

Registrations Department

Registration of Credit Providers (continued)

Supplementary Registration to provide developmental credit

The Registrations Department is responsible for:

- The registration of alternative dispute resolution agents, credit bureau, credit providers, debt counsellors and payment distribution agents
- Renewal of registrations
- Updating of register of registrants
- Printing of registration certificates

Registration of Credit Providers (Section 40 & 41)

Registration requirements:

- *Fully completed application form (form 2 for new applicants or form 3 for existing registrants)*
- *Official registration documents . Only close corporation, company, co-operative, trust, statutory entity or a bank can register as a developmental credit provider (Juristic persons)*
- *Police clearance certificates*
- *Registration fees*
- *Must appoint and accounting officer /auditor*
- *Registration with SARS*

Registration of Credit Providers (continued)

Supplementary Registration to provide developmental credit

- **Providers of Developmental credit (Section 41)**
In addition to registering as credit providers, as laid out above, providers of developmental credit are required to comply with Section 41 of the Act. This includes credit co-operatives and suppliers of credit for education, small business development, and low income housing.
- The NCR may grant supplementary registration to credit providers only if it concludes that the entity has:-
 - sufficient operational, human and financial resources
 - adequate administrative procedures.

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Additional information required

1. The applicant must apply in writing for special approval in respect of development credit agreements.
2. The credit provider must set out the following information in terms of the development credit agreements which it is offering or intends to offer:
 - a. Nature of the development credit products offered
 - b. Provide a short description of the lending methodology (including whether it is an individual or group-based loan methodology).

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This must include a description of

- i. The manner of client solicitation and whether public adverts or similar solicitation is employed;
 - ii. The manner of evaluation applications and key criteria employed;
 - iii. The manner of disbursement and collection (also indicating whether disbursement in cash or in kind);
 - iv. Debt enforcement or debt collection procedures.
- c. Provide a profile of the target market.
 - d. Relate the profile as above to the priority groups per section 13(a).
 - e. Provide a provincial break-down of the intended provision of development credit agreements.

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- f. Provide information on the credit agreements (or loan products), including
 - i. size or range;
 - ii. repayment term
 - iii. interest rates
 - iv. security or collateral requirements
 - v. any other special conditions

- g. Provide information on the anticipated number of clients and value of the outstanding developmental credit loan book after 1, 3 and 5 years from the date of application. Include a break-down per type of product.

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3. The credit provider must provide information on the existing development credit agreements, and in particular;
 - a. The number of agreements;
 - b. Average size and range;
 - c. Gross loan book;
 - d. The period over which development credit agreements have been provided.
4. The information per sections 2 and 3 above must be provided in the same format (and size / income intervals) as per the relevant sections of the statistical returns.
 - a. Also indicate how the information relate to the definitions in respect of the Act and regulations – including Regulations 64 and Statistical return: Form 39 Part 13.

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5. In the application, the applicant must
 - a. Specifically identify all areas in which the documentation which it intends to use or procedures which it intends to apply deviate from the requirements that apply to other credit agreements.
 - b. This must be done with reference to the specific sections of the Act through which discretion is provided to the NCR for approving such specific documentation or procedures for development credit agreements.
 - c. The credit provider must motivate the departure from the requirements that apply to credit agreements in general i.e. why is it necessary for the credit provider to depart from the procedures which applies to other credit agreements.

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- d. The credit provider must further motivate why it considers the procedure or documentation which it proposes to utilise, to still afford the necessary protection to the consumer i.e. the credit provider must indicate which special circumstances exist or which alternative procedure it applies, which would ensure that the legislative objective of the particular section of the Act will still be met.

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6. These motivations must be concise. However, every departure from the general requirements must be covered in the manner as set out above. It must be related to the specific requirements of the Act, and to each area where there is a departure.
7. A copy of the credit agreement and of the proposed pre-agreement statement or quotation must be attached to the application, for each different type of agreement
8. Where a statement or document is proposed to be used in respect of development credit agreements which are different from the statements or documents used for other credit agreements, copies of such statements or documents must be attached to the application.

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9. The credit provider must indicate whether it proposes any modifications to the existing conditions of registration, in respect of such development credit agreements.
10. The application must be accompanied by
 - a. A copy of the latest set of audited financial statements; and
 - b. A copy of the latest management accounts for the specific division or department within which the development credit agreements reside (and in no case older than 3 months).

Statistical information

Registration figures as at 28 February 2017

- CPs = 5473 (41 870 branches)
- DCs = 1977
- CBs = 14
- PDAs = 3
- ADRA = 4

THE END

Thank you

www.ncr.org.za

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