



**Integration of NLR and CPA
data sets**

NLR

- ✓ **Data set of Micro lending transactions**
- ✓ **Approximately 8 Million records per month – approximately 900 files**
- ✓ **Three appointed Host Bureau with a fourth under consideration**
- ✓ **Daily Updates (in line with industry type)**
- ✓ **Monthly updates - Specific Format (Cat B)**
- ✓ **Managed by NLR Management Committee (MFSA, CPA, NCR) and CPA staff**
- ✓ **Ultimately a State Asset – “owned” by the NCR**
- ✓ **Not to be confused with the Register of Credit Agreements catered for under section 69 of the NCA.**

CPA

- ✓ **Industry owned and funded – established to share payment profile data on a voluntary and reciprocal basis**
- ✓ **Approximately 40 Million records per month – approximately 300 files**
- ✓ **Four Associate member Bureau Host CPA data**
- ✓ **Monthly updates (Format 700) as apposed to NLR daily updates**
- ✓ **Caters to larger credit providers (Banks, Clothing retailers, Furniture retailers, telecoms, Insurance)**
- ✓ **Managed by the CPA (staff compliment of 6)**

Brief History of the NLR

- ✓ **The NLR Data Base has its origins in the Micro Finance Industry (MFRC)**
- ✓ **Micro Lending under Usury Act Exemptions**
- ✓ **Submission of data conditional**
- ✓ **Improved Credit assessment and affordability calculations**
- ✓ **Reciprocation agreement between the MFRC and the CPA**
- ✓ **Better access to consumers commitments for both participants**

Introduction of current legislation and the national Credit Regulator

- ✓ **Submission no longer a requirement – became voluntary**
- ✓ **NCR were not capacitated to manage the NLR data base**
- ✓ **Set up NLR Management Committee to re establish the NLR Data Set**
- ✓ **Reciprocation agreement reinstated**
- ✓ **Management of data quality outsourced to the CPA.**

Brief History of the CPA

- ✓ **The CPA was established some 20 years ago as a platform to share payment profile information on a reciprocal basis**
- ✓ **Membership is voluntary but submission is not i.e. reciprocation – no submission no access**
- ✓ **The CPA is a not for profit Association run by a Management Committee representing industry categories**
- ✓ **The CPA never receives or handles data submissions but manages data quality through the monthly receipt of quality exception reporting from each host bureaux**
- ✓ **CPA has expanded in line with the changing face of Credit granting in the country.**
- ✓ **Traditional delineation in lender types blurring**
- ✓ **Greater diversification in membership, Micro lending no longer relevant i.e. small, medium and large loans**
- ✓ **Small loans now also granted by large players as readily as traditional micro lenders.**

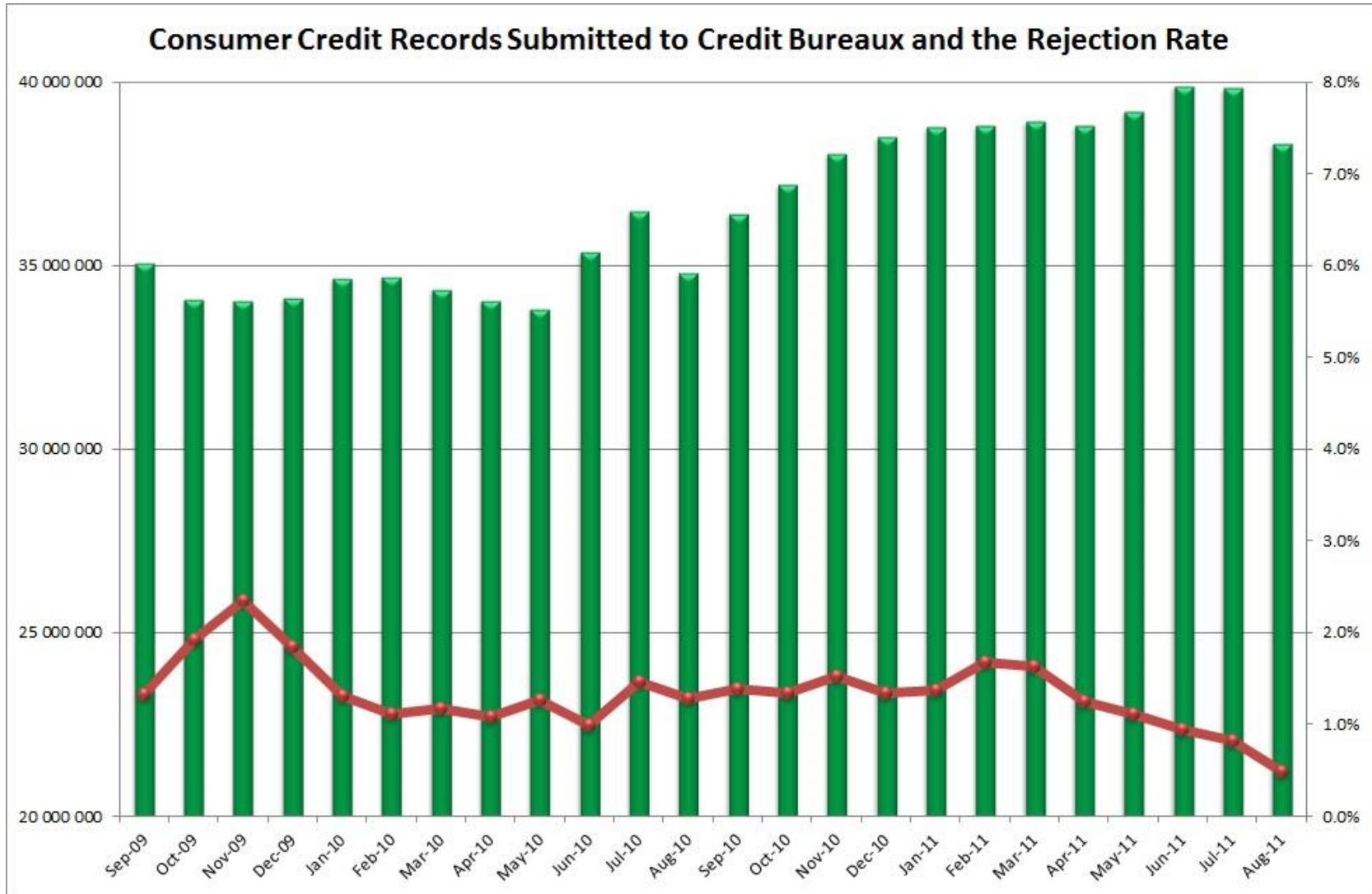
Justification

- ✓ Both NLR and CPA data sets comprise similar submission types
- ✓ CPA Manages both data sets at present although two different Exco structures
- ✓ 80% of NLR data is submitted to the NLR Data Set by CPA members such as African bank, Capitec, FNB etc.
- ✓ Smaller Credit providers need to be catered for
- ✓ Major synergies in creating a single data set reflecting all credit data submissions
- ✓ Far more effective data quality management with a standardised single submission format
- ✓ NLR has valuable qualities i.e. more regular updates – this advantage is to be expanded to CPA members i.e. monthly submissions will ultimately be enhanced with daily updates.
- ✓ Fewer free riders i.e. those accessing data without ever contributing data
- ✓ Better data quality through a single submission standard and format – one set of exception reports as apposed to the current duplication

Major obstacles

- ✓ **The NCR face challenges in relinquishing a state asset ie PFMA requirements in disposing of state assets of any kind**
- ✓ **Diverse and extensive NLR contributing members ie low data volumes submitted by large numbers of suppliers – exactly the opposite of the CPA structure – Large volumes low number of submitters**
- ✓ **Funding of the integration project – always a challenge – CPA and Bureaux have agreed joint funding of Integration Project Manager**
- ✓ **Extensive stakeholder interaction necessary**
- ✓ **Introduction of daily updates by large credit providers not currently able to provide daily updates in addition to monthly – lead time**
- ✓ **Resourcing and management of large numbers of data submitters (80/20 principle)**

CPA Records received VS Rejected



Compuscan

Month	# QE 1	QE 2 %	QE 3 %	QE 4 %	QE 5 %	QE 6 %	QE 7 %	QE 8 %	QE 9 %	QE 10 %
March	230 511	2 891	53 540	1 380	70 867	5 152	256 453	0	139 297	0
April	3 164 851	3 276	382 916	2 960	507 924	3 490	439 167	330 958	175 732	0
May	505 715	3 360	94 761	1 432	151 933	4 549	199 558	8 903	727 287	3 257
June	116 176	4 369	404 268	1 590	160 328	5 049	486 901	349 112	635 203	3 487
July	449 957	3 869	458 069	1 803	54 051	5 294	529 132	428 654	653 371	3 139

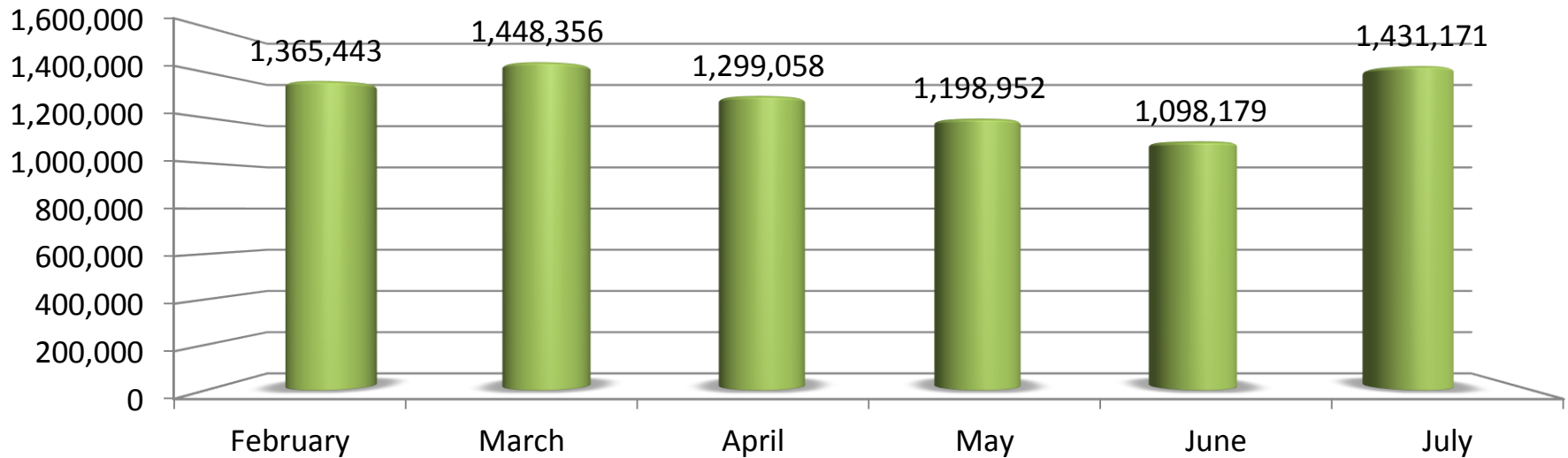
Experian

Month	# QE 1	QE 2 %	QE 3 %	QE 4 %	QE 5 %	QE 6 %	QE 7 %	QE 8 %	QE 9 %	QE 10 %
March	1 795 256	15 946	422 447	1 356	0	2 684	525 074	374 148	530 001	31 629
April	1 326 759	9 835	268 202	2 847	36	2 640	242 623	239 106	132 106	34 243
May	964 353	9 118	312 092	7 889	561	2 583	422 061	279 945	635 770	47 482
June	1 009 011	7 709	121 115	8 595	79	1 916	242 154	85 035	163 818	18 744
July	1 187 347	6 072	156 602	11 884	8 970	472 239	798 367	233 907	674 590	35 355

Transunion

Month	# QE 1	QE 2 %	QE 3 %	QE 4 %	QE 5 %	QE 6 %	QE 7 %	QE 8 %	QE 9 %	QE 10 %
March	1 101 456	15 394	159 386	7 901	34 952	3 872	183 496	117 844	550 435	2 873
April	1 271 356	8 920	328 905	10 899	6 740	2 749	233 357	306 947	538 395	3 259
May	1 433 551	9 367	485 907	10 171	11 942	2 836	368 447	348 568	887 709	16 452
June	1 108 392	5 969	279 111	10 300	12 263	4 274	331 572	222 292	702 509	3 167
July	1 753 949	7 463	252 891	11 500	28 999	6 219	381 439	221 028	684 615	24 463

Total QE 1



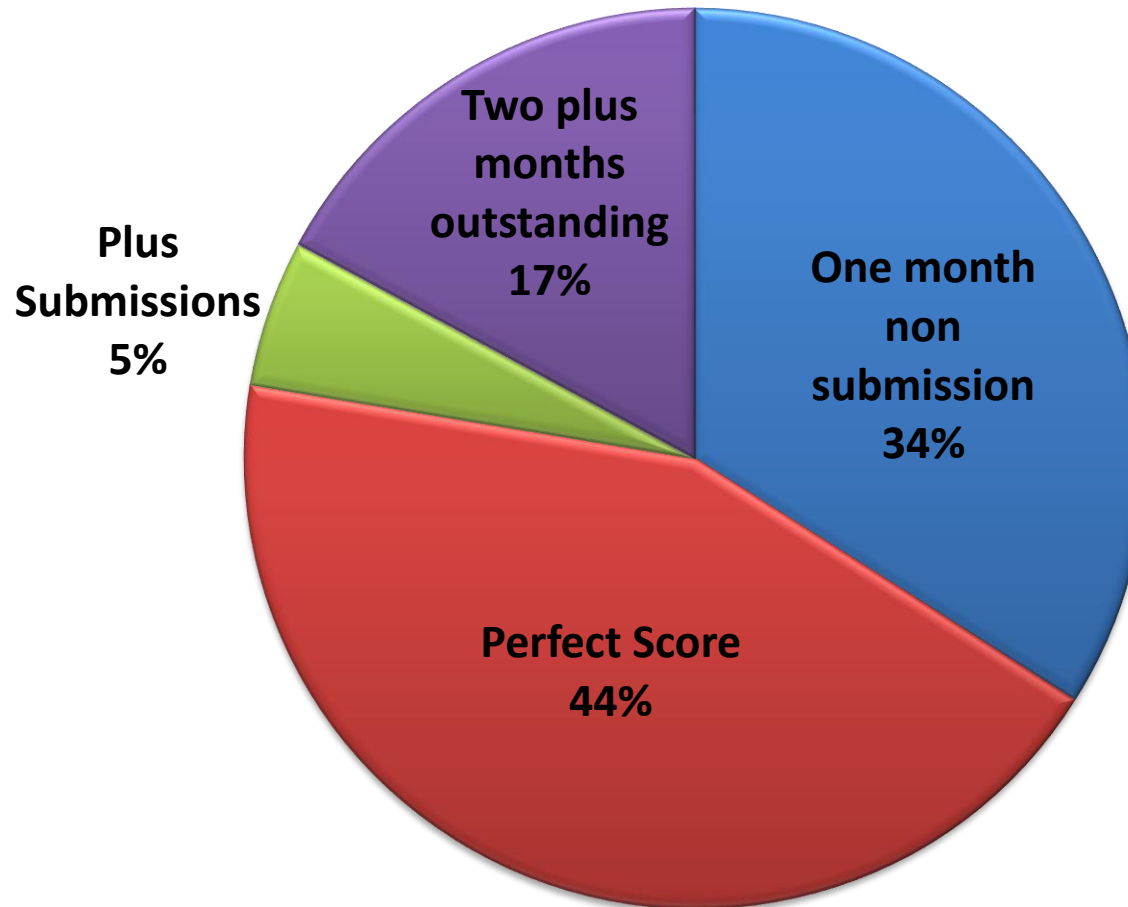
June

Bureau	Number of Records	Rejected	% Rejection
COMPUSCAN	6 863 788	42 920	0.63%
EXPERIAN	7 826 269	116 552	1.49%
TRANSUNION	7 841 893	53 207	0.68%

July

Bureau	Number of Records	Rejected	% Rejection
COMPUSCAN	7 800 805	58 106	0.74%
EXPERIAN	8 005 637	122 618	1.53%
TRANSUNION	8 221 507	67 908	0.83%

Breakdown of Monthly payment submissions over 3 months



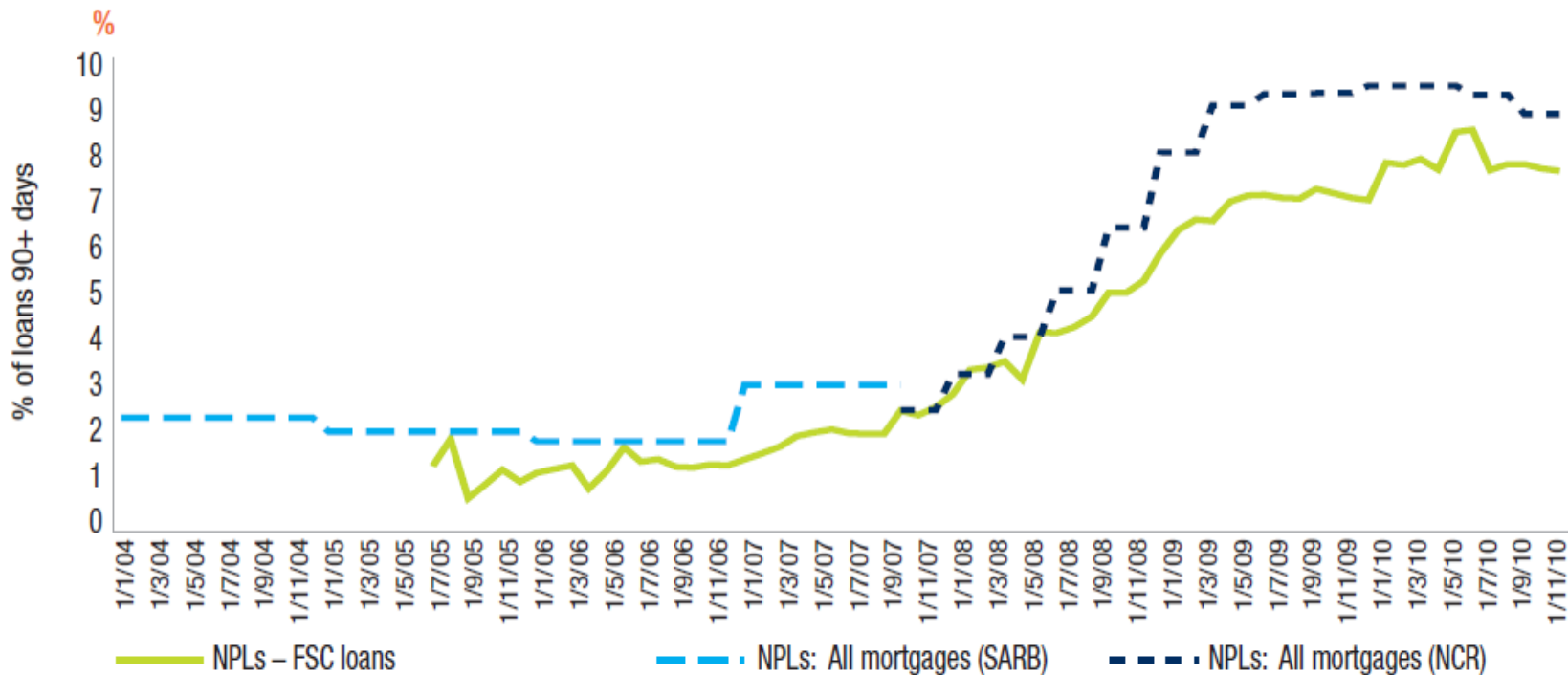
Benefits of Credit Data submissions

- **Creates a sound credit culture within Credit Provider community**
- **Reports available to potential and existing financiers to create a balanced view of the consumers credit standing**
- **Enhances confidence in lending decisions**
- **Improved allocation and pricing of credit**
- **Lower default rates through early warning indicators and alerts**
- **Avoids costly and hard to get information vetting processes**
- **Fosters trust between role players – lender & user and transparency and competition between lenders**

Mortgage loan performance

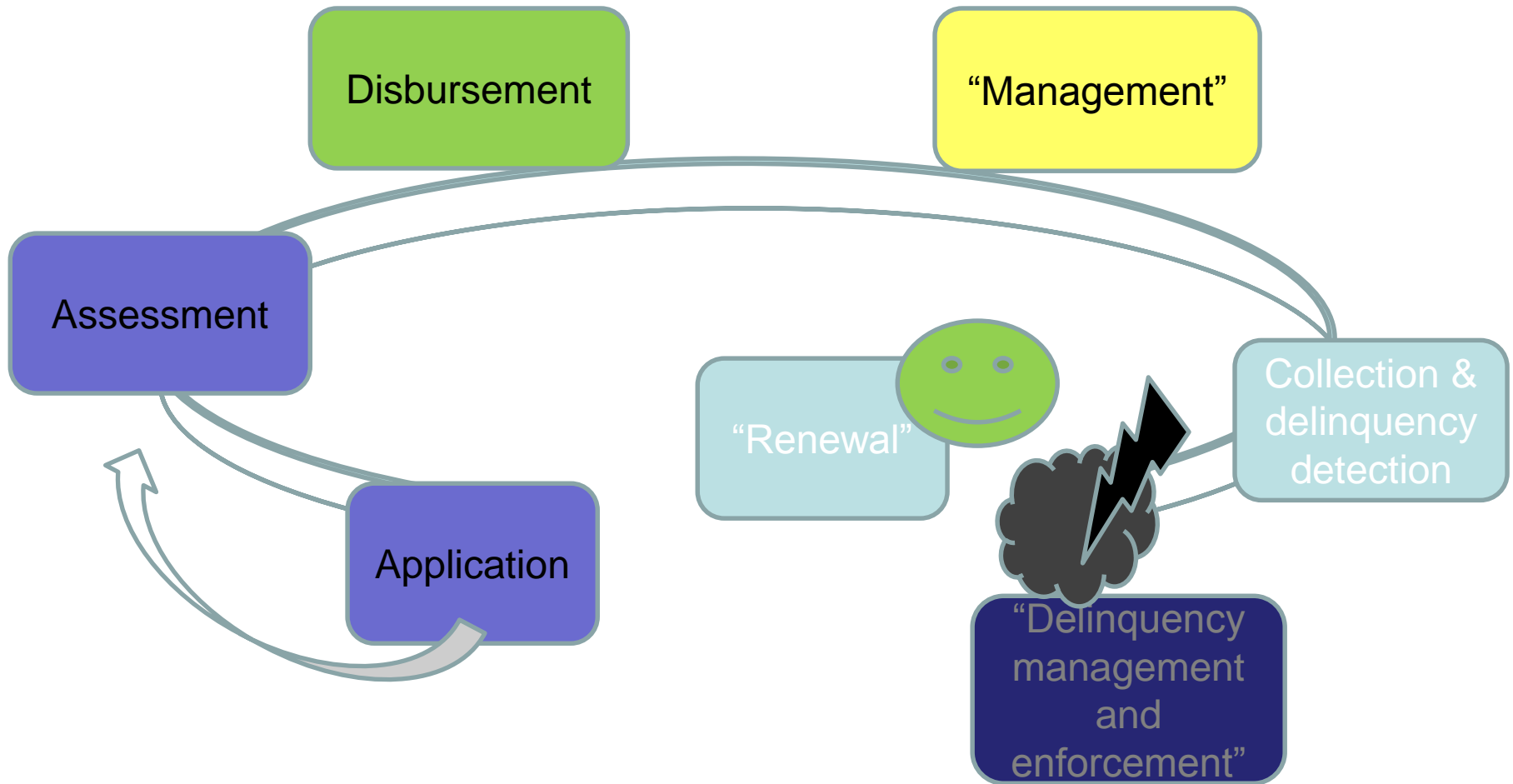
The chart summarises the percentage of loans by value that are non-performing (90 days or more) across all FSC loans incorporated in the analysis from 2005 to the end of 2010⁵. Overlaid on the chart is industry-wide data published by the South African Reserve Bank (2004 to 2007, annual average) and the National Credit Regulator (Q4 2007 to Q4 2010, quarterly data).

Chart 1. Percentage of loans that are non-performing (90 days or more) by value: FSC Vs industry statistics



Source: SARB, NCR

Use of Payment Profile Information in the Credit cycle



Constitution – Principles

Serving the Members collectively
Not for gain

Promoting responsible lending
Influencing data collection & treatment
Recent, complete & accurate
Consumers right to knowledge & accuracy

Proprietary data:
belongs to CPA members

Reciprocity

Presentation Concluded

Thank you

and

