

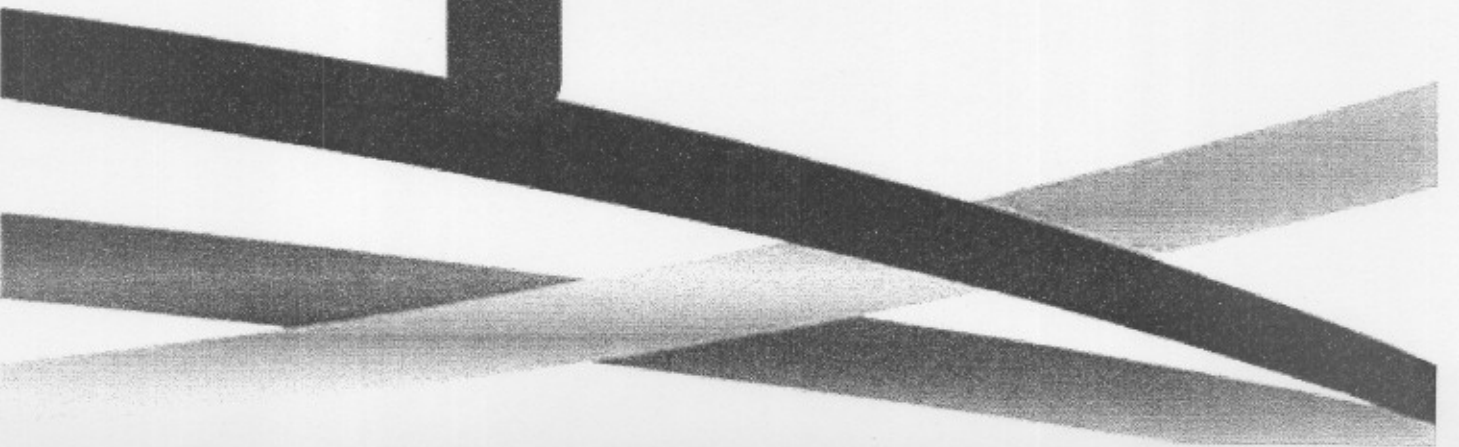
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NATIONAL CREDIT ACT





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Scope

- Introduction
- Process
- Verification
- Clean-up
- Audits



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Section 73

In terms of section 73 of the National Credit Act the Minister of Trade and Industry must within a period of six months after 1 June 2006 (the effective date), prescribe— *Act became effective.*

- the nature of, time-frame, form and manner in which consumer credit information held by credit bureaux must be reviewed, verified, corrected or removed; and
- the time-frame and schedule for the exercise by consumers of their rights in terms of section 72(1),

within a period of one year after the regulations being promulgated.

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Background

Background.

Calls for general amnesty for blacklisted consumers

Portfolio Committee negotiated a compromise between consumer groups and credit providers

Need to provide consumers with a “second chance” while allowing credit providers to assess their risk when extending credit

Negative consumer information which led to calls for amnesty:

- **Incorrect data**
- **Multiple listings**

... but especially

- **Listing for very small amounts**
- **Default judgments (consumer unaware)**
- **Paid-up judgments**



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Process

Process followed

- Initial consultation with selected stakeholders from across the board
- Focus group meetings with
 - Banks
 - Retailers
 - Credit Bureaux
 - Consumer groups
 - Developmental lenders
- Strong support from consumer groups, developmental lenders and retailers, less support from banks and credit bureaux
- Draft Regulations published for general public comment (closing 27 October 2006)
- Consultation with Portfolio Committee ito National Credit Act
- Final publication before 1 December 2006

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Process

Process: Clean-up vs verification

Clean-up	Verification
Once off clean-up Applies only to information on record as of 1 September 2006 1 st phase to be concluded on 1 June 2007 2 nd phase to be concluded on 30 November 2007 Audit to verify clean-up process	Ongoing process <i>not conclude in 1 year</i> Consumers to access free records as per the published time schedule Corrections to be made at conclusion of investigation



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Verification

- Consumers to access free records as per the published time schedule
- Consumer to indicate possible incorrect information
- Credit Bureau to investigate
 - If information is incorrect – make correction, inform consumer
 - If information is accurate – inform consumer
 - Consumer entitled to another record to verify correction



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Removal process

When prescribing the nature of, time-frame, form and manner in which consumer credit information held by credit bureaux must be reviewed, verified, corrected or removed the Minister must—

(a) consider amongst other things—

- (i) the predictive nature of such information; and
- (ii) the socio-economic impact on consumers of the removal of such information; and

(b) engage in consultation with affected stakeholders.

Any regulations to be made in terms of this section must be submitted to the relevant Parliamentary Committee for the necessary consultation prior to their promulgation.



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Removal process

Remove data as on record on 1 September 2006

Once-off removal

“clean-up” of credit bureau records

Removal in 1st phase to occur on 1 June 2007

Create certainty, fixed date

Coincide with implementation of NCA, systems

Process to be concluded by 30 November 2007

Act requires 12 month process, commencing on 1
December 2006



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Adverse info

Remove certain information by 1 June 2007

- adverse information pertaining to debt of less than R500
- all information pertaining to accounts that have been dormant (no payment from consumer) for 24 months by 1 September 2006



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Judgments

Remove certain judgments by 1 June 2007

- all judgments of up to R500 (Not if more than 2 judgments)
- all judgments of up to R5 000 older than 18 months (Not if more than 2 judgments)

- predictability



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Judgments

Remove paid-up judgments

- Information pertaining to paid-up judgments of up to R50 000 by 1 September 2006
 - remove by 1 June 2007
- Information pertaining to paid-up judgments of up to R50 000 up to 1 September 2007
 - remove 3 months after payment of debt, no later than 30 November 2007



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Time schedule

For the first 12 months from 1 September 2006, the right of every person to inspect any credit bureaux, or national credit register, file or information concerning that person free of charge, as per section 72(1)(b)(i)(aa), may only be exercised during or after the month in which the person was born.



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Time schedule

Schedule for accessing free record during first 12 months from 1 September 2006

Month of birth	Access to free record
September 2006	Only Consumers born in September
October 2006	Only Consumers born in September or October
November 2006	Only Consumers born during months from September to November
December 2006	Only Consumers born during months from September to December
January 2007	Only Consumers born during months from September to January
February 2007	Only Consumers born during months from September to February
March 2007	Only Consumers born during months from September to March
April 2007	Only Consumers born during months from September to April
May 2007	Only Consumers born during months from September to May
June 2007	Only Consumers born during months from September to June
July 2007	Only Consumers born during months from September to July
August 2007	Only Consumers born during months from September to August



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Audit

- 1st Audit
 - After 1 June 2007, tabled by 31 August 2007
 - Verify removal of data
 - Assess systems and procedures to ensure compliance
 - Sample info to determine level of compliance
- 2nd Audit
 - by 28 February 2008, tabled by 31 March 2008
 - Verify removal of data
 - Sample info to determine level of compliance



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THANK YOU

