investigating all the hosting bureaus by efficiently deploying additional resources (extra staff member) allowing the department to exceed the target.
	Enforcement action taken on non-compliance identified.	Enforcement action taken by the end of the financial year on a percentage (%) of investigations which identified non-compliance by credit bureaus.	All credit bureaus were found to be compliant after monitoring was conducted.	*No opportunity to demonstrate. All credit bureaus were found to be compliant after investigations were conducted.	Take enforcement action on 85% of investigations, which identified non-compliance by credit bureaus by end of the financial year.	Enforcement action taken on 100% of investigations, which identified non-compliance by credit bureaus by end of the financial year.	+15%	Target exceeded. All non-compliance identified were effectively addressed, and appropriate corrective actions were enforced.

Programme/Sub-programme: Enforcement of the National Credit Act								
Outcome	**Outputs**	**Output indicators**	**Audited actual performance. 2022/2023**	**Audited actual performance. 2023/2024**	**Planned annual target 2024/2025**	**Actual achievement 2024/25**	**Deviation from planned target to actual achievement for 2023/24**	**Comment on deviations**
Improved compliance through enforcement of the NCA.	Compliance reports evaluated.	% of evaluated credit bureau annual compliance reports certified by an independent auditor for their previous financial year.	Evaluated 100% annual compliance reports certified by independent auditors, submitted by registered credit bureaus for their 2021 financial year	100%	Evaluate 100% annual compliance reports certified by an independent Auditor submitted by credit bureaus for the 2023 financial year.	Evaluated 100% annual compliance reports certified by an independent Auditor submitted by credit bureaus for the 2023 financial year	No variance	Target achieved.
	Enforcement action taken on non-compliance identified.	Enforcement action taken by the end of the financial year on a percentage (%) of credit bureaus which were found to be non-compliant after the evaluation of annual compliance reports certified by an independent auditor for their previous financial year.	Enforcement action was taken on 100% of investigations on credit bureaus which were found to be non-compliant.	*No opportunity to demonstrate. All credit bureaus were found to be compliant after the evaluation of annual compliance reports certified by an independent auditor for their previous financial year.	Take enforcement action on 80% of credit bureaus which were found to be non-compliant after the evaluation of annual compliance reports certified by an independent auditor for their previous financial year by 31 March 2025.	Enforcement action taken on 100% of credit bureaus which were found to be non-compliant after the evaluation of annual compliance reports certified by an independent auditor for their previous financial year by 31 March 2025.	+20%	Target exceeded. The department assessed the levels of non-compliance across the credit bureau assessments, and as a result, the department was able to effectively take enforcement action. The additional resources received equally added to the operational effectiveness of the department.
Improved compliance of the NCA.	Reports on the impact of enforcements produced.	Number of reports produced on the impact of enforcement action taken on entities and persons that were found to be non-compliant in the previous financial year.	New indicator	Three progress reports and one final report on the impact of enforcement action taken on entities and persons that were found to be non-compliant in the previous financial year, produced.	Three progress reports and one final report on the impact of enforcement action taken on entities and persons that were found to be non-compliant in the previous financial year.	Three progress reports and one final report on the impact of enforcement action taken on entities and persons that were found to be non-compliant in the previous financial year.	No variance	Target achieved.

* These indicators will not count as an achievement or non-achievement as there was no opportunity to demonstrate.

LINKING PERFORMANCE WITH BUDGETS

The budgeted expenses per activity compared to the actual expenses for the 2024/25 financial year are set out in the table below:

Performance activity/ objective	2024/2025 Budget R'000	2024/2025 Actual expenditure R'000	2024/2025 (Over)/under expenditure R'000	2023/2024 Budget R'000	2023/2024 Actual expenditure R'000	2023/2024 (Over)/under expenditure R'000
Programme 1	**102 916**	**97 326**	**(5 590)**	118 536	108 289	(10 247)
Programme 2	**45 038**	**47 986**	**2 948**	23 115	26 836	3 721
Total	**147 954**	**145 312**	**(2 642)**	141 651	135 125	(6 526)

REVENUE COLLECTION

Sources of revenue	2024/2025 Budget R'000	2024/2025 Actual amount collected (R'000)	2024/2025 (Under)/over collection (R'000)	2023/2024 Budget R'000	2023/2024 Actual amount collected (R'000)	2023/2024 (Under)/over collection (R'000)
Fees paid by registrants	**46 903**	**46 767**	**(136)**	51 545	45 152	(6 393)
Transfer payment	**79 051**	**79 051**	**–**	84 060	81 538	(2 522)
Interest income	**8 000**	**5 528**	**(2 472)**	2 780	7 061	4 281
Other income	**14 000**	**17 986**	**3 986**	3 266	6 645	3 379
Total	**147 954**	**149 332**	**1 378**	141 651	140 396	(1 255)

Interest income

The under collection in interest income is due to budget constraints of grants transfer paid in two tranches in April and October of the current financial year as compared to one single tranche in the prior year.

Other income

Over collection in other income is due the funds received from a learnership grant received from SETA intership programme and revenue recognised for a services in-kind relating to a business re-engineering and re-design project.

CAPITAL INVESTMENT

During the financial year under review there were no major infrastructure projects and major maintenance projects. Measures were taken to ensure that the public entity's asset register remained up-to-date during the period under review include the following: regular updating of Fixed Asset Register (FAR) with additions, retirement of assets in bad conditions; monthly reconciliation of the Fixed Assets Register and General Ledger. NCR procured new assets to a tune of R11 million (R11 143 014) in order to improve efficiencies and capitalised a services in kind asset amounting R0.9million (R904 645) for technical assistance that is considered significant to NCR's service delivery objectives and future asset development for business re-engineering and redesign project.

The additions represent an increase of 44% compared to the spend of 2023/24 financial year (R6.2 million). Overall, an amount of R11 million included R3m spent on procurement of computer equipment, R7,9 million spent on software and intangible asset under development of R0.9 million. The current state of the NCR capital assets are in good condition.

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GOVERNANCE

GOVERNANCE

Introduction

Corporate governance embodies processes and systems by which public entities are directed, controlled and held to account. In addition to legislative requirements based on the NCR's enabling legislation, and the Companies Act, corporate governance with regard to public entities is applied through the precepts of the Public Finance Management Act (PFMA) and run in tandem with the principles contained in the King's Report on Corporate Governance.

Parliament, the Executive Authority and the Accounting Authority of the NCR are responsible for corporate governance.

Portfolio Committee

The NCR tables financial statements in Parliament. Parliament evaluates the NCR's performance by interrogating its financial statements and performance information.

The Standing Committee on Public Accounts (SCOPA) reviews the NCR's annual financial statements and the audit report compiled by the Auditor-General of South Africa.

The Portfolio Committee on Trade, Industry and Competition exercises oversight over the NCR's service delivery and reviews its performance in terms of the financial and non-financial information contained in the NCR's annual report.

During the year under review, the NCR met with the Portfolio Committee on Trade, Industry and Competition on 12 March 2025 to brief committee members on its financial and non-financial performance for Quarter 3 of 2024/25 financial year.

Executive Authority

The Minister of Trade, Industry and Competition is the Executive Authority. The table be-low provides details on the executive reports submitted to the Minister.

Report submitted	Date submit-ted	Issues raised by the Minister
Report on financial and non-financial performance (Quarter 4 of 2023/24: 1 January to 31 March 2024)	30 April 2024	There were no issues raised by the Minister
Report on financial and non-financial performance (Quarter 1 of 2024/25: 1 April to 30 June 2024)	30 July 2024	There were no issues raised by the Minister
Report on financial and non-financial performance (Quarter 2 of 2024/25: 1 July to 30 September 2024)	31 October 2024	There were no issues raised by the Minister
Report on financial and non-financial performance (Quarter 3 of 2024/25: 1 October to 30 December 2024)	31 January 2025	There were no issues raised by the Minister

Report submitted	Date submit-ted	Issues raised by the Minister
Executive Summary Report (Quarter 4 of 2023/24: 1 January to 31 March 2024)	29 April 2024	There were no issues raised by the Minister
Executive Summary Report (Quarter 1 of 2024/25: 1 April to 30 June 2024)	29 July 2024	There were no issues raised by the Minister
Executive Summary Report (Quarter 2 of 2024/25: 1 July to 30 September 2024)	31 October 2024	There were no issues raised by the Minister
Executive Summary Report (Quarter 3 of 2024/25: 1 October to 30 December 2024)	30 January 2025	There were no issues raised by the Minister

Report submitted	Date submitted
Quarterly Report on PDA Interest Utilisation	8 August 2024 (Q1) 8 November 2024 (Q2) 7 February 2025 (Q3) 9 May 2025 (Q4)*

** In accordance with the PDA Policy the Q4 utilisation report is submitted 40 days after the end of the quarterly Executive Summary reports.*

Accounting Authority

The Chief Executive Officer (CEO) is the Accounting Authority (AA). The CEO provides strategic leadership, oversees and ensures the efficient and effective use of the NCR's resources and ensures compliance with all its legal requirements and reporting and financial accountability obligations.

Risk management

The NCR has a risk management policy framework, and conducts regular risk assessments to determine the effectiveness of the framework and to identify new and emerging risks.

The NCR is has successfully implemented a combined assurance model to ensure that all assurance activities provided by assurance providers adequately address key risks facing the organisation and that suitable controls exist to mitigate the risks. The Combined Assurance Policy Framework was reviewed to ensure that good governance principles are applied throughout the organisation. Upon approval of the framework, a comprehensive combined assurance plan will be developed and presented to the committee for consideration and recommendation. Implementation is committed for the new financial year.

The NCR Audit and Risk Management Committee (ARMC) advises management on the overall system of risk management, especially the mitigation of unacceptable levels of risk. The committee provides oversight with regards to financial management, internal controls, risk management and the accuracy of financial reporting.

The ARMC is constituted in terms of the PFMA and Treasury Regulations. The NCR executive management members are permanent invitees to committee meetings. The committee's mandate is to ensure financial and legal compliance and exercise oversight over internal and external audit and risk management. Details of meetings and responsibilities of the ARMC are presented on page 63 of this report.

Internal Control Unit

The internal audit function provides an independent and objective evaluation of the systems of control and any significant risks brought to management's attention. Key internal audit functions include:

- Assessing the adequacy and effectiveness of the internal control environment, and recommending potential improvements.
- Developing a rolling three-year strategic Internal Audit Plan in line with the strategic risk assessments.
- Preparing annual internal audit plans using risk-based methodology, incorporating any risks or control concerns identified by management, and submitting the plan to the Audit and Risk Management Committee for approval.
- Executing the approved Annual Internal Audit Plan, and any special projects/tasks requested by the management and/or ARMC.

Internal audit reports were tabled to the Audit and Risk Management Committee (ARMC) on a quarterly basis.

Internal Audit and Audit Committees

The key activities and objectives of the internal audit function, and the ARMC are to review and ensure:

- The effectiveness of the risk management process;
- The effectiveness of the internal control systems;
- The risk areas of the entity's operations covered in the risk registers;
- The adequacy, reliability and accuracy of financial and non-financial information provided to management and users of such information; and
- Compliance with legal and regulatory provisions.

The 2024/25 ARMC consisted of four members. The committee held five meetings, one of which was a special meeting held on 30 May 2024.

The frequency of the meetings is as per the approved Audit and Risk Management Committee Charter.

The ARMC is an independent and objective body that assists the AA to discharge her duties relating to:

- Safeguarding assets:
- Assessing the going concern status;
- Reviewing financial information, including quarterly management accounts and annual financial statements; and
- External audit process and oversight of the risk management environment.

The ARMC has fulfilled its responsibilities in compliance with its charter. More information is provided in the report of the ARMC on pages 63 to 65.

Audit and Risk Management Committee members

Name	Qualifications	Internal or external	Date appointed	Date terminated/ resigned	Number of meetings attended
Zamachonco Chonco (Chair)	CA (SA), BCom Accounting (Hons), BCom Accounting	External	11 August 2021	10 August 2024 (end of contract)	3
Portia Chilwane	BProc, Admitted Attorney, Postgraduate Diploma (Advanced Management Programme)	External	11 August 2021	10 August 2024 (end of contract)	3
Nkosenhle Nongoma	Postgraduate Diploma in Management, B-Tech in IT Knowledge Management, National Diploma in IT Software Development, CIO Professional Practice for IT Operations and Management, Executive Development Programme	External	15 July 2022	–	4
Noziphiwo Lubanga	Master's in Business Administration, BCom Internal Auditing (Hons), Executive Development Programme	External	16 October 2023	–	5
Thilivhali Archibald Ramawa (Chair)	Postgraduate Diploma in Accounting (CTA) CA(SA)	External	28 October 2024	–	2
Mmabagaki Mothelesi	Honours Bachelor of Commerce Bachelor of Commerce	External	28 October 2024		2

Compliance with laws and regulations

The NCR is committed to complying with all applicable laws and regulations and takes reasonable measures to ensure compliance.

Fraud and corruption

A fraud prevention plan has been developed within the context of the Risk Management Policy Framework with the aim to reduce fraud to an absolute minimum and effect policies and procedures to maintain the risk of fraud within tolerable levels, and preferably zero, at all times.

Various measures have been implemented to prevent fraud. These include authorisation, custody of assets, detection controls, physical supervision, management information, segregation of duties, physical security and information security.

The Fraud Prevention Policy includes the response mechanisms in place to report, investigate and resolve incidents of fraud impacting the NCR.

An outsourced service provider maintains a fraud reporting hotline for internal and external stakeholders to report incidents of corruption, fraud and unethical practices in the workplace.

Monthly reports from the hotline service provider are dealt with confidentially in line with the approved internal policy for handling fraud allegations.

Minimising conflict of interest

NCR employees are required to disclose any conflict of interest. In the event of such a conflict, the conflicting party is recused from the process.

Bidders and services providers registered with the NCR are required to complete declaration of interest forms. Supply chain management practitioners and management submit their financial disclosure forms annually, as required by the Public Service Commission (PSC).

Code of conduct

The NCR recognises the importance of treating staff fairly in all aspects of employment and expects staff to identify and comply with its philosophy and values.

The Code of Conduct prescribes the minimum standards of conduct. It reflects the basic requirements of professionalism, integrity and courtesy required to provide a quality service and a pleasant and safe working environment. The Code forms part of the NCR's conditions of employment and applies to casual, temporary and permanent employees.

The NCR expects its employees to:
- Work within the law with honesty and integrity.
- Uphold ethical standards at all times.
- Comply with all lawful and reasonable instructions.
- Comply with the NCR's policies.
- Work diligently and meet the requirements of their employment agreement.
- Respect the rights of colleagues and clients.

Health, safety and environmental issues

The NCR has a legal responsibility to ensure a safe and healthy workplace. The organisation has appointed an occupational health and safety (OHS) consultant to execute its annual OHS plan. Tasks include managing regular fire drills, training health and safety officials across the organisation and the review of the OHS Policy.

Safety is a core value of the NCR, and the organisation is committed to continued advancement of an institutional safety culture with strong programmes of personal safety, accident and injury prevention, wellness promotion, and compliance with applicable environmental and health and safety laws and regulations (OHS Act).

To ensure that the organisation continues to provide a healthy and safe workplace, a process is underway to appoint service provider for cleaning and hygiene services and security provision.

Company Secretary

The Company Secretary's role is to ensure implementation of sound corporate governance within the NCR's operations. In addition, the incumbent ensures that the NCR complies with all legal compliance requirements.

The Company Secretary serves as a link between the NCR and the Audit and Risk Management Committee by coordinating the activities of the committee, providing support and guidance in relation to its fiduciary duties and corporate governance procedures and relevant legislation.

Mr Ngoako Mabeba, who was appointed on 01 March 2025, serves as NCR Acting Company Secretary.

Social responsibility

The NCR is a non-profit public entity and is, therefore, precluded from disbursing funds to good causes. No donations were made to any charitable organisation in the 2024/25 financial year.

Audit and Risk Management Committee Report

We are pleased to present our report for the financial year ended 31 March 2025.

Audit and Risk Management Committee responsibility

The Audit and Risk Management Committee reports that it has complied with its responsibilities arising from Section 51 (a) of the Public Finance Management Act and Treasury Regulation 27.1.10. The Audit and Risk Management Committee further reports that it has adopted appropriate formal terms of reference as its Audit and Risk Management Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein. The committee has complied with all the respective requirements.

Audit and Risk Management Committee members and attendance

The Audit and Risk Management Committee consisted of the members listed hereunder and met at least four times during the year as per its approved terms of reference.

During the 2024/25 period, noticeable movement was recorded within ARMC with Ms Z Chonco and Ms P Chilwane contracts ending in August 2024 and Mr T Ramawa and Ms M Mothelesi joining the committee on 28 October 2024.

Thilivhali Archibald Ramawa
Incoming Chairperson

Zamachonco Chonco
Outgoing Chairperson

Portia Chilwane
Outgoing ARMC member

Nkosenhle Ngongoma
ARMC member

Noziphiwo Lubanga
ARMC member

Mmabagaki V Mothelesi
ARMC member

During the year under review the committee held five meetings (4 ordinary and 1 special meeting) as listed below and was considered effective for the whole year ending 31 March 2025.

Members	Ms Z Chonco Chairperson	Ms P Chilwane	Mr N Nongoma	Ms N Lubanga	T Ramawa Chairperson	M Mothelesi
25 April 2024	Present	Present	Present	Present	Not appointed	Not appointed
30 May 2024 (Special)	Present	Present	Apology	Present	Not appointed	Not appointed
26 July 2024	Present	Present	Present	Present	Not appointed	Not appointed
31 October 2024	Contract expired	Contract expired	Present	Present	Present	Present
29 January 2025	Contract expired	Contract expired	Present	Present	Present	Present

The effectiveness of internal control

The system of controls within the National Credit Regulator (NCR) is designed to provide reasonable assurance that assets are safeguarded and that liabilities and working capital are properly managed in line with the PFMA and the protocol on corporate governance. This is achieved by means of a risk-based internal audit plan, to assess the adequacy and effectiveness of controls mitigating the risks, as well as the Audit and Risk Management Committee monitoring of the implementation of corrective actions.

RAiN Chartered Accountants Inc. was the appointed Internal Auditor to the National Credit Regulator (NCR) during the financial year under review.

In the financial year under review, internal audit continued to provide assurance in terms of control, governance, and risk management as per the approved risk-based audit plan. From the Committee's review of the Internal Audit reports presented during the 2024/25 financial year, the 2024/25 Audit Report on the review of the Annual Financial Statements and the Management Report from the Auditor- General of South Africa (AGSA) it can be concluded that the system of internal control as applied to financial and non-financial matters, enterprise risk management and governance systems are adequate and effective. However, the Committee has identified the following key areas of concern that should be addressed to further improve the overall adequacy and effectiveness of the control environment:

- Information Communication and Technology (ICT) governance
- Updated policies and procedures
- Controls over financial reporting processes and review of Annual Financial Statements

The Committee welcomes management's commitment to address the identified control weaknesses specifically within the ICT environment and review of policies and standard procedures timeously. The Committee will be monitoring management's progress in resolving these issues on a regular basis.

The effectiveness of the internal audit function

The Committee evaluated the independence, effectiveness and performance of the internal audit function and compliance with its mandate. The Internal Audit function of the NCR underwent the five-year external quality assurance assessment by an independent assessor from outside the organisation. This was in alignment with the standard 1312 of the International Standard for the Professional Practice of Internal Auditing for the purpose of assessing the level of conformance with the International Standard for the Professional Practice of Internal Auditing; the Code of ethics of the Institute of Internal Auditors; definition of internal auditing; Core principles of internal auditing profession and the extent to which IA function meets the needs and expectations of its stakeholders within and outside the organization. The overall opinion of the Internal Audit function resulted in general conformance to the mandatory elements of the International Professional Practice Framework.

Given the quality of in-year management quarterly reports submitted in terms of the PFMA, the committee is satisfied that the internal audit has established appropriate reporting procedures for quarterly reporting to the committee. Consequently, the committee is satisfied with the quality of the quarterly reports, level of independence and effectiveness of internal audit function.

The Committee has identified the following key areas of concern that should be addressed to further improve the overall effectiveness of the Internal Audit Function:

- Quarterly review of the Performance of Information in alignment with the reporting process.
- Annual review of the Annual Performance Plan prior to tabling at the ARMC.
- The CAE should communicate the results of the QAIP annually to senior management and ARMC. The results of the QAIP include, where appropriate, corrective action plans and progress on completion. Additionally; the results of this external assessment should also be communicated to senior management and ARMC.

In-year management and quarterly reports

The NCR has reported quarterly to National Treasury and the Executive Authority as required by the PFMA. The Committee reviewed the quarterly submissions and was satisfied with the content and quality of the reports formulated during the year under review.

Evaluation of financial statements

The audit committee performed the following with regards to the financial statements:

- Performed a high-level review of the 2024/25 unaudited financial statements with due consideration of the independent assurance provided by IA as well as the

- assurance provided by Management in accordance with the combined assurance matrix;
- Reviewed the unaudited information on predetermined objectives with due consideration of the independent assurance provided by IA as well as the assurance provided by management in accordance with the combined assurance matrix;
- Reviewed changes in accounting policies and practices;
- Reviewed compliance with legal and regulatory provisions;
- Reviewed the basis for the going concern assumption, including any financial sustainability risk and issues;
- Reviewed significant adjustments resulting from the audit;
- Reviewed the Auditor-General South Africa (AGSA) audit and management reports, with due consideration of the responses provided by management; and
- Reviewed the audited financial statements as well as the information on predetermined objectives to be included in the annual report.

For the 2025/26 financial statement the Audit and Risk Management committee will make more focusses on the above to ensure that the financial statement submitted to AGSA does not contain material adjustment.

External auditor's report

The Committee has reviewed the progress made by Management in the implementation plan of the external audit issues raised in the prior year.

The Committee has on a quarterly basis reviewed the NCR's implementation plan of audit issues raised in the prior year and it is satisfied that the matters have been satisfactorily resolved.

The Committee further met with the AGSA to ensure that there are no unresolved issues that emanated from the regulatory audit. Corrective actions on the detailed findings raised by the AGSA will continue to be monitored by the committee on a quarterly basis. The committee concurs with and accepts the conclusions of the AGSA on the annual financial statements and believes that the audited annual financial statements must be accepted and read together with the report of the AGSA.

The Committee wishes to commend management for the unqualified audit opinion with no findings as expressed by the AGSA in its audit report. The results are a testimony to the diligent and hard work put in by the entity.

Appreciation

The Committee wishes to extend its sincere appreciation and commend the NCR management for their exceptional efforts in achieving the unqualified audit opinion for FY2024/25. We relay our sincere appreciation to the Acting Chief Executive Officer and management of NCR for the dedication and support provided to the committee. We thank the AGSA and the Internal Auditors for the co-operation and information they have provided to enable the committee to discharge its responsibilities.

As the committee we remain committed to working collaboratively with management and other assurance providers in ensuring that the appropriate control measures are effective, efficient, transparent and strengthened. The committee will endeavour to use combined assurance principles to follow up on all assurance providers findings in order to maintain the clean governance as we build upon the foundation of good audit results and continuously strive for excellence.

Mr Thilivhali Archibald Ramawa
Chairperson of the Audit and Risk Management Committee

B-BBEE COMPLIANCE INFORMATION

The following table was completed in accordance with the B-BBEE requirements of the B-BBEE Act of 2013 and as determined by **the dtic**.

Criteria		Yes/No	Discussion (measures taken/not taken to comply)
1.	Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	Yes	The NCR issues licences to credit providers, debt counsellors, payment distribution agents and credit bureaus in accordance with the National Credit Act.
2.	Developing and implementing a preferential procurement policy?	Yes	NCR tenders were issued based on the revised PPR 2022, were advertised on the NCR website and e-tender portal. Only suppliers registered on CSD are awarded business. NCR had a target through special goals of 25% spend (awards issued) to MSMEs owned by black people/women/youth and people with disabilities.
3.	Determining qualification criteria for the sale of state-owned enterprises?	No	Currently the NCR does not have any qualifying criteria for the sale of state-owned enterprises.
4.	Developing criteria for entering into partnerships with the private sector?	No	The NCR does not have partnerships with the private sector.
5.	Determining criteria for the awarding of incentives, grants and in-vestment schemes in support of B-BBEE?	Yes	With the reduction in budget, NCR will not be able to implement these criteria in the foreseeable future.

D
PART

HUMAN RESOURCE MANAGEMENT

Overview of HR matters

Ms Boitumelo Geldenhuis
Manager: Human Resources

The Human Resource (HR) Department has primary responsibility for effective and efficient human resources management. The strategic objectives of the division include talent management, employee health and wellness management, remuneration administration and personnel planning and budget.

The NCR relies on its employees' skills, capabilities and focused energies to achieve its strategic goals and objectives.

During the year under review, the department reviewed the HR policies and, where necessary, revised policies to align with best practice and amended legislation. As a result, we are confident that the NCR can provide an enhanced employee experience marked by consistency.

The vacant executive roles have created their own challenges and opportunities, the upside of this situation, however, is that it has allowed current employees to gain exposure and experience while acting in these roles, which has contributed to a sense of security, consistency and leadership internally and externally.

Labour stability and the continued achievement of our strategic goals despite limited budgets and temporary leadership, reflect the resilience of the organisation. With this in mind, the HR Department acknowledges and extents its gratitude to the Executive Committee, members of Manco and the leadership of the Staff Forum for working together to ensure that the NCR can serves the credit sector and consumers in general with integrity and pride.

Skills and talent development

The goal to develop a fit-for-purpose workforce has guided the organisation to allow employees to act in higher level positions and/or positions at a similar grade but requiring different skills. This enabled us to circumvent capacity issues and budget constraints, while offering employees development opportunities.

The following acting positions were approved:

- Lynette De Beer, CFO, appointed Acting CEO
- Phillipine Mweli, SCM Manager, appointed Acting CFO
- Nthupang Magolego, Senior Legal Advisor: Executive, appointed Acting Executive
- Kedilatile Legodi, Manager Debt Counselling, appointed Acting Company Secretary, followed by Mr Ngoako Mabeba, Manager Statistics and Research as of 1 March 2025.
- Anda Makrwede, Legal Advisor, appointed Acting Senior Legal Advisor Executive
- Lebogang Mosupye, Debt Counselling Supervisor, appointed Acting Manager Debt Counselling
- Matimu Masingi, SCM Specialist appointed, Acting SCM Manager
- Sibusiso Nhangombe, Credit Bureau Analyst appointed to the position of Acting Manager: Credit Bureau Compliance
- Bongani Gwexe, Supervisor Industry Analyst appointed to the position of Acting Manager: Statistics and Research.

Occupational Health and Safety

During the period under review, the division successfully conducted both security and occupational health and safety (OHS) training. The OHS training ensures that our OHS representatives can provide their colleagues with immediate assistance in emergencies and other incidents. OHS representatives also act as advocates or ambassadors for health and safety matters in their respective departments and assist the NCR at organisational events in emergency and safety roles.

Talent development was also the intent behind the ICT team's participation in the Africa ICT Conference held in Cape Town.

HR priorities for the year under review

Culture improvement: A consultant was appointed to conduct a diagnostic survey of the NCR culture and assist the organisation with developing a roadmap to improve its culture. The survey investigated the extent to which employees know and live the NCR values, organisational practices that negatively affect the culture and ways to improve the culture.

Statutory compliance: The division submitted EMP 501 and EMP 201 returns, as well as the NCR's COIDA returns and employment equity report as required by the Department of Labour. The NCR understands and supports the fact that as a government institution, it is required by law to submit these compliance documents and make the required payments to statutory bodies.

Internship programmes

The NCR's commitment to contribute to youth development and employment is reflected in the 2024/25 BankSETA and NCR internship programme partnership. Ten interns, fully funded by the BankSETA, are currently working at the NCR, making valuable contributions in core business functions like Debt Counselling, Registration, ICT and Finance. In addition, during the year under review, the NCR funded four interns from the organisational budget. Through this work-readiness programme, graduates gain workplace experience and are exposed to the broader credit industry.

All dtic entities have committed to create jobs, but as a regulator the NCR cannot do so directly. We do, however, contribute indirectly by supporting women-owned businesses that, in turn, employ people, as well as through accelerating the registration of NCR's Registrants so that they can open their businesses and create jobs.

Employee wellness

NCR employees continue to benefit from the employee assistance programme provided by Lyra. In addition, the NCR conducted Women's Day, Wellness Day and Men's Forum workshops, all aimed at supporting staff on issues of primary healthcare (e.g., blood pressure and HIV checks), financial wellness and career guidance.

As the NCR's provident fund administrator, Old Mutual continued with financial wellness initiatives for all employees.

Challenges

Retention of skills remains a challenge for the NCR. As high interest rates and rising inflation put personal finances under pressure, staff are always looking for better opportunities outside the NCR.

The year ahead

The department is busy ensuring that the reviewed HR policies and SOPs are approved and operationalised, and will continue with this task.

Our priority, however, will be to use the outcomes of the culture survey to embark on a culture transformation journey. This will entail defining our desired culture based on our values and motto, and enhancing our employee value proposition to give staff members greater opportunity to develop their careers through meaningful impact. The transformation journey will also impact organisational policy and service delivery.

NCR women celebrated women's 2024

The 2024 Womens Day celebration coincided with the country's commemoration of 30 Years of Freedom and Democracy and 68th anniversary, making this year's Women's Month an important juncture for collective reflection on how we have empowered and advanced the rights of women in our democratic journey. Every year, on the 9th of August, South Africa celebrates Women's Month, to pay tribute to the more than 20 000 women who marched to the Union Buildings on the 9th of August 1956, in protest of the extension of Pass Laws to women.

NCR women celebrated women's 2024



"Celebrating **30 Years** of Democracy Towards Women Development"


NCR Men's Day Event – Khulumani Madoda

27 September 2024

The National Credit Regulator hosted its inaugural Men's Day Event themed, Khulumani Madoda which translates to Men, speak up. The initiative sought to motivate men to articulate concerns and engage in conversations regarding their well-being including but not limited to relationships, marriage, finances, and mental health.


HUMAN RESOURCES OVERSIGHT STATISTICS

Table 1: Personnel cost by programme/activity/objective

Programme	Total expenditure for the entity R'000	Personnel expenditure R'000	Personnel expenditure as % of total expenditure	Number of employees	Average personnel cost per employee R'000
Improved regulatory environment	136 669	48 209	55	78	618
Enforcement of the National Credit Act	8 643	39 344	45	89	442
Total expenditure for the entity	**145 312**	**87 553**	**100**	**167**	**1 060**

Table 2: Personnel cost per salary band

Level	Personnel expenditure R'000	% of personnel expenditure to total personnel cost	Number of employees	Average personnel cost per employee R'000
Top management	7 271	8	5	1 454
Senior management	15 533	18	14	1 109
Professional qualified	22 456	25	30	748
Skilled	32 975	38	72	457
Semi-skilled	9 318	11	46	202
Total	**87 553**	**100**	**167**	**3 970**

Table 3: Performance rewards

Level	Performance rewards R'000	Personnel cost R'000	% of performance rewards to total personnel cost
Top management	0	0	0
Senior management	0	0	0
Professional qualified	0	0	0
Skilled	0	0	0
Semi-skilled	0	0	0
Total	**0**	**0**	**0**

Table 4: Training costs

Programme	Personnel expenditure R'000	Training expenditure R'000	Training expenditure as a % of total personnel cost	Number of employees trained	Average training cost per employee
Improved regulatory environment	72 774	29 957	34	1	29 957
Enforcement of National Credit Act	14 779	0	0	0	0
Total	**87 553**	**29 957**	**34**	**1**	**29 957**

Table 5: Employment and vacancies

Pro-gramme/activity/objective	2023/2024 number of employees	2024/25 approved posts	2024/25 number of employees	2024/25 vacancies	% of vacancies
Top management	3	4	2	2	8
Senior management	14	15	13	2	8
Professional qualified	28	35	30	5	19
Skilled	70	87	74	13	50
Semi-skilled	46	50	46	4	15
Unskilled	0	0	0	0	0
Total	**158**	**191**	**167**	**26**	**100**

When a critical role goes unfilled, it can have a huge impact on the organisation. The HR Division and other relevant units explore various recruitment avenues to address the challenge of unfilled positions.

Table 6: Employment changes

Level	Employment at beginning of period	Appointments	Terminations	Employment at the end of the period
Top management	3	0	1	5*
Senior management	11	3	0	14
Professional qualified	28	2	0	30
Skilled	70	10	8	72
Semi-skilled	46	5	5	46
Total	**158**	**20**	**14**	**167**

* *Company Secretary position is counted three times, because of ill health and acting appointments.*

Table 7: Reasons for staff leaving

Reason	Number	% of total number of staff leaving
Death	0	0
Resignations	18	78
Retirement	0	0
Ill health	0	0
Expiry of contract	5	22
Dismissal	0	0
Total	**23**	**100**

The biggest reason for staff leaving is better opportunities. Due to budget constraints, not all vacancies could be filled. However, most of the positions regarded as critical in terms of the NCR's mandate were filled through the normal recruitment process.

Table 8: Labour relations: misconduct and disciplinary action

Nature of disciplinary action	Number
Verbal warning	0
Written warning	2
Final written warning	0
Dismissal	0
Total	**2**

Table 9: Equity target and employment equity status (men)

	Male							
	African		Coloured		Indian		White	
Levels	Current	Target	Current	Target	Current	Target	Current	Target
Top management	**1**	2	**0**	0	**0**	0	**0**	0
Senior management	**4**	3	**0**	0	**0**	1	**0**	0
Professional qualified	**9**	7	**1**	3	**1**	4	**1**	4
Skilled	**25**	29	**1**	2	**0**	1	**2**	1
Semi-skilled	**16**	21	**1**	1	**1**	1	**0**	1
Unskilled	**0**	0	**0**	0	**0**	0	**0**	0
Total	**55**	**62**	**3**	**6**	**2**	**7**	**3**	**6**

Table 10: Equity target and employment equity status (women)

	Female							
	African		Coloured		Indian		White	
Levels	Current	Target	Current	Target	Current	Target	Current	Target
Top management	**0**	1	**0**	1	**0**	0	**1**	0
Senior management	**10**	8	**0**	1	**0**	0	**0**	0
Professional qualified	**12**	9	**0**	3	**1**	3	**4**	8
Skilled	**42**	45	**2**	2	**1**	3	**0**	1
Semi-skilled	**30**	25	**1**	2	**0**	1	**0**	0
Unskilled	**0**	0	**0**	0	**0**	0	**0**	0
Total	**94**	**88**	**3**	**9**	**2**	**7**	**5**	**9**

Table 11: Equity target and employment equity status (people living with disabilities)

	People living with disabilities			
	Male		Female	
Levels	Current	Target	Current	Target
Top management	**0**	0	**0**	0
Senior management	**0**	0	**0**	0
Professional qualified	**0**	0	**0**	0
Skilled	**0**	1	**0**	1
Semi-skilled	**0**	0	**1**	1
Unskilled	**0**	0	**0**	0
Total	**0**	**1**	**1**	**2**

Human Resources hosts Workplace Readiness Training Programme

The NCR conducted a **Work Readiness Training Programme on 27 February 2025** for its 12 new learners. The objective of the programme aimed to provide learners with the essential skills and knowledge required to succeed in the workplace, including areas such as communication, teamwork, problem-solving, curriculum vitae preparation, interviewing techniques and professionalism.

The learners were also afforded the opportunity to present an introduction, offering an insight into their qualifications, careers aspirations, and future goals.

NCR staff financial health and wellness day event a success

The financial health and wellness day event was held on 28 March 2025 attended and participated in by the following stakeholders: Credit Bureaus (TransUnion and Experian), Credit Bureau Association (CBA), Consumer Goods and Services OMBUD, Banking Ombud, Financial Sector Conduct Authority (FSCA), Council for Medical Schemes (CMS), The National Financial Ombud Scheme (NFO), The Motor Industry Ombudsman of South Africa (MIO), Consumer Profile Bureau (CPB).

Activities conducted at the wellness day included: the formal running of the programme at the marquee tent, exhibitions, Blood pressure, glucose, Body Mass Index and voluntary HIV counselling and tests provided free of charge, financial planning education and advice provided by Old Mutual, along with face-to-face consultations with the credit bureaus.

E
PART

PFMA COMPLIANCE REPORT

REPORT OF THE ACTING

Chief Financial Officer

Phillipine Mweli
Acting Chief Financial Officer

As the custodian of, and responsible for, the implementation of policies, legislation and prescripts governing finance, supply chain management and information and communication technology (ICT), the Office of the CFO is responsible for the overall financial health of the NCR. It provides support on budgets, accounting function, supply chain management, external audit coordination, assets management and ICT to all NCR departments, as well as support on statutory submissions to comply with PFMA and Treasury Regulations. During the 2024/25 financial year, the Office of the CFO ensured:

- An unqualified audit opinion with findings from the Auditor-General was obtained for the year under review;
- All statutory submissions were submitted on time in compliance with the PFMA and Treasury Regulations;
- All management accounts, with variance explanations, were submitted on time to the dtic; and
- The NCR continued to comply with relevant National Treasury instructions, including those on cost containment.


NCR
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INFORMATION ON IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

Irregular expenditure

Reconciliation of irregular expenditure

Description	2024/25	2023/24	2022/23
Opening balances	41 100	7 984 642	7 997 506
Add: Irregular expenditure confirmed			5 693
Less: Irregular expenditure reclassified to fruitless and wasteful expenditure	–	(7 943 542)	–
Less: Irregular expenditure condoned			
Less: Irregular expenditure not condoned and removed	–	–	–
Less: Irregular expenditure recovered	–	–	(18 557)
Less: Irregular expenditure not recovered and written off	–	–	–
Closing balance	**41 100**	**41 100**	**7 984 642**

Reconciling notes to the AFS disclosure

Description	2024/25	2023/24	2022/23
Irregular expenditure that was under assessment in 2023-2024	–	–	–
Irregular expenditure that relates to 2023-2024 and identified in 2024-2025	–	–	–
Irregular expenditure current year	–	–	5 693
Irregular expenditure reclassified to fruitless and wasteful expenditure	–	–	(2 378)
Closing balance	**–**	**–**	**3 315**

No irregular expenditure was identified during the year.

Details of current and previous irregular expenditure

Description	2024/25	2023/24	2022/23
Irregular expenditure under assessment	–	608 198	–
Irregular expenditure under determination	–	–	–
Irregular expenditure under investigation	–	–	–
Total	–	**608 198**	**–**

Irregular expenditure prior year

One matter is pending in respect of a non-compliance to Regulation 13(c) of the Public Service Regulations, 2016. The matter is under assessment not confirmed (R608 198).

Description	2024/25	2023/24	2022/23
Irregular expenditure condoned	–	**–**	–
Total	–	**–**	**–**

Details of current and previous year irregular expenditure removed

Description	2024/25	2023/24	2022/23
Irregular expenditure not condoned, and removed	–	**–**	–
Total	–	**–**	**–**

Details of current and previous irregular expenditure recovered

Description	2024/25	2023/24	2022/23
Irregular expenditure recovered	–	**–**	3 315
Total	–	**–**	**3 315**

Details of current and previous irregular expenditure written off

Description	2024/25	2023/24	2022/23
Irregular expenditure written off	–	–	–
Total	–	–	–

Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure

Description	2024/25	2023/24	2022/23
Opening balances	23 208 085	2 901 989	2 908 207
Add: Fruitless and wasteful expenditure confirmed	51 949	42 166	46 213
Add: Fruitless and wasteful expenditure reclassified from irregular expenditure	–	1 574 694	–
Add: Fruitless and wasteful expenditure incurred in prior and confirmed in current year	–	18 697 392	–
Less: Fruitless and wasteful expenditure recovered	(9 000)	(8 156)	(7 535)
Less: Fruitless and wasteful expenditure corrections	–	–	(615)
Less: Fruitless and wasteful expenditure not recovered and written off	–	–	(44 281)
Total	**23 251 034**	**23 208 085**	**2 901 989**

Note:
An amount of R51 949 was incurred in the current financial year as fruitless and wasteful expenditure from various employee transgressions as detailed in paragraph 3 below.

Reconciling notes to the AFS disclosure

Description	2024/25	2023/24	2022/23
Fruitless and wasteful expenditure that was under assessment in prior year and completed in 2024–2025	–	–	–
Add: Irregular expenditure reclassified to fruitless and wasteful expenditure	–	–	2 378
Fruitless and wasteful expenditure that relates to prior year and identified in 2024–2025	–	–	5 535
Less: Fruitless and Wasteful expenditure corrections	–	–	(615)
Fruitless and Wasteful expenditure for the current year	51 949	42 166	46 213
Total	**51 949**	**42 166**	**53 511**

Details of current and previous fruitless and wasteful expenditure

Description	2024/25	2023/24	2022/23
Fruitless and wasteful expenditure under assessment	–	–	–
Fruitless and wasteful expenditure under determination	–	–	–
Fruitless and wasteful expenditure under investigation	–	–	–
Total	–	–	–

Details of current and previous fruitless and wasteful expenditure recovered

Description	2024/25	2023/24	2022/23
Fruitless and wasteful expenditure recovered	9 000	8 156	5 709
Total	**9 000**	**8 156**	**5 709**

INFORMATION ON IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES *continued*

Details of current and previous fruitless and wasteful expenditure written off

Description	2024/25	2023/24	2022/23
Fruitless and wasteful expenditure written off	–	–	44 281
Total	**–**	**–**	**44 281**

During the year under review no matters of fruitless and wasteful expenditure were written off.

Details of current and previous year disciplinary or criminal steps taken as a result of losses, irregular and fruitless and wasteful expenditure

Incident description	Criminal or disciplinary	2024/25	2023/24
Non-compliance to NCR code of conduct and conflict of interest policy	Matter under assessment	–	608 198
Non-compliance to NCR internal policies: Resignation without notice	No disciplinary action could be executed and letter of demand issued	–	14 768
Non-compliance to NCR internal policies: Resignation without notice	No disciplinary action could be executed	–	27 399
Accidental damage to rental car	Discliplinary steps were taken against the employee and loss recovery process initiated	–	3 794
Scheduled missed flight	Discliplinary steps were taken against the employee and loss recovery process initiated	–	1 741
Payment made not in agreement with NCR Medical Aid Subsidy Policy	Proceedings are concluded and losses are recovered	18 612	–
Loss of asset-insurance claim rejected	Proceedings are concluded and loss recovery process initiated	16 690	–
Contempt of court order and cost order	Proceedings are concluded and loss recovery process initiated	12 057	–
Non-attendance of conference	Proceedings are concluded and loss recovery process initiated	4 590	–
Total		**51 949**	**655 900**

INFORMATION ON LATE AND/OR NON-PAYMENT OF SUPPLIERS

Procurement by other means

Description	Number of invoices R'000	Value
Valid invoices received	265	**17 628 410.62**
Invoices paid within 30 days or agreed period	257	**17 590 394.35**
Invoices paid after 30 days or agreed period	–	**–**
Invoices older than 30 days or agreed period (unpaid and without dispute)	–	**–**
Invoices older than 30 days or agreed period (unpaid and in dispute)	8	**38 016.27**

Invoices older than 30 days and unpaid are under review and investigation by management.

SUPPLY CHAIN MANAGEMENT

Procurement by other means

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
Rental of a billboard	Rental of a billboard	Sole source	NCR/08/505	1 701
Franking machine	Franking machine	Sole source	NCR/03/390	81
Legal library	Legal library	Sole source	PO816	53
Specialised computer screen	Editmicro Technologies (Pty) Ltd	Sole source	PO977	24
Statistical form review	Insight actuarial solutions	Only one quotation was received even after several attempts to get the required three quotes	NCR/09/512	821
Egornomic Chair	Offix furniture	Only one quotation was received even after several attempts to get the required three quotes	PO805	2
PDA tool hosting support and maintenance services	RCA and company incorporated	Single source	NCR/01/514	1 114
Emergency work of the blocked drains and manhole	KO consulting	Single source	PO993	3
Emergency repairs of the sewerage pipelines.	KO consulting	Single source	PO1000	46
Renewal of Signiflow (digital signature) system including support and maintenance	Signiflow (Pty) Ltd	Single source	PO1007	1 208
Advertising and media buying for education and awareness campaigns for a period of two months	South African Broadcasting Corporation	Single source	PO1026	1 800

Contract variations and expansions

Project description	Name of supplier	Contract modification type (Expansion or variation)	Contract number R'000	Original contract value R'000	Value of previous contract expansion/s or variation/s (if applicable) R'000	Value of current contract expansion or variation R'000
Guarding and electronic security services to both the NCR premises 127 building	Imvula Quality Protection (Pty) Ltd	Variation	NCR/99/481	4 806		2 097
Mobile executive toilets	Gsp Projects and Development (Pty) Ltd	Variation	NCR/99/478	174		–
Cleaning services for both buildings 127 and 232 building	Servest Proprietory Limited	Variation	NCR/10/494	954		1 931
Franking machine	Hasler Business System	Variation	NCR/03/390	204		81
DHS hosting	SGT Solutions (Pty) Ltd	Variation	NCR/99/447	408	234	102
First Group Investment Holdings (Pty) Ltd V NCR	M Inc. Attorneys	Variation	PO447	800	–	2 000
License renewals for the microfile software solution	Hot Dox (Pty) Ltd	Variation	NCR/99/441	240	276	295
DHS hosting	SGT Solutions (Pty) Ltd	Variation	NCR/99/447	408	336	34
Supply, delivery, installation and testing of the electrical actuator	ABEC Advanced Infrastructure (Pty) Ltd	Variation	NCR/11/516	689	–	11
Disaster solution/services for the NCR on-premises serves and application systems for an additional twelve (12) months until 31 March 2026	Afrocentric IP (Pty) Ltd	Variation	NCR/11/465	1 999	–	953
Repair work to a leaking pipe	Bharhula Trading and Projects	Variation	PO997	86	–	13

F
PART

FINANCIAL INFORMATION

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE NATIONAL CREDIT REGULATOR

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the National Credit Regulator set out on pages 92 to 126, which comprise the statement of financial position as at 31 March 2025, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Credit Regulator as at 31 March 2025 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor general for the audit of the financial statements section of my report.

4. I am independent of the entity in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the accounting authority for the financial statements

6. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP and the requirements of the PFMA; and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

7. In preparing the financial statements, the accounting authority is responsible for assessing the entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

8. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

9. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at pages 88 to 89,, forms part of my auditor's report.

Report on the annual performance report

10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

11. I selected the following material performance indicators related to the programme on the enforcement of the National Credit Act 34 of 2005 (NCA) presented in the annual performance report for the year ended 31 March 2025. I selected those indicators that measure the entity's performance on its primary mandated functions and that are of significant national, community or public interest.
    - Impact study report on the effect of total cost of credit and credit life insurance regulations on consumers and submit a final report to the Department of Trade, Industry and Competition (DTIC).
    - Number of investigations conducted on credit providers relating to the NCA.
    - Enforcement action taken by the end of the financial year on a percentage (%) of investigations which identified non-compliance relating to the NCA by credit providers.
    - Number of investigations conducted on debt counsellors relating to compliance with the NCA.
    - Enforcement action taken by the end of the financial year on a percentage (%) of investigations which identified non-compliance with the by debt counsellors.
    - Percentage of investigations conducted on hosting credit bureaus in respect of credit reports for employment purposes in terms of the NCA, removal of adverse consumer credit information and paid-up judgments.

- Enforcement action taken by the end of the financial year on a percentage (%) of investigations which identified non-compliance by credit bureaus.
- % of evaluated credit bureau annual compliance reports certified by an independent auditor for their previous financial year.
- Enforcement action taken by the end of the financial year on a percentage (%) of credit bureaus which were found to be non-compliant after the evaluation of annual compliance reports certified by an independent auditor for their previous year.
- Number of reports produced on the impact of enforcement action taken on entities and persons that were found to be non-compliant in the previous financial year.

12. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the entity's planning and delivery on its mandate and objectives.

13. I performed procedures to test whether:
    - the indicators used for planning and reporting on performance can be linked directly to the entity's mandate and the achievement of its planned objectives
    - all the indicators relevant for measuring the entity's performance against its primary mandated and prioritised functions and planned objectives are included
    - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
    - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
    - the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
    - the reported performance information is presented in the annual performance report in the prescribed manner
    - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or under-achievement of targets.

14. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

15. I did not identify any material findings on the reported performance information for the selected indicators.

Other matter

16. I draw attention to the matter below.

Achievement of planned targets

17. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or underachievements.

18. The table that follows provides information on the achievement of planned targets and list the key indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages 52 to 57.

Impact study report on the effect of total cost of credit and credit life insurance regulations on consumers and submit a final report to the DTIC.

Targets achieved: 0%

Budget spent: 7%

Key indicator not achieved	Planned target	Reported achievement
Impact study report on the effect of total cost of credit and credit life insurance regulations on consumers and submit a final report to the DTIC	Conduct an impact study on regulations on limitations on fees and interest rates together with credit life regulations and submit report to the DTIC	Not achieved

Report on compliance with legislation

19. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the entity's compliance with legislation.

20. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

21. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

22. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements

23. The financial statements submitted for auditing were not fully prepared in accordance with the prescribed financial reporting framework, as required by section 55(1)(b) of the PFMA. Material misstatements on the cash flow statement, accounting policies and disclosure notes identified by the auditors in the submitted financial statements were corrected, resulting in the financial statements receiving an unqualified audit opinion.

Revenue management

24. Effective and appropriate steps were not taken to collect all revenue due, as required by section 51(1)(b)(i) of the PFMA.

Other information in the annual report

25. The accounting authority is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in programmes presented in the annual performance report that have been specifically reported on in this auditor's report.

26. My opinion on the financial statements and my reports on the audit of the annual performance report and compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

27. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in programmes presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

28. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

29. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

30. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on compliance with legislation included in this report.

31. Management did not exercise sufficient oversight responsibility over financial reporting in that the financial statements submitted were not prepared in terms of the reporting framework.

32. Management did not implement appropriate and effective steps to collect all outstanding revenue due to the entity.

Auditor-General

Pretoria

31 July 2025

AUDITOR-GENERAL
SOUTH AFRICA

ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected material performance indicators and on the entity's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause an entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation - selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999	Section 51 (1)(b)(i); 51 (1)(b)(ii); 51 (1)(e)(iii); 53(4); 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); 55(1)(c)(i); 56; 57(b)
Treasury Regulations, 2005	Regulation 16A3.2; 16A3.2(a); 16A6.1; 16A6.2(a); 16A6.2(b); 16A6.3(a); 16A6.3(a); 16A6.3(b); 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; 16A6.6; 16A.7.1; 16A.7.3; 16A.7.6; 16A8.3; 16A8.4; 16A9.1(b)(ii); 16A 9.1(d); 16A9.1(e); 16A9.1(f); 16A9.2; 16A9.2(a)(ii); 30.1.1; 31.1.2(c); 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1; 31.2.1; 31.2.5; 31.2.7(a); 31.3.3; 32.1.1(a); 32.1.1(b); 32.1.1(c); 33.1.1; 33.1.3
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7 A)
National Treasury Instruction No. 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
Second Amendment National Treasury Instruction No. 5 of 202/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 202/21	Paragraph 2
National Treasury Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.1; 4.2(b); 4.3; 4.4; 4.4(a); 4.17; 7.2; 7.6
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.4(a); 3.4(b); 3.9
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
National Treasury Practice Note 5 of 2009/10	Paragraph 3.3
National Treasury Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1 (a); 2.1 (f)
Preferential Procurement Regulations, 2022	Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulations, 2017	Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; 6.6; 6.8; 7.1; 7.2; 7.3; 7.6; 7.8; 8.2; 8.5; 9.1; 10.1; 10.2; 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Legal form of entity	Public Entity listed under Schedule 3A of the Public Finance Management Act
Nature of business and principal activities	Credit Industry Regulator – The National Credit Regulator enforces the provisions of the National Credit Act. It is also tasked with regristrations of credit providers, credit bureaus, debt counsellors, payment distribution agents and alternative resolution agents. It is mandated to undertake research on the nature and dynamics of the consumer credit market and promote public awareness around consumer credit market.
Registered office	127 – 15th Road Randjespark Midrand 1685
Controlling entity	Department of Trade, Industry and Competition
Bankers	Standard Bank of South Africa
Auditors	Auditor General of South Africa
Secretary	L. Mashapa

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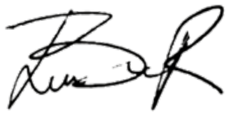
The reports and statements set out below comprise the annual financial statements presented to the Parliament:

The annual financial statements set out on pages 92 to 126, which have been prepared on the going concern basis, were approved by the Accounting Authority on 31 July 2025 and were signed on its behalf by:



Ms Lynette De Beer CA(SA)
Acting Chief Financial Officer

STATEMENT OF FINANCIAL POSITION

as at 31 March 2025

Figures in Rand	note(s)	2025	2024
ASSETS			
Current assets			
Receivables from exchange transactions	3	1 504 312	2 619 711
Receivables from non-exchange transactions	4	3 451 565	3 687 902
Cash and cash equivalents	5	128 913 488	106 352 838
		133 869 365	**112 660 451**
Non-current assets			
Property, plant and equipment	6	10 891 416	9 213 733
Intangible assets	7	10 225 200	6 434 093
		21 116 616	**15 647 826**
Total assets		**154 985 981**	**128 308 277**
LIABILITIES			
Current liabilities			
Payables from exchange transactions	8	21 390 979	6 735 439
Income received in advance	9	8 768 139	6 364 677
Provisions	10	831 464	1 542 688
Operating lease liability	11	121 075	379 706
		31 111 657	**15 022 510**
Non-current liabilities			
Payables from non-exchange transactions	12	66 970 866	60 403 043
Total liabilities		**98 082 523**	**75 425 553**
Net assets		**56 903 458**	**52 882 724**

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2025

Figures in Rand	note(s)	2025	2024
Revenue			
Revenue from exchange transactions			
Other exchange revenue	13	272 856	928 062
Fee revenue – other exchange revenue	14	1 515 690	1 303 119
Interest received – investment	15	5 528 222	7 060 929
Total revenue from exchange transactions		**7 316 768**	**9 292 110**
Revenue from non-exchange transactions			
Government grants and subsidies	16	79 051 000	81 538 000
Fee revenue	17	46 766 745	43 848 734
Other non-exchange revenue	18	16 197 831	5 717 322
Total revenue from non-exchange transactions		**142 015 576**	**131 104 056**
Total revenue		**149 332 344**	**140 396 166**
Expenditure			
Personnel expenditure	19	87 552 774	84 730 394
Depreciation and amortisation		6 553 441	7 969 604
Operating expenses	20	14 521 864	13 238 292
Administrative expenses	21	36 683 531	29 186 557
Total expenditure		**145 311 610**	**135 124 847**
Surplus for the year		**4 020 734**	**5 271 319**

STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2025

Figures in Rand	Accumulated surplus/deficit	Total net assets
Balance at 1 April 2023	**47 611 405**	**47 611 405**
Changes in net assets		
Surplus for the year	5 271 319	5 271 319
Total changes	5 271 319	5 271 319
Balance at 1 April 2024	**52 882 724**	**52 882 724**
Changes in net assets		
Surplus for the year	4 020 734	4 020 734
Total changes	4 020 734	4 020 734
Balance at 31 March 2025	**56 903 458**	**56 903 458**

CASH FLOW STATEMENT

for the year ended 31 March 2025

Figures in Rand	note(s)	2025	2024
Cash flows from operating activities			
Receipts			
Transfer payment		79 051 000	81 538 000
Receipts from applications and registrants		50 032 967	44 786 720
Interest income		5 528 222	6 712 165
PDA recovery income		20 180 118	18 607 766
Other non-exchange revenue		598 542	4 839 056
Other receipts		272 856	893 135
		155 663 705	**157 376 842**
Payments			
Employee costs		(85 447 653)	(85 043 127)
Suppliers		(42 587 270)	(50 615 652)
		(128 034 923)	(135 658 779)
Net cash flows from operating activities	22	**27 628 782**	**21 718 063**
Cash flows from investing activities			
Purchase of property, plant and equipment		(2 316 421)	(199 036)
Purchase of other intangible assets		(2 751 712)	(5 641 728)
Net cash flows from investing activities		**(5 068 133)**	**(5 840 764)**
Cash flows from financing activities			
Net increase/(decrease) in cash and cash equivalents		**22 560 649**	**15 877 299**
Cash and cash equivalents at the beginning of the year		106 352 839	90 475 540
Cash and cash equivalents at the end of the year	5	**128 913 488**	**106 352 839**

Included in cash and cash equivalents at the end of the year is amount of R75 032 793 (2024: 59 410 799) held by the PDA. These funds are ring-fenced and not available for utilisation by the NCR until such time that the funds are prescribed.

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

for the year ended 31 March 2025

Budget on cash basis

Figures in Rand	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Budget on cash basis						
Revenue from exchange transactions						
Interest received	(8 000 000)	–	(8 000 000)	(5 528 222)	2 471 778	N1
Other income	(14 000 000)	–	(14 000 000)	(15 505 218)	(1 505 218)	N2
Total revenue from exchange transactions	**(22 000 000)**	**–**	**(22 000 000)**	**(21 033 440)**	**966 560**	
Revenue from non-exchange transactions						
Transfer revenue						
Transfer payment	(79 051 000)	(30 601 000)	(109 652 000)	(109 652 000)	–	
Fee revenue	(46 902 942)	–	(46 902 942)	(47 714 531)	(811 589)	
Total revenue from non- exchange transactions	**(125 953 942)**	**(30 601 000)**	**(156 554 942)**	**(157 366 531)**	**(811 589)**	
Total revenue	**(147 953 942)**	**(30 601 000)**	**(178 554 942)**	**(178 399 971)**	**154 971**	
Expenditure						
Personnel expenditure	88 153 424	820 000	88 973 424	85 447 654	(3 525 770)	N3
Premises and equipment	13 635 147	976 000	14 611 147	12 922 828	(1 688 319)	N4
Communication costs	1 537 540	–	1 537 540	1 330 265	(207 275)	
Information technology	12 614 992	–	12 614 992	10 460 671	(2 154 321)	N5
Professional fees	10 313 000	25 124 000	35 437 000	6 130 806	(29 306 194)	N6
Consumer education and communication	1 454 000	446 000	1 900 000	1 702 348	(197 652)	
Stakeholder communication	1 061 796	–	1 061 796	925 570	(136 226)	
Debt counselling initiatives	694 100	–	694 100	242 475	(451 625)	
General expenses	10 274 004	100 000	10 374 004	10 684 369	310 365	
Capital expenditure	8 215 939	3 135 000	11 350 939	4 622 634	(6 728 305)	N7
Total expenditure	**147 953 942**	**30 601 000**	**178 554 942**	**134 469 620**	**(44 085 322)**	
Surplus for the period	**–**	**–**	**–**	**(43 930 351)**	**–**	

Budget on cash basis

Figures in Rand	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Reconciliation of surplus for the period with surplus in the Statement of Financial Performance						
Basis difference						
Balance per statement of financial performance				(4 020 734)		
Cashflow conversion						
Revenue				1 533 373		
Personnel expenditure				(2 105 120)		
Communication costs				13 965		
Consumer education and communication				(2 556 214)		
Professional fees				(3 044 924)		
General expenses				(416 522)		
Information technology				(1 302 883)		
Premises and equipment				518 360		
Stakeholder communication				(2 320)		
Debt counselling initiatives				(15 526)		
Capital expenditure				4 622 634		
Depreciation				(6 553 441)		
Funds roll over funds from prior year				(30 601 000)		
Difference between final budget and actual amount				**(43 930 351)**		

All the adjustments relate to a difference in the basis of preparation. The budget for these items is prepared on the cash basis while the Statement of Financial Performance is prepared on the accrual basis.

Narrations have been provided for the variances above R1 million:

N1 The negative variance in interest income is due to budget constraints of grants transfer paid in two tranches in April and October of the current financial year as compared to one single tranche in the prior year.

N2 Variance in other income is due to a reclassification of application fees and replacement certificates amounting to R1.5m which were initially budgeted in fee revenue.

N3 Negative variance in personnel expenditure is due to the SARS liability accrued in March 2025 and paid in April of the following financial year (R1.8m), movement in the leave liability (R0.3m) and a saving of R1.4m due a to slight delay in the recruitment process.

N4 Premises and equipment department received approval for retention of funds amounting to R0.97m for planned maintenance. The planned maintenance had to be put on hold as the building had to be repaired for other emergency maintenance. There was a saving of R0.4m in the utilities bill and R0.2m saving in the usage of the storage facility. These expenditures are budgeted for on needs basis and fluctuates annually. Other savings were realised on security services (R0.2m), funds were allocated from retention of surplus funds and there was a delay in the procurement process for the security systems maintenance.

N5 Negative variance in ICT is due to invoices of R2.6m in Accounts Payable and Accruals. There was a saving of (R0.4m) on actual budget in the current financial year as the spending for system migration was not realised. Some of the funds were spent on other projects.

N6 The negative variance in professional fees is due unspent prior year funds of R29m, of which legal fees comprises R25m of the total amount, cases are still continuing. Amount of R2.7m is included in Accounts Payable and Accruals. Other items in the professional fees relates to consulting fees, in the executive department, an appointment relating to a matter of the previous finance manager investigation was still in the procurement process at year end, the delay was due to our legal team still reviewing documents and finalising the terms of reference for a suitable legal team to handle the matter and other continuing matters relating to the provision of marketing services and operating system of (R1.2m).

N7 Capital expenditure include an amount of R6.7m in Accounts Payable and Accruals.

SIGNIFICANT ACCOUNTING POLICIES

1. Significant accounting policies

The National Credit Regulator (NCR) is a National Public Entity as specified in Schedule 3A of the Public Finance Management Act (PFMA), Act No.1 of 1999 (as amended by Act 29 of 1999). The principal accounting policies applied in the preparation of these financial statements are disclosed below. These policies have been consistently applied to the years presented unless otherwise stated.

These audited annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

1.1 Basis of preparation

The financial statements have been prepared on an accrual baisis in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements have been prepared on a going concern assumptions based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

In applying accounting policies, management is required to make various judgements, apart from those involving estimations, which may affect the amount of items recognised in the financial statements. Management is also required to make estimates of the effects of uncertain future events which could affect the carrying amounts of certain assets and liabilities at the reporting date. Actual results in the future could differ from the estimates which may be material to the financial statements.

Details of any significant judgements and estimates are explained in the relevant policy where the impact on the financial statements may be material.

1.2 Foreign currency translation

Items included in the financial statements are presented using the currency of the primary economic environment in which the NCR operates (functional currency). The functional currency of the NCR and the presentation currency is the South African Rand (ZAR) and all amounts are stated to the nearest rand (R).

1.3 Borrowing costs

Section 66 of the PFMA prohibits the NCR from borrowing unless such borrowing has been effected through the Minister of Finance. Partial exemption to this prohibiton has been granted through Practice Note 5 of 2006 which allow the NCR to enter into finance lease. Refer to the accounting policy on Finance leases. All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.4 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of the available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Statutory receivables and other receivables

NCR assesses its statutory receivables and receivables for impairment at the end of each reporting period. In determining whether the impairment loss should be recorded in surplus or deficit, the NCR management makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset

The impairment of statutory receivables and receivables is calculated on an individual basis, based on historical performance, adjusted for specific current economic conditions and other indicators present at the reporting date that correlates with the defaults on the debtor.

Effective interest rate

NCR used the prime interest rate to discount future cash flows. Impairment testing

The entity reviews and tests the carrying value of assets when the events or changes in circumstances suggests that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

Provisions

In all the provisions that are raised, the management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note on Provisions.

Useful lives of assets

The NCR's management determines the estimated useful lives and related depreciation charges for the tangible and intangible assets. Management adjusts the depreciation charge where useful lives are different than previously estimated useful lives.

Refer to note on Change in estimate.

1.5 Property, plant and equipment and intangible assets

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. Subsequent costs are included in the asset's carrying amount only when it is probable that the future economic benefits or service potential associated with the item will flow to the NCR and the cost of item can be measured reliably. Maintenance and repairs which neither materially add to the value of the assets nor appreciably prolong their useful lives, are expensed during the financial year in which they are incurred.

The assets residual values, depreciation method and useful lives are reviewed and adjusted if appropriate, at each financial year. Management re-assessed the useful lives of all assets that were fully depreciated.

If any item of property, plant and equipment is derecognised upon disposal or when no future economic benefits or service potential are expected from its use or disposal, the gain or loss if any (calculated as the difference between the net disposal proceeds, if any, and the carrying amount of the asset) is included in the Statement of Financial Performance in the year the asset is derecognised.

Depreciation on property, plant and equipment is calculated using the straight line method to allocate their cost over their useful lives.

Item	Depreciation method	Average useful life
Leasehold improvements	Straight-line	Remaining period of lease
Machinery	Straight-line	7 years
Furniture and fittings	Straight-line	10 years
Motor vehicles	Straight-line	7 years
Office equipment	Straight-line	3–7 years
Computer equipment	Straight-line	3–7 years
Security equipment	Straight-line	3–7 years
ICT operational systems	Straight-line	5–7 years

1. Significant accounting policies *continued*

1.5 Property, plant and equipment and intangible assets *continued*

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The NCR assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit in the Statement of Financial Performance.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss on disposal arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements.

Minor assets which are defined as assets having a cost of less than R2 000, are fully expensed in the year of acquisition. All minor assets are classified and recorded in a minor asset register.

1.6 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably. .

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life

Item	Depreciation method	Average useful life
Software licenses	Straight-line	License period
Computer software	Straight-line	1–7 years
Human resource system	Straight-line	5–10 years

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements.

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognise.

1.7 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

A financial asset is cash, a residual interest of another entity, or a contractual right to receive cash or another financial asset from another entity; or exchange financial asset from another entity; or exchange financial asset from another entity or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

1. Significant accounting policies *continued*

1.7 Financial instruments *continued*

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Cash and cash equivalents	Financial asset measured at fair value
Receivable from exchange transactions	Financial asset measured at fair value

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Payables from exchange transactions	Financial liability measured at fair value

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability, except for financial instruments subsequently measured at fair value, which are measured at its fair value.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories: Financial instruments at amortised cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

The best evidence of fair value is quoted prices in an active market. This is level 1 hierarchy. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to the price the instrument and that the technique has been demonstrated to provide reliable estimates of the prices obtained in actual market transactions, the NCR uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on the entity-specific inputs. It incorporates all factors that that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

NCR assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, are settled or waived; the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity derecognises the asset; and recognises separately any rights and obligations created or retained in the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished – i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, deposits held on call with banks all of which are available for use by the NCR unless otherwise stated. These are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liability and subsequently recorded at amortised cost.

Receivables from exchange transactions

Other receivables are classified as financial assets at amortised cost. An entity shall remove a financial liability (or part of a financial liability) from its statement of financial position when, and only when, it is extinguished – i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived. An entity shall derecognise a financial asset only when the contractual rights to the cash flows from the financial asset expire, are settled or waived;the entity transfers to another party substantially all of its risks and rewards of ownership of the financial assets.

Payables from exchange transactions

Trade payables are initially measured to fair value plus transaction costs and are subsequently measured at amortised cost, using the effective interest rate.

Payables from non-exchange transactions

Payables from non-exchange relates to Payment Distribution Agency (PDA) interest. It is initially and subsequently measured at fair value plus transaction costs. It consists of interest received from PDAs, interest earned in the PDA account (FNB bank account), unidentified and undistributed consumer funds.

Once conditions (i.e. when investigations and consumer education expenditure has been incurred) are met as prescribed by the PDA policy, the reduction in liability is recognised in the Statement of Financial Position.

Payables from non-exchange further relates to Consumer Refunds held by the NCR. It is initially and subsequently measured at fair value plus transaction costs. It consists of undistributed consumer funds.

Refer to note on Risk Management.

1. Significant accounting policies *continued*

1.8 Statutory receivables from non-exchange transactions

Non-exchange transactions are defined as transactions where the NCR receives value from another entity without directly giving approximately equal value in exchange

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset. The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means. The NCR initially measures statutory receivables at their transaction amount.

The NCR measures statutory receivables after initial recognition using the cost method. The carrying amount is the amount at which an asset is recognised in the statement of financial position. The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Accounts receivables are measured at initial recognition at fair value plus transaction cost and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowance for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivables is impaired.

The provision for bad debts recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows at the effective interest rate computed at initial recognition. The carrying amount of the asset is reduced through the use of a provision for bad debts account, and the amount of the deficit is recognised in statement of financial performance as bad debt expenses. When accounts receivables is uncollectible, it is written off against the provision of bad debts account. Refer to note on receivables from non-exchange transactions.

1.9 Leases

Finance leases – lessee

The leases where substantially all the risks and rewards of ownership of the underlying asset are transferred to the NCR, are classified as finance leases. Assets held under finance leases are initially recognised as assets at their fair value at the inception of the lease or, if lower, at the present value of minimum lease payments. The corresponding liability to the lessor is included in the Statement of Financial Position as finance lease obligation. Lease payment are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the Statement of Financial Performance. Contingent rentals are recognised as expenses in the years in which they are incurred.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases – lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis. The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis. Income for leases is disclosed under revenue in statement of financial performance.

Operating leases – lessee

The leases that the NCR enters into as a lessee, and where the lessor retains substantially all risks and rewards of ownership of the underlying assets, are classified as operating lease. Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. Refer to note on lease liabity.

1.10 Impairment of tangible and intangible assets

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

At each reporting date, the NCR reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets may be impaired.

An asset is impaired when its recoverable amount is less than its carrying value. In this instance, the carrying value of the asset is reduced to its recoverable amount. This reduction is an impairment loss, which is recognised immediately in the Statement of Financial Performance.

The reversal of an impairment loss of assets other than goodwill is recognised immediately in the Statement of Financial Performance.

1.11 Employee benefits

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service.

Short-term employee benefits include items such as wages, salaries and social security contributions; short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within 12 months after the end of the reporting period in which the employees render the related employee service; bonus, incentive and performance related payments payable within 12 months after the end of the reporting period in which the employees render the related service; and non-monetary benefits (for example, medical care, and free or subsidised goods or services such cell phones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service; as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees renders services that increase their entitlement, or, in the case of non-accumulating absences, when absence occurs. The entity measures the expected cost of accumulating compensated absence as the additional amount that the entity expects to pay as a result of unused entitlement that has accumulated at the reporting date.

The expected cost bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance and reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Retirement benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

The NCR provides retirement benefits for all its permanent employees through a defined contribution provident fund scheme which is subject to the Pension Funds Act, no.24 of 1956 as amended.

Defined contribution plans are post-employment benefit plans under which the entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

All the NCR's permanent employees are covered by the provident fund. The contributions to the fund are charged as an expense as and when they accrue. Refer to note – Personnel expenditure.

1. Significant accounting policies *continued*

1.12 Provisions

Provisions are recognised when NCR has a present legal or constructive obligation as a result of past events, from which it is probable that the NCR will be required to settle the obligation, and where a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the Statement of Financial Position date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of time value of money is material, the provision is discounted to the present value of the expected cash flows required to settle the obligation. The nature of the provision applicable to the entity are fully explained in the annual financial statements.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

A contingent liability is defined as possible obligation depending on whether some uncertain future event occurs or a present obligation however the payment is not probable or amount cannot be measured reliably.

A contingent asset is defined as a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the note – Contingencies in the financial statements.

1.13 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.14 Revenue from exchange transactions

An exchange transaction is the one in which the NCR receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primary in the form of goods, services or use of assets) to the other party in exchange.

Revenue from exchange transactions is recognised when the right to the revenue has been established and is recorded at the the dates,

- **Skills development levies –** Date of receipt
- **Reimbursement** – Date of receipt
- **Proceeds from insurance claim** – Date of receipt
- **Proceeds from sale of tender documents** – Date of receipt
- **Application fees, replacement certificates and window decals** – Date of receipt.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

1.15 Revenue from non-exchange transactions

Fee revenue

Fee revenue is recognised when the right to the revenue has been established and is recorded at the following dates:

- **Registration fee** – Recognised in full at renewal date
- **Branch fees** – Date of registration
- **Payment Distribution Agency fees** – Date of delivery
- **Penalty fees** – 30 days from the date on which prescribed registration renewal fees were payable
- **Bad debts recovered** – Recognised as income when a debt which has been written off previously are recovered. Bad debts recovered is recognised and recorded at the date that these debts are recovered at the value of the payment received.

Prescribed income

Prescribed income relates to the recognition as income of unidentified and unclaimed receipts from applicants and registrants in line with the Prescription Act No. 68 of 1969. Prescribed income is recognised and recorded at the date of prescription.

Government grants

Government grants received for projects purposes are recognised in the Statement of Financial Position as deferred revenue upon receipts when there is a reasonable assurance that the NCR will be able to comply with the conditions attached to the grant. Such grants are recognised as revenue when the conditions of the grant are met.

The portion of the grant relating to projects that compensates the NCR for expenses incurred is recognised as revenue in the Statement of Financial Performance on a systematic basis over the same period in which the expenses are incurred.

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity
- the amount of the revenue can be measured reliably and
- to the extent that there has been compliance with any restrictions associated with the grant

Payment distribution agency (PDA) income

The NCR treats the revenue from the PDA interest similarly to the government grants. Once the conditions are met as prescribed by the PDA policy, revenue is recognised in the Statement of Financial Performance at the date of service delivery (i.e. when investigations and consumer education expenditure has been incurred as prescribed by the policy) with a corresponding reduction in liability in the Statement of Financial Position.

The interest received from PDA's: Interest earned in the NCR FNB account held on behalf of PDA's; unidentified and undistributed consumer funds creates a payable from non-exchange.

The interest received from PDAs

Interest earned in the NCR FNB account held on behalf of PDAs; unidentified and undistributed consumer funds creates a payable from non-exchange.

Transfers

Transfers for operational activities are recognised as revenue on receipts. Where appropriate, the NCR will recognise the asset arising from the portion of the transfer when it gains control of resources that meet the definition of an asset and satisfy the recognition criteria.

1.16 Investment revenue

Investment revenue is recognised on a time-proportion basis using the effective interest rate method.

1.17 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

If any expenditure meets the definition of fruitless and wasteful expenditure (after an investigation) and it is recoverable from a responsible official, a current asset is created on the statement of financial position and posted to the relevant expenditure account. If any fruitless and wasteful expenditure is from a previous financial year, a current asset is created on the statement of financial position and posted to the revenue recoverable account.

1. Significant accounting policies *continued*

1.18 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including this Act; or the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or any provincial legislation providing for procurement procedures in that provincial government.

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year-end and/or before finalisation of the financial statements, is recorded in the register and disclosed in the notes to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year-end, is recorded in the register and disclosed in the notes to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements are updated with the amount condoned.

If liability for the irregular expenditure can be attributed to a person, a debt account is created if such a person is liable in law. Immediate steps are thereafter taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The register is also updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto remains against the relevant programme/expenditure item, disclosed as such in the notes to the financial statements and updated accordingly in the register.

1.19 Budget information

NCR is subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget covers the fiscal period from 01 Apr 2024 to 31 Mar 2025.

The annual financial statements and the budget are not on the same basis of accounting. The budget is prepared on the cash basis. A reconciliation between the Statement of Financial Performance and the budget have been included in the draft annual financial statements.

Comparative information is not required.

1.20 Related parties

As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Key management are defined as those individuals with authority and responsibility for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the entity.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed. Refer to note – Related parties.

1.21 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting period.

The entity shall not adjust the amounts recognised in its financial statements to reflect non-adjusting events after the reporting period.

1.22 Change in accounting policy and accounting for errors

The NCR accounts for changes in accounting policies and corrections of errors retrospectively in the financial statements.

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

Standard/interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 1 (amended): Presentation of Financial Statement	Not yet set	Unlikely there will be a material impact
• GRAP 103 (as revised): Heritage Assets	Not yet set	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial instruments	Not yet set	Unlikely there will be a material impact
• GRAP 105 (amended): Transfer of Functions Between Entities Under Control	Not yet set	Unlikely there will be a material impact
• GRAP 106 (as amended): Transfer of Functions Between Entities Not Under Control	Not yet set	Unlikely there will be a material impact
• GRAP 107 (as amended): Mergers	Not yet set	Unlikely there will be a material impact
• Amendments: Improvements to Standards of GRAP	1 April 2025	Unlikely there will be a material impact

3. Receivables from exchange transactions

Figures in Rand	2025	2024
Deposits	658 125	658 125
Prepaid expenses	374 246	1 601 606
Staff debts	3 216	11 216
Accrued revenue	468 725	348 764
	1 504 312	**2 619 711**

4. Receivables from non-exchange transactions

Figures in Rand	2025	2024
PDA interest receivable	3 451 565	3 687 902
Total receivables from non-exchange transactions – PDA	**3 451 565**	**3 687 902**

The PDA interest receivable is the interest payable to the NCR by the PDA's which comprises of interest generated from consumer unidentified and undistributed funds.

Statutory receivables from non-exchange transactions

As at 31 March 2025, included in the receivables from non-exchange transactions are statutory receivables of R1 375 027 (2024: R714 097). In line with section 51 of the NCA., renewal fees from registrants are due on 31 July annually. All statutory receivables at the end of the financial year 31 March are impaired and provided for.

Statutory receivables past due and impaired

Figures in Rand	2025	2024
Current	175	8 583
1–60 days	167 008	160 625
61–90 days	–	–
91 and over	1 207 844	544 889
Balance	**1 375 027**	**714 097**

4. Receivables from non-exchange transactions *continued*

Statutory receivables as at 31 March 2025

Figures in Rand	2025	2024
Gross	1 375 027	714 097
Provision for impairment	(1 375 027)	(714 097)
	–	–

Reconciliation of provision for impairment of receivables from non-exchange transactions

Figures in Rand	2025	2024
Opening balance	714 097	773 065
Provision for impairment	924 333	356 429
Amounts written off as uncollectable	(263 403)	(415 397)
	1 375 027	**714 097**

5. Cash and cash equivalents

Cash and cash equivalents consist of:

Figures in Rand	2025	2024
Bank balances	2 633 382	2 478 712
Short-term deposits	51 247 313	44 463 327
PDA account	75 032 793	59 410 799
	128 913 488	106 352 838
PDA FNB account	75 032 793	59 410 799

The Minister of Trade, Industry and Competition has approved a policy on the utilisation of these funds for investigations, enforcement and consumer education activities effective from 15 October 2015. The utilisation of the interest earned is limited to the actual costs incurred on the approved activities.

6. Property, plant and equipment and intangible assets

	2025			2024		
	Cost/ valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/ valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fittings	3 102 894	(2 350 069)	752 825	3 102 894	(2 360 568)	742 326
Motor vehicles	1 048 404	(640 275)	408 129	1 048 404	(497 992)	550 412
Office equipment	2 413 405	(1 746 336)	667 069	2 413 405	(1 644 614)	768 791
Computer equipment	15 191 120	(7 394 194)	7 796 926	12 170 269	(6 221 561)	5 948 708
ICT operational system	1 006 994	(857 722)	149 272	1 006 994	(999 043)	7 951
Security equipment	2 183 382	(1 387 773)	795 609	2 084 914	(1 261 495)	823 419
Machinery	94 331	(70 305)	24 026	94 331	(20 496)	73 835
Leasehold improvements	3 438 402	(3 140 842)	297 560	3 333 908	(3 035 617)	298 291
Total	**28 478 932**	**(17 587 516)**	**10 891 416**	**25 255 119**	**(16 041 386)**	**9 213 733**

Reconciliation of property, plant and equipment and intangible assets – 2025

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fittings	742 326	–	–	10 499	752 825
Motor vehicles	550 412	–	–	(142 283)	408 129
Office equipment	768 791	–	–	(101 722)	667 069
Computer equipment	5 948 708	3 073 532	(25 430)	(1 199 884)	7 796 926
ICT operational system	7 951	–	–	141 321	149 272
Security equipment	823 419	98 468	–	(126 278)	795 609
Machinery	73 835	–	–	(49 809)	24 026
Leasehold improvements	298 291	104 494	1	(105 226)	297 560
	9 213 733	**3 276 494**	**(25 429)**	**(1 573 382)**	**10 891 416**

Reconciliation of property, plant and equipment and intangible assets – 2024

	Opening balance	Additions	Disposals	Adjustments	Depreciation	Total
Furniture and fixtures	941 654	–	(4 079)	–	(195 249)	742 326
Motor vehicles	692 695	–	–	–	(142 283)	550 412
Office equipment	1 037 146	–	(9 849)	–	(258 506)	768 791
Computer equipment	7 325 970	199 036	(85 136)	–	(1 491 162)	5 948 708
ICT operational system	103 098	–	–	–	(95 147)	7 951
Security equipment	953 190	–	(3 234)	50 281	(176 818)	823 419
Machinery	23 290	–	–	59 081	(8 536)	73 835
Leasehold improvements	822 762	–	–	–	(524 471)	298 291
	11 899 805	**199 036**	**(102 298)**	**109 362**	**(2 892 172)**	**9 213 733**

Pledged as security

No property, plant and equipment were pledged as security for any financial liability in the reporting period.

Assets were inspected and found to be useful for longer than their estimated useful life. This resulted in change in accounting estimate of which such impact is disclosed in Note 27 – Change in estimate.

Adjustments relate to assets which were previously written off due to impairment, but were subsequently brought back into use.

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial performance

Figures in Rand	2025	2024
Leasehold improvements	123 925	80 905
Machinery	8 798	3 400
Computer equipment	5 865	4 725
Office equipment	–	977
Security equipment	–	4 536
	138 588	**94 543**

6. Property, plant and equipment and intangible assets *continued*

Depreciation rates

The depreciation methods and average useful lives of property, plant and equipment and intangible assets have been assessed as follows:

Item	Depreciation method	Average useful life
Machinery	Straight-line	7 years
Furniture and fittings	Straight-line	10 years
Motor vehicles	Straight-line	7 years
Office equipment	Straight-line	3–7 years
Computer equipment	Straight-line	3–7 years
Leasehold improvements	Straight-line	Remaining period of lease
Security equipment	Straight-line	3–7 years
ICT operational system	Straight-line	5–7 years

Capital commitments

Capital commitments are disclosed in a separate note to the annual financial statements.

Minor assets

During the year under review management reviewed assets with cost values below R2 000 and found the total thereof to be immaterial against the NCR Materiality Framework which set materiality at R1 890 857. These assets individually are trivial. Management expense these assets instead of capitalizing them and has amended the NCR Assets Management Policy to allow a threshold for expensing assets. This will provide a more relevant fixed assets register and assets management practice

The accumulated cost of minor assets held by the NCR are estimated at R1 130 384 (2024: R1 130 384)

7. Intangible assets

	2025			2024		
	Cost/ valuation	**Accumulated amortisation and accumulated impairment**	**Carrying value**	Cost/ valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	11 591 925	(3 947 389)	7 644 536	9 122 433	(4 477 729)	4 644 704
Human resource system	793 589	(453 479)	340 110	793 589	(340 109)	453 480
Total	**12 385 514**	**(4 400 868)**	**7 984 646**	**9 916 022**	**(4 817 838)**	**5 098 184**

Reconciliation of intangible assets – 2025

	Opening balance	**Additions**	**Amortisation**	**Total**
Computer software	4 644 704	7 866 520	(4 866 688)	7 644 536
Human resource system	453 480	–	(113 370)	340 110
	5 098 184	**7 866 520**	**(4 980 058)**	**7 984 646**

Reconciliation of intangible assets – 2024

	Opening balance	Additions	Amortisation	Total
Computer software	3 967 039	5 641 727	(4 964 062)	4 644 704
Human resource system	566 849	–	(113 369)	453 480
	4 533 888	**5 641 727**	**(5 077 431)**	**5 098 184**

Some intangible assets were inspected and found to be useful for longer than their estimated useful life. This resulted in change in accounting estimate of which such impact is disclosed in note 27 of the annual financial statements.

Intangible assets under development

Figures in Rand	2025	2024
MS GP Dynamics System	1 335 909	1 335 909
Business re-engineering and re-design	904 645	–
	2 240 554	**1 335 909**

2025	Opening balance	Additions	Closing balance
Intangible assets under development	1 335 909	904 645	2 240 554

2024	Opening balance	Closing balance
Intangible assets under development	1 335 909	1 335 909

MS GP Dynamics System

The intangible assets recorded as work in progress refers to the enhancement of the MS GP Dynamics System. The diagnostic, analysis, design and development stages have been completed. The automation purchase requisition and purchase orders module on MS GP Dynamics System was launched during the 2022/2023 financial year and the enhancement thereto is not yet completed and carried in the work in progress.

Business re-engineering and re-design

During the 2024/25 financial year, the National Credit Regulator (NCR) received technical assistance from the International Finance Corporation (IFC), a member of the World Bank Group, under the South Africa Credit Reporting and Financial Inclusion Project Phase 2 (the Programme). The Programme is funded by the Swiss State Secretariat for Economic Affairs (SECO) and managed by IFC's Credit Infrastructure – Financial Institutions Group Advisory Services Department.

This assistance was provided on a voluntary and non-commercial basis and forms part of IFC's advisory services to strengthen South Africa's financial sector.

8. Payables from exchange transactions

Figures in Rand	2025	2024
Trade payables	13 701 138	1 798 697
Accrued leave pay	3 427 122	3 196 092
Accruals	4 262 719	1 740 650
	21 390 979	**6 735 439**

The trade payables are due and payable within 30 days from the date of receipt of a compliant invoice.

9. Income received in advance

Figures in Rand	2025	2024
Income received in advance	8 768 139	6 364 677

Income received in advance comprise of application fees and renewal fees received in advance from registrants as well as registrants' accounts with credit balances. Income received in advance is reflected as non-exchange revenue when recognised in the Statement of Financial Performance.

10. Provisions

Reconciliation of provisions – 2025

	Opening balance	Reversed during the year	Total
Other provisions	1 542 688	(711 224)	831 464

Reconciliation of provisions – 2024

	Opening balance	Additions	Reversed during the year	Total
Other provisions	2 390 061	3 113 809	(3 961 182)	1 542 688

Other provisions are due to present obligations for which it is probable that the NCR will be required to settle them but it is uncertain as to the timing of the settlement. These relate to invoices from service providers which are in dispute, hence uncertainty as to the timing of the settlement of these invoices.

11. Operating lease liability

Operating lease liability

Figures in Rand	2025	2024
Building	121 075	379 706
Minimum lease payments due – Buildings		
Within one year	758 992	2 038 299
In second to fifth year inclusive	–	758 992
	758 992	**2 797 291**

The operating lease is for NCR office premises which are located at 127-15th Road, Radjespark, Midrand. The lease expires on 30 August 2025.

The NCR has an additional office which is located on 232 – 15th Road, Randjespark, Midrand,. The lease expires on 30 August 2025. The lease rentals escalates 8% per annum on the lease anniversary date. Management have not indicated any indication that the lease will be renewed.

Figures in Rand	2025	2024
Franking machine		
Minimum lease payments due – Franking machine		
Within one year	–	3 414
The franking machine lease term expired on 30 April 2024.		
Printers and copiers		
Within one year	412 771	412 771
In second to fifth year inclusive	275 181	687 952
	687 952	**1 100 723**

The printers and copiers leases term is three (03) years which commenced on 1 December 2023 and expires on 30 November 2026. The rental is fixed for 36 months at R34 398 per month.

12. Payables from non-exchange transactions

Figures in Rand	2025	2024
Payment Distribution Agents	64 484 358	58 067 903
Consumer refunds	2 486 508	2 335 140
	66 970 866	**60 403 043**

Payment Distribution Agents		
Balance unspent at the beginning of the year	58 067 903	45 369 201
PDA interest income	14 950 510	14 266 456
Undistributed/unknown funds current year	1 309 423	–
Interest income on FNB PDA account	4 156 522	3 463 044
Conditions met transferred to revenue	(14 000 000)	(5 030 798)
	64 484 358	**58 067 903**

Consumer refunds		
Balance unspent at the beginning of the year	2 335 140	–
Current receipts	151 368	2 335 140
	2 486 508	**2 335 140**

Payment Distribution Agents (PDA)

The PDA interest transaction is accounted for in terms of GRAP 23: Revenue from non-exchange transactions. Once all the conditions are met, payables from non-exchange transactions are reduced and revenue recognised.

Included in current receipts is an amount of R3 451 565 (2024: R3 687 902) interest not yet received at year end. The revenue of R14 000 000 is pending transfer to the NCR operational bank account.

Included in the balance at year-end are unidentified funds amounting to R28 287 661 (2024: R27 446 226) and undistributed consumer funds of R11 457 173 (2024: R10 955 493).

Current receipts includes all cash flows and accruals for the year.

Consumer refunds

Included in the balance at year-end are undistributed consumer funds of R2 486 507 (2024: R2 335 140)

13. Other exchange revenue

Figures in Rand	2025	2024
Skills development levies recovered	149 107	143 291
Legal reimbursements	103 402	755 446
Proceeds from insurance claims	20 347	27 345
Other income	–	1 980
	272 856	**928 062**

14. Fee revenue – exchange transactions

Fee revenue

Figures in Rand	2025	2024
Application fees	1 436 650	1 185 000
Certificate replacements	79 040	118 119
	1 515 690	**1 303 119**

15. Investment revenue

Interest income

Figures in Rand	2025	2024
Bank	5 528 222	7 060 929

16. Government grants and subsidies

Figures in Rand	2025	2024
Government grants and subsidies	79 051 000	81 538 000

The dtic contributes to the operational activities of the NCR while also providing funding for specific projects.

17. Fee revenue

Figures in Rand	2025	2024
Registration fees	35 002 150	32 096 816
Bad debts recovered	209 775	52 015
Branch fees	11 204 107	11 269 303
Penalty fees	350 713	430 600
	46 766 745	**43 848 734**

18. Other non-exchange revenue

Figures in Rand	2025	2024
Prescribed income	694 734	605 940
PDA recovery income	14 000 000	5 030 798
Learnership grant	598 452	–
Fair value adjustment on assets	–	80 584
Services In-Kind	904 645	–
	16 197 831	**5 717 322**

Prescribed income relates to the recognition as income of unidentified and unclaimed receipts in line with the Prescription Act No.68 of 1969, the prescribed income was previously held for three (03) years under current liabilities in the statement of financial position.

PDA interest relates to the amount recovered by the NCR as per approved PDA interest utilisation policy with effect 15 October 2015.

19. Personnel expenditure

Figures in Rand	2025	2024
Basic salaries	73 416 342	71 876 009
Medical aid – company contributions	3 972 118	3 997 059
Training levies – SDL	783 875	764 192
Contributions to retirement	7 913 632	7 556 036
Acting allowance	1 466 807	537 098
	87 552 774	**84 730 394**

20. Operating expenses

Figures in Rand	2025	2024
Stakeholder communication	827 890	622 386
Professional fees	9 177 412	6 882 471
Debt counselling initiatives	258 000	1 032 000
Consumer education	4 258 562	4 701 435
	14 521 864	**13 238 292**

21. Administrative expenses

Figures in Rand	2025	2024
Audit and risk committee fees	277 937	213 442
Auditors remuneration	5 443 414	4 810 904
Bank charges	58 772	71 190
Bad debts	924 333	365 133
Consumables	149 700	16 727
Insurance	786 998	765 900
Computer expenses	11 763 555	6 731 203
Postage and courier	7 457	–
Communication expenses	1 308 843	1 346 805
Subscriptions and membership fees	27 528	41 124
Training	537 177	16 800
Travel – local	2 903 117	3 146 780
Travel – overseas	–	179 731
Forex loss	–	55 715
Premises and equipment	11 107 106	10 944 268
Repairs and maintenance	1 297 361	289 259
Loss on disposal of assets	25 429	102 297
Mobile unit expenses	–	42 916
Mobile unit maintenance	7 962	11 941
Outsourced services facilities	56 842	34 422
	36 683 531	**29 186 557**

Included in repairs and maintenance are amounts relating to fixed assets. Refer to note 6.

22. Cash generated from operations

Figures in Rand	2025	2024
Surplus	4 020 734	5 271 320
Adjustments for:		
Depreciation of PPE	1 573 382	7 969 604
Amortisation of intangible assets	4 980 058	–
Movements in provisions	(711 224)	(847 373)
Loss on disposal of assets	25 429	102 298
Bad debts written off	924 333	365 133
Prescribed income	(694 734)	–
Other	263 341	–
Adjustments to property, plant and equipment	–	(109 362)
Movements in operating lease	(258 631)	(696 715)
Adjustments to property, plant and equipment	(904 645)	–
Changes in working capital:		
Movement in leave accrual	231 030	–
Receivables from exchange transactions	1 115 399	(1 719 143)
Receivables from non-exchange transactions	236 337	(1 243 399)
Payables from exchange transactions	14 424 511	(4 609 254)
Income received in advance	2 403 462	2 201 112
Payables from non-exchange transactions	–	15 033 842
	27 628 782	**21 718 063**

23. Operating surplus

Operating surplus for the year is stated after accounting for the following:

Figures in Rand	2025	2024
Audit fees	5 443 414	4 810 904
Audit and risk management committee fees	277 937	213 442
Operating lease payments – buildings	5 233 925	4 506 589
Bad debts	924 333	365 133
Loss on disposal of assets	25 429	102 297
	11 905 038	**9 998 365**
Amortisation on intangible assets	4 980 058	5 077 432
Depreciation on property, plant and equipment	1 573 382	2 892 172
Personnel expenditure	87 552 774	84 730 394
	94 106 214	**92 699 998**

24. Contingencies

The NCR has commenced with legal action for the financial loss suffered during the provision of advertising services by Roadshow Marketing. The financial loss as per court summons is estimated to be R3 683 069 (2024: R1 563 246) as a result of overcharging of agency fees and excess in mark up agreed rates as per the service level agreement. The actual costs will be wholly dependent on the outcome of the court proceedings.

The NCR is intending to institute legal action for the financial loss suffered during the provision of an operating system by Bytes Technology. The financial loss is estimated at R21 591 856 (2024: R21 591 856) as a result of the system not developed in accordance with the agreed functional requirements.

The NCR received favourable and unfavourable court rulings on several legal matters which were taken on appeal and in some matters application for leave to appeal is currently pending. The High Court rulings included the awarding of legal costs to the NCR and against the NCR. The actual costs are not yet known and could not be reliably estimated which are wholly dependent on the outcome of the appeals.

Surplus for the year

The NCR must annually declare all surpluses or deficits for the financial year to the National Treasury in terms of the National Treasury Instruction No.12 2020/21. A contingent liability is not raised for the reported surplus as the NCR has received favourable responses from the National Treasury in the previous financial years to retain some of the surpluses based on commitments and obligations of the organisation. Management therefore does not disclose a contingent liability based on a positive assumption that the trend will continue in the financial year.

25. Related parties

Relationships	
Members of key management	Contractual Relationship – refer to note senior management emoluments
Members of Audit and Risk Management Committee	Contractual relationships – refer to non-executive remuneration note
Department Trade, Industry and Competition	Controlling entity
National Companies Tribunal	Entities under common control
Export Credit Insurance Corporation of South Africa	Entities under common control
National Consumer Commission	Entities under common control
National Consumer Tribunal	Entities under common control
National Lotteries Commission	Entities under common control
National Gambling Board	Entities under common control
National Regulator for Compulsory Specifications	Entities under common control
National Competition Tribunal	Entities under common control
National Empowerment Fund	Entities under common control
National Meteorology Institute of South Africa	Entities under common control
South Africa Bureau of Standards	Entities under common control
South African National Accreditation System	Entities under common control
Companies and Intellectual Properties Commission	Entities under common control
International Trade Administration Commission	Entities under common control
Competition Commission	Entities under common control
Industrial Development Corporation	Entities under common control

Related party transactions

Figures in Rand	2025	2024
Department of Trade, Industry and Competition		
Transfer payments received	79 051 000	81 538 000
Members of key management		
Remuneration of key management	7 459 672	8 548 047
Members of Audit and Risk Management Committee		
Fees paid to ARMC	277 937	213 442
Entities under common control		
National Companies Tribunal	–	–
Export Credit Insurance Corporation of South Africa	–	–
National Consumer Commission	–	–
National Consumer Tribunal	–	–
National Lotteries Commission	–	–
National Gambling Board	–	–
National Regulator for Compulsory Specifications	–	–
National Competition Tribunal	–	–
National Empowerment Fund	–	–
National Metrology Institute of South Africa	–	–
South Africa Bureau of Standards	–	–
South African National Accreditation System	–	–
Companies and Intellectual Properties Commission	–	–
International Trade Administration Commission	–	–
Competition Commission	–	–
Industrial Development Corporation	–	–

26. Senior management's emoluments

Executive

2025

	Salary (including back pay)	Leave pay	Company contributions and other allowances	Acting allowance	Total
N Motshegare (CEO until 30 April 2024)	273 430	242 219	25 780	–	541 429
L De Beer (Acting CEO from 1 May 2024)	1 589 921	–	118 923	542 825	2 251 669
PK Legodi (Acting Company Secretary until 28 February 2025)	1 041 297	–	94 158	97 699	1 233 154
L Mashapa (Company Secretary)	57 229	–	102 495	–	159 724
NS Ngobeni (Senior Legal Advisor Executive)	1 313 534	–	96 020	228 575	1 638 129
P Mweli (Acting CFO from 15 May 2024)	1 308 974	–	93 079	124 603	1 526 656
N Mabeba (Acting Company Secretary from 1 March 2025)	91 204	–	7 032	10 675	108 911
	5 675 589	**242 219**	**537 487**	**1 004 377**	**7 459 672**

2024

	Salary (including back pay)	Company contributions and other allowances	Total
L Motshegare (CEO)	3 282 217	308 116	3 590 333
L De Beer (CFO)	1 525 252	103 326	1 628 578
PK Legodi (Acting Company Secretary from 1 April 2023 to 31 March 2024)	1 461 091	94 713	1 555 804
L Mashapa (Company Secretary)	82 665	99 022	181 687
NS Ngobeni (Senior Legal Advisor Executive)	1 498 729	92 916	1 591 645
	7 849 954	**698 093**	**8 548 047**

L Mashapa is currently on medical leave.

Non-executive

Audit and Risk Management Commiittee fees

Figures in Rand	2025	2024
P Chilwane	44 152	–
T Ramawa	46 476	75 959
N Ngongoma	88 692	89 176
N Lubanga	98 617	33 289
Z Chonco	–	15 018
M Mothelise	–	–
	277 937	**213 442**

ARMC members	Start	End
P Chilwane	11 August 2021	10 August 2024
T Ramawa	28 October 2024	Active
N Ngongoma	19 July 2022	Active
N Lubanga	23 October 2023	Active
Z Chonco	11 August 2021	10 October 2024
M Mothelise	28 October 2024	Active

In the current financial year, Z Chonco and M Mothelesi are employed in the public sector therefore did not submit fee claims.

27. Change in estimate

During the period under review, management re-assessed the remaining useful lives of other non-current assets that had been fully depreciated (nil net book value). The useful lives of these assets was revised to two years. The effect of this revision has resulted in a decreased depreciation/amortisation charge for the period under review and increased accumulated depreciation/amortisation charge for the future periods by R972 869 (2024: R251 532).

Property, plant and equipment and intangible assets

The impact of the change in estimate is as follows:

Figures in Rand	2025	2024
Classes of assets:		
Computer equipment	272 729	111 072
Furniture and fittings	162 429	45 314
Office equipment	114 329	32 639
Security equipment	69 435	54 664
ICT system	149 271	–
Leasehold improvements	114 301	–
Intangible assets	90 375	7 843
	972 869	**251 532**

28. Risk instruments

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	2025	2024	Category
Cash and cash equivalents	**128 319 488**	106 352 838	Financial asset held at amortised cost
Receivable from exchange transactions	**1 504 312**	2 619 711	Financial asset held at amortised cost

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	2025	2024	Category
Payables from exchange transactions	**13 701 138**	1 798 697	Financial asset held at amortised cost

29 Risk management

Financial risk management

The NCR Finance function provides services to the organisation, monitors and manages financial risks relating to operations of NCR, through analysing the organisation's degree and magnitude of risks.

In the ordinary course of business, the NCR is exposed to a number of risks as described below.

Liquidity risk

Management monitors rolling forecasts of the NCR's cash and cash equivalents on the basis of expected cash flow.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the NCR's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position date to the contractual maturity date.

	Payable within 30 days	31–60 days	61–90 days	Over 90 days
At 31 March 2025				
Trade payables	13 701 138	–	–	–
At 31 March 2024	Payable within 30 days	31–60 days	61–90 days	Over 90 days
Trade payables	1 798 697	–	–	–

Credit risk

Credit risk represents the potential risk to the NCR as a result of unexpected defaults or deterioration in the credit worthiness of counterparties. The NCR's credit risk is primarily attributable to its receivables. Revenue is accrued as described in the applicable accounting policy. The carrying amount or other receivables from exchange represents the NCR's maximum exposure to credit risk.

With regard to credit risk arising from the other financial assets, which comprises of cash and cash equivalents, the NCR's exposure arises from a potential counterparty where a credit rating is constantly monitored, with a maximum exposure of R128 913 488 (2024: R106 352 838) to the carrying amount of these instruments. The institution in which funds are being placed is monitored on a annually basis to assess any potential risks. Cash and cash equivalents are only placed with banking institutions with a good credit ratings.

Financial assets exposed at fair value exposed to credit risk at year end were as follows:

Financial assets	**2025**	2024
Deposits	658 125	658 125
Cash and cash equivalents	128 913 488	106 352 838

There is no security pledged on receivables and cash and cash equivalents.

As at end of the financial year, no financial assets are either past due date or impaired.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate owing the changes in the market interest rate.

The interest rate exposure analysis below have been determined based on the NCR's exposure to cash held with the bank on call and in the current account at the reporting date.

Exposure to interest rate exposure analysis below have been determined based on the NCR's exposure to cash held with the bank on call and in the current account at the reporting date.

Exposure to interest rate risk is set out below

	2025	2024
Cash and cash equivalents	128 913 488	106 352 838

Interest rate risk sensitivity analysis

	2025	2024
The susceptibility of the NCR's financial performance to changes in the interest rates can be illustrated as follows:		
Interest rate increase of 25 basis points	322 285	265 883
Interest rate decrease of 25 basis points	(322 285)	(265 883)
	–	–

30. Events after the reporting date

There are no significant matters to be reported as at 31 July 2025 after the reporting date.

31. Commitments

	2025	2024
Capital expenditure	–	–
Already contracted for but not provided for	–	–
Mimecast license (Software licenses)	1 492 295	–
ICT equipment for server room upgrade	327 897	–
Laptops (Computer equipment)	103 495	–
PDA Hosting -DHS and PDA tool (Software license)	2 147 267	–
UPS Battery (Computer equipment)	–	483 089
Security system (Leasehold equipment)	–	281 105
Laptops (Computer equipment)	–	115 107
Trend Micro Cyber Solution (Software licenses)	–	2 536 958
Closing balance	**4 070 954**	**3 416 259**

32. Irregular expenditure and fruitless and wasteful expenditure

Financial assets	2025	2024
Irregular expenditure	–	–
Fruitless and wasteful expenditure	51 959	42 166
Opening balance as restated	**–**	**–**
Closing balance	**51 959**	**42 166**

Irregular expenditure is presented inclusive of VAT

32. Irregular expenditure and fruitless and wasteful expenditure *continued*

Incidents/cases identified/reported in the current year include those listed below:

During the year under review, one matter was completed and three matters pending. Disciplinary steps were taken as a result of losses on fruitless and wasteful expenditure.

Disciplinary steps taken/criminal proceedings

Incident description	Disciplinary steps taken	2025	2024
Fruitless wasteful expenditure		–	–
2025 matter incurred and confirmed in current year		–	–
Non-compliance with NCR Medical Aid Subsidy Policy	Completed – recovery commenced	18 612	–
Loss of NCR asset	Completed – recovery at finalisation stage	16 690	–
Contempt of court order and cost order	Completed – recovery at finalisation stage	12 067	–
Non-attendance of paid conference	Completed – recovery at finalisation stage	4 590	–
		51 959	**–**

33. Restatements

Revenue

During the year management re-assessed the classification of revenue after considering GRAP requirements, this led to application fees and replacement certificate fees which were previously recognised as revenue from non-exchange being reclassified to revenue exchange transactions in accordance with GRAP 9.

The effect of the change to the financial statements is as stated on the table below.

Liabilities

During the year management re-assessed the classification of amounts reported in PDA and Consumer Refunds and reclassified this from current liabilities to non-current liabilities. The effect of the change to the financial statements is as stated below. The disclosure to current liabilities did not meet the criteria as stated in GRAP 1.71 due to the following assessment

The amounts are not expected to be settled through a normal operating cycle, not held for the primary purpose of being traded and not due to be settled within the next 12 months.

Risk management

In the prior year, a total amount of accounts payable, including accruals were included in the disclosure for liquidity risk.

According to GRAP 104, financial instruments, management should disclose items of financial liabilities based on contractual maturity date. The disclosure changes do not have an impact in the reported amount in the statement of financial position.

Operating surplus

An amount of R4 506 589 for rental costs was erroneously disclosed as R4 442 206 in the note relating to operating surplus. The disclosure changes do not have an impact in the reported amount in the statement of financial performance.

Cash flow statement

In the current financial year, management reclassified the prior amount of PDA recovery. The reclassification was done to enhance reporting.

Restated amounts	As previously reported (R)	Reclassification (R)	Restated (R)
Revenue			
Revenue from non-exchange transactions	(1 303 119)	1 303 119	–
Revenue from exchange transactions	–	(1 303 119)	(1 303 119)
Liabilities			
Current liabilities	(60 403 043)	60 403 043	–
Non-current liabilities	–	(60 403 043)	(60 403 043)
Risk management			
Amounts disclosed-liquidity risk trade payables	(6 735 439)	4 936 742	(1 798 697)
Operating surplus			
Operating lease payments	4 442 206	64 383	4 506 589
Cash flow statement			
PDA recovery income	–	18 607 766	18 607 766
Payments to suppliers	(32 007 886)	(18 607 766)	(50 615 652)

34. Services-in-kind

Business process re-engineering and enterprise system architecture

	2025	2024
Captial work-in-progress	904 645	–

During the 2024/25 financial year, the National Credit Regulator (NCR) received technical assistance from the International Finance Corporation (IFC), a member of the World Bank Group, under the South Africa Credit Reporting & Financial Inclusion Project Phase 2 (the Programme). The Programme is funded by the Swiss State Secretariat for Economic Affairs (SECO) and managed by IFC's Credit Infrastructure – Financial Institutions Group Advisory Services Department.

This assistance was provided on a voluntary and non-commercial basis and forms part of IFC's advisory services to strengthen South Africa's financial sector.

Services-in-kind – Not recognised (disclosure only)

The following projects were still in progress at year-end and did not result in the recognition of an asset. In terms of GRAP 23.100, the nature and type of these services are disclosed:

- Credit register exploratory paper
- Diagnostic of business credit and risk information reporting
- Benchmarking of funding models

These services support the NCR's non-financial performance and strategic planning but do not yet meet the criteria for recognition under GRAP 23.99 due to either the absence of measurable fair value or lack of probable future service potential.

Services-in-kind – Recognised

The following technical assistance was received and is considered significant to NCR's service delivery objectives and future asset development:

Business process re-engineering and enterprise system architecture

This service meets the recognition criteria under GRAP 23.99 and has been recognised as an asset in Capital Work-in- Progress in accordance with GRAP 17. The assistance will inform the Terms of Reference for the future Operational Management Information System (OMIS), and benefits are expected to flow to the NCR upon completion of the system.

The fair value of this service is estimated at R904 645 (amount translated in foreign exchange rate of $50 000 to R18 (exchange rate on date of report finalisation).

34. Services-in-kind *continued*

Capital work-in-progress (Included in intangible assets)

Business process re-engineering and enterprise system architecture: (Included in revenue for non-exchange transactions)

35. Going concern

The NCR's annual financial statements as at 31 March 2025 have been prepared on a going concern basis. The economic viability and going concern of NCR is supported by the DTIC, therefore NCR's management is certain that the organisation will be able to continue as the going concern in the foreseeable future.

Management has put measures in place to increase revenue and ensure the going concern ability of NCR. Some of the measures comprise of review of registrant's fees and uncapping the credit providers branch fees.