



Debt relief measures to deal with over-indebtedness

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OVERVIEW OF THE PRESENTATION



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INTRODUCTION



As Standard Bank, we believe that ***Africa is Our home and We drive her growth***. We strongly believe that we are key players in driving the growth of South Africa. **Our fortunes are tied to the fortunes of this country** and it is therefore our duty to:

- ***Support sustainable measures to help grow the economy***
- ***Foster an environment where responsible lending can take place***
 - We support initiatives that create healthy consumers with affordable debt, that is granted responsibly
 - We support initiatives to find solutions for consumers who are, for various reasons, over-indebted.
- ***Adopt customer centric strategies that yield the best results for all parties involved when customers are in distress***
 - We are especially sensitive to instances where the distress is not caused by the consumer's actions

Standard Bank takes levels of consumer indebtedness, and challenges posed by the economy to our customers and the country, seriously. We continue to engage with our regulators, the DTI and other stakeholders to find solutions to these challenges. We participate fully in the Banking Association processes and initiatives.



What is Standard Bank's approach to debt relief?



WHAT SOLUTIONS CURRENTLY EXIST?

Legislated debt relief solutions

- Debt Review
- Prescription
- *In duplum*

Non-Legislated debt relief actions that may be used to complement the above processes

- Assistance to retrenched workers, based on individual assessments
- Payment Moratoriums/ Payment Holidays
- Restructures
 - Instalment reduction
- Debt Consolidation
 - Rates concessions and a lower single instalment (creating surplus for living expenses)
- Bank assisted sale of property or asset to realise more equitable proceeds than in an Auction process
- Selective realisation of security – e.g. protecting child headed homes and assessing home loans with low balances
- Assessment of repayment schedules for student loans post completion of studies
- Settlement policies at discount based on circumstances

Solutions should provide relief, whilst solving income challenges through creating opportunities for other income streams and building wealth for our customers

OTHER SUPPORTIVE INITIATIVES



- A dedicated unit with over 60 staff members dedicated to assist customers who are going through financial stress.
- Additional technological solution to run the debt review system to ensure faster turn around times and better communication with customers and debt counsellors.
- A project partnering with an outside company to help struggling customers with financial planning and education as well as debt solutions.
- We have set up a fund of over R400m that is dedicated to enterprise development and continue to invest heavily in small enterprise.
- Together with other banks in BASA, we have placed senior resources directly in NSFAS to help solve the finance problem for the poor students and “missing middle”.
- We are putting creative solutions to help ease the financial burden by financing poor students who are doing specific degrees and achieving good results but their parents can't be guarantors.



Standard Bank's view on the legislation of Debt Relief

LEGISLATION EXISTS TO ASSIST IN DEBT RELIEF



- We believe that any law that legislates specific debt relief measures will create uncertainty in the market, and will most likely slow down the positive initiatives underway.
- In finding the appropriate solutions for debt relief, we should avoid laws that:
 - Increase financial exclusion of poor people in the long run; thus, further marginalizing people
 - Increase the cost of borrowing
 - Destroy the culture of repaying back legally obtained debts
- Reckless lending and unscrupulous practices should be dealt through the reinforcement of existing laws:
 - We should not introduce legislation to deal with illegal lending practices that are already legislated for, but rather be tougher on reinforcement
- We should use existing solutions and make them work better. This can be done by:
 - Improving the Debt Review system
 - Adopt DCRS and improve it
 - Continue to engage on bank customer indebtedness initiatives

WHAT WOULD MAKE DEBT RELIEF SOLUTIONS WORK BETTER?



- Data Accessibility:
 - Data that contains information of retrenched/unemployed customers
 - Data that contains information of customers who become employed after retrenchment
 - Data that contains information of students who become employed after completing their studies
- Provide prescription relief once the moratorium option is granted
- Co-ordinated credit educational drives
- Payments prioritization for debts that have received debt relief
- Ability to identify debts/customers that have received relief from other creditors to avoid further indebtedness



Conclusion

CONCLUSION



- We support all initiatives to find solutions for over indebtedness
- There are existing laws and initiatives that can be leveraged to address the problem of over-indebtedness
 - We should make these work more effectively and in a coordinated manner
- We are committed to continuing the constructive discussions between government, our regulators, banks and other lenders to foster an environment where solutions can be found without additional laws.



Thank
You