



ANNUAL PERFORMANCE PLAN

2023 | 24 - 2025 | 26

STRATEGIC PLAN

2023 | 24 - 2027 | 28

BEWARE OF MASHONISAS

Never give your ID
or Bank Card to
Mashonisa.
It is illegal!

Call NCR on 0860 627 627.



NCR
National Credit Regulator

For more information call 0860 627 627

www.ncr.org.za



List of Abbreviations

AA	Accounting Authority	MFSA	Microfinance South Africa
ACPD	African Consumer Protection Dialogue	MTSF	Medium Term Strategic Framework
ARMC	Audit and Risk Management Committee	MoU	Memorandum of Understanding
B-BBEE	Broad-Based Black Economic Empowerment	NAMFISA	Namibian Financial Institutions Supervisory Authority
CEO	Chief Executive Officer	NCA	National Credit Act
COVID-19	Novel Coronavirus Disease	NCR	National Credit Regulator
CSD	Central Supplier Database	NCT	National Consumer Tribunal
dtic	Department of Trade, Industry and Competition	OHS	Occupational Health and Safety
ERRP	Economic Reconstruction and Recovery Plan	PDA	Payment Distribution Agent
EXCO	Executive Committee	PFMA	Public Finance Management Act
ICT	Information and Communication Technology	SARB	South African Reserve Bank
IFC	International Finance Corporation	SCA	Supreme Court of Appeal
IFWG	Intergovernmental Fintech Working Group	SMME	Small, Medium and Micro Enterprises
		SONA	State of the Nation Address
		4IR	Fourth Industrial Revolution

Definitions used to measure performance

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



ANNUAL PERFORMANCE PLAN

2023 | 24 - 2025 | 26

Table of Contents

Foreword by the Minister: National Credit Regulator (NCR).....	6
Annexure A.....	8
Accounting Officer Statement	10
Official sign-off	12
PART A: Our Mandate	13
PART B: Our Strategic Focus.....	18
1. State of the Credit Market - statistics relevant to the NCR and the sector	19
2. Socio-economic conditions	21
3. NCR's capacity to deliver on its mandate (including human resources, financial resources, ICT capacity and other factors)	23
PART C: Measuring Our Performance.....	26
1. Institutional programme performance information	27
2. dtic Key Priority Outputs.....	33
3. Key strategic risks and mitigations	40
4. Materiality Significance Framework	41
Part D: Technical Indicator Descriptions (TIDs).....	42
Annexure B: Risk Management and Fraud Prevention Plan	49
Annexure C: Materiality Significance Framework	51



Mr Ebrahim Patel

Minister of Trade, Industry and Competition

Foreword by the Minister: National Credit Regulator (NCR)

The 2023/24 Annual Performance Plan of the National Credit Regulator (NCR) reflects the continued efforts of the dtic Group to align our activities around a common purpose; grounded in efforts to support **Industrialisation** to promote jobs and rising incomes, drive **Transformation** to build an inclusive economy, and build a **Capable State** to ensure improved impact of public policies.

The APP contains an ambitious set of targets aimed at realising the vision of the NCR governing legislation, and utilising these regulations to meet their purpose of empowering a larger number of South Africans to contribute towards our shared prosperity. In the year ahead, the NCR will play a critical role in creating a fair and prosperous South African economy. While companies face a challenging global economic environment, the work of the NCR will help create the conditions for sustained growth that are most needed when times are hardest.

Since the start of the Sixth Administration, the Department of Trade, Industry and Competition and all entities in the dtic Group have begun a process of adopting a revised output-driven planning system - grounded in the objective of combining all our efforts towards creating real impact for South Africans.

In 2023/24, the dtic concluded this process by introducing 45 output targets, to which the NCR makes a critical contribution. These include supporting 1 million jobs, mobilising R200 billion in investment, supporting R700 billion in manufacturing exports, and helping Black Industrialists to create 20,000 jobs and R36,8 billion in output. The attached table sets out the 45 outcomes.

The NCR has subsequent to its original APP, revised its document to take account of the 45 outcomes and has reported to the Executive Authority.

The revised APP 2023/24, is hereby submitted in accordance with the Revised Framework on Strategic and Annual Performance Plans.

Ebrahim Patel
Minister of Trade, Industry and Competition
28 March 2024

Annexure A

Output targets within the dtic-group of entities

Investment

Output

- R200 billion in investment pledges secured across the state
- 100 Investor facilitation and unblocking interventions provided
- 2 new SEZs designated and support work with provinces related to industrial parks

Industrial production

Output

- R40 billion in additional local output committed or achieved
- R40 billion in Black Industrialist output achieved

Exports and trade

Output

- R700 billion in manufacturing exports
- R300 billion in manufacturing exports to other African countries
- R2.5 billion in exports of Global Business Services (GBS)
- 1 Implementation of the AfCFTA
- 10 High impact trade interventions completed
- 4 Protocols finalised under the AfCFTA

Industrial support

Output

- R30 billion in support programmes administered by or in partnership with the dtic group
- R15 billion support programmes to enterprises in areas outside the 5 main metros
- R8 billion in financial support programmes to SMMEs, and women and youth-empowered businesses
- R7.5 billion in financial support programmes to enterprises in labour absorbing sectors
- Promotion of a transparent and just adjudication process for incentive applications

Transformation

Output

- R800 Million in Equity Equivalent Investment Programme agreements agreed or administered
- 20 000 additional workers with shares in their companies
- 10 high-impact outcomes on addressing market concentration, at sector or firm level.

Jobs

Output

- 1 million jobs supported or covered by Master Plans
- 100 000 jobs to be created (50 000 social economy fund part-time or temporary job opportunities and 50 000 full-time jobs)
- 23 000 jobs in Black Industrialists firms

Energy
Output
R1.3 billion in financial support to enterprises including SMMEs to mitigate impact of load shedding through energy resilience fund
1400 Megawatts of energy from projects facilitated
550 Megawatts of energy available for the grid
1 Energy One-stop Shop operational
Expedited regulatory amendments and flexibility, to promote energy efficiency

Green economy targets
Output
1 Strategy and advocacy finalised responding to green non-tariff barriers (Carbon Border Adjustment Mechanism (CBAM))
1 EV Strategy finalized
1 Finalisation of green hydrogen commercialisation framework

Stakeholder engagement and impacts
Output
10 Business Forums hosted aimed at supporting increased FDI, exports and outward investment.
1000 Case studies of firms, workers, entrepreneurs, professionals or communities impacted by the dtic measures: including 12 local films/ documentaries telling the SA story
52 Community outreach programmes by the dtic group
5 Conferences, summits, and international forums hosted
10 Successful actions completed on price monitoring and excessive pricing or price gouging

Addressing crime
Output
Grey-listing: Publication of 'Know Your Shareholder' Regulations and Follow Ups
1 Metal trading system developed to identify stolen public infrastructure entering the scrap metal value-chain, export market or legitimate metal production industry

Red tape and state capability targets
Output
4 High-impact measures to improve the efficiency and/or effectiveness, of the dtic's policy or programme interventions.
10 High-impact measures to reduce red tape or improve turnaround times in administration of incentives and work of agencies
6 Impact assessments or enhancements of trade instruments or measures

Improving the capacity and responsiveness of the state and social partnership
Output
4 Pieces of priority legislation amended, tabled or submitted to Executive Authority, Cabinet or Parliament.
7 Master Plans managed and 1 new masterplan to be finalised.
Oversight of IDC, NEF and ECIC to ensure that at least 95% of planned KPIs are achieved
Oversight of other entities to ensure that at least 95% of planned KPIs are achieved
50 Mergers and acquisitions where public interest conditions have been incorporated



Ms Nomsa Motshegare

Accounting Authority and Chief Executive Officer

Accounting Officer Statement

OVERVIEW OF THE NCR AND ITS VISION

The NCR is mandated to promote a fair and non-discriminatory marketplace for access to consumer credit, as well as promote responsible credit granting, prohibit reckless credit granting and protect consumers through enforcement of the National Credit Act, No. 34 of 2005 (NCA).

The NCR is driven by the imperatives of advancing the social and economic welfare of South Africans in the consumer credit industry.

Overall focus during the previous planning period

The strategic focus during the previous planning period was on improving the regulatory environment and ensuring the enforcement of the NCA.

To achieve these objectives, the regulator focused on:

- Programme: Improved regulatory environment - increased efficiency in registration of persons and entities to facilitate creation of job opportunities.
- Programme: Enforcement of the National Credit Act - Improved compliance through enforcement of the NCA.

These focus areas were aligned to the programmes and core themes of **the dtic**. Measurable performance indicators as well as an analysis of external and internal factors that could affect the ability to achieve our goals were clearly identified. Strategic risks, as well as possible mitigating controls were also identified.

Key accomplishments during previous planning period

Key accomplishments during the 2021/22 financial year include the following:

• Good corporate governance

The NCR obtained an unqualified audit report for the 2021/22 financial year. The NCR has never obtained a qualified audit opinion since its inception in 2007 as prudent financial management and corporate governance is practiced. The relevant NCR APP for 2022/23-2024/25, Five-Year SP for 2022/23-2026/27 and Annual Report for 2021/22 were submitted in line with Parliamentary timelines.

• Consumer education and community outreach

Despite restrictions related to the COVID-19 pandemic, the NCR in partnership with various stakeholders, conducted 361 consumer education initiatives such as workshops, webinars and exhibitions.

• Collaboration and co-operation

The NCR was active locally and internationally. It signed a Memorandum of Understanding (MoU) with the Namibia Financial Institutions Supervisory Authority (NAMFISA) to share information and for capacity building.

The NCR continued to engage with regulators in other African countries through the African Consumer Protection Dialogue. A webinar was held in this period on 'Dispute resolution for mobile payment platforms'.

The NCR had regular engagements with large registrants and industry associations such as the Credit Bureau Association (CBA); South African Credit and Risk Reporting Association (SACRRA), Micro Finance South Africa (MFSa), Banking Association of South Africa (BASA) as well as the Intergovernmental Fintech Working Group (IFWG), among others.

• **Consumer redress**

The NCR secured approximately R11.6 million in redress to consumers by way of monetary refund and/or adjustment on outstanding account balances. This redress, no doubt, came as welcome relief to consumers given the prevailing tough socio-economic conditions.

• **Referrals and fines**

The NCR referred 35 cases to the National Consumer Tribunal (NCT). There were over R14 million in fines and penalties imposed by the NCT on matters referred by the NCR. Contraventions were related to cost of credit and reckless lending the total.

• **Registration**

A total of 1350 (2020/21:1 076) new credit providers were registered with the NCR. The increase in the number of credit providers registered may lead to job creation and economic growth.

• **Service delivery**

The NCR Call Centre received 26 698 enquiries, 76% of which were handled within an average of nine days and 556 were referred to various ombudsman offices. Most of the complaints that were received related to allegations of debt review without consent; disputes around outstanding balances; terminations of accounts while on debt review; collection of debt that had prescribed, and cost of credit life (insurance) total cost of credit (credit life insurance).

• **Statistics and research**

Notwithstanding challenges emanating from the COVID-19 pandemic, the NCR published its quarterly Consumer Credit Market Report and Credit Bureau Monitor (CMR) reports, which contain vital data on trends and statistics.

• **Communication and media (CBM)**

During 2021/22, the NCR issued 17 media releases, conducted 969 radio interviews and 17 television interviews. These enriched the NCR's brand and increased its brand visibility across the country. Media releases provided advice to consumers on relevant topics such as the importance of knowing your credit status.

Strategic focus for the period ahead

In preparing the NCR's APP 2023/24-2025/26, the NCR used the

Revised Framework for Strategic Plans and Annual Performance Plans issued by the Department of Planning, Monitoring and Evaluation as well as considering the dtic 45 Key Priority Outputs.

For the period ahead, the main strategic focus for the NCR will be in the areas of employment facilitation for job creation through registration of new registrants and support to SMMEs, Women and Youth. Focus on employment will encourage enhanced inclusive growth and thereby reduce poverty as envisaged in the Medium-Term Strategic Framework (MTSF) **Priority 2: Economic transformation and job creation.**

In a more indirect way, the NCR will also contribute to **MTSF Priority 1: A capable, ethical and developmental state** Medium-Term Strategic Framework in that it will continue to ensure it is capacitated with professional, ethical and meritocratic staff members; and that high levels of ethical behaviour and corporate governance are maintained.

The NCR will also contribute to **MTSF Priority 7: A better Africa and world**, in that it will continue to nurture and forge strategic relationships that have positive impacts for the African continent and the world. It already collaborates extensively and hosts delegations from various countries.

To achieve the desired results in relation to its strategic focus, the NCR has aligned its outputs to the seven (7) dtic Key Priority Outputs, highlighted in Part C of this document. Additionally, the NCR will continue to endeavor in prioritising procurement with Previously Disadvantaged Individuals as defined in the B-BBEE Act.

The NCR team is committed to implementing the APP 2023/24-2025/26.

Acknowledgements and appreciation

I would like to thank the NCR executive team, management and personnel for their continued diligence which makes it possible for the NCR to fulfil its mandate.

I also thank the members of the Audit and Risk Management Committee (ARMC) for providing oversight; the Minister of Trade, Industry and Competition, Honourable Mr Ebrahim Patel; **the dtic** and the Portfolio Committee on Trade, Industry and Competition for their guidance and support.



Ms Nomsa Motshegare
Accounting Officer & Chief Executive Officer
National Credit Regulator
Date: 20/07/2023

Official sign-off

It is hereby certified that this Annual Performance Plan:

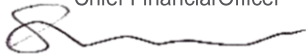
- Was developed by the management of the National Credit Regulator under the guidance of Ms N Motshegare;
- Takes into account all the relevant policies, legislation and other mandates for which the National Credit Regulator is responsible for; and
- Accurately reflects the outcomes and outputs which the National Credit Regulator will endeavour to achieve over the 2023/24–2025/26 period.



Adv. Kedlatile Legodi
Acting Company Secretary



Ms Lynette De Beer
Chief Financial Officer



Nthupang Magolego
20/07/2023 15:35:39(UTC+02:00)
Signed by Nthupang Magolego,
NMagolego@ncr.org.za
Ms Nthupang Magolego
Executive Senior Legal Advisor

SIGNIFLOW.COM



Ms Nomsa Motshegare
Chief Executive Officer



Approved by:
Ebrahim Patel
Minister of Trade, Industry and Competition



PART A

OUR MANDATE

1. Updates to the relevant legislative and policy mandates

In terms of the Public Finance Management Act (PFMA), 1999 (Act No. 01 of 1999), the National Credit Regulator (NCR) is a Schedule 3A public entity. It is tasked with carrying out education, research, policy development, registration of industry participants, investigation of complaints, and ensuring the enforcement of the National Credit Act (NCA), 2005 (Act No. 34 of 2005).

The purpose of the NCA 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 (PDAs) 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 socio-economic patterns of consumer credit activity in 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; and
- Reviewing legislation and regulations, and reporting to the Minister of Trade, Industry and Competition concerning matters related to consumer credit.

The NCR promotes public awareness around consumer credit matters by:

- Conducting consumer education and awareness activities.

The NCR is also mandated to advise the Minister of Trade, Industry and Competition on matters of national policy relating to consumer credit on the determination of national norms and standards regarding consumer protection.

2. Updates to institutional policies and strategies

The National Treasury issued an Instruction dated 25 February 2022 to suspend all procurement processes based on the Constitutional Court judgement issued on 16 February 2022 in the matter between the Minister of Finance and Afribusines regarding the 2017 Preferential Procurement Note Regulations. The court declared certain parts of the regulations invalid and suspended the order of invalidity for one year to give the Minister the opportunity to fix the Regulations. This impacted on procurement of goods and services, resulting in delayed service delivery. Furthermore, the National Treasury issued an Advisory Note dated 3 March 2022 allowing procurement process to continue as per the normal Preferential Procurement Regulations. The NCR will continue to implement the Advisory Note dated 03 March 2022 until further notice. Subsequently, the procurement and other relevant institutional policies will be updated to align to the new directive once issued.

The following institutional policies were reviewed and updated:

- Complaints Department Policy;
- Policy on Policies;
- Acting Policy;
- Code of Conduct and conflict of interest Policy;
- Performance Information Policy;
- Subsistence and Travel Policy;
- Disciplinary and grievance policy;
- Business Continuity Management;
- ICT Governance Framework;
- Credit Bureau Compliance Policy;
- Credit Provider Compliance Policy;
- Enterprise Information Security Policy;
- User Access Management Policy;
- Back-up and Recovery Policy; and
- Change Control Policy

The following has been added to the institutional strategic focus:

- Impact assessment evaluations for activities conducted relating to educational awareness, investigations, complaints evaluation, compliance monitoring, debt counselling, and enforcement.
- Investigations relating to debt counselling.
- Impact of enforcement action taken on entities and persons that were found to be non-compliant

3. Updates to relevant court rulings

The rulings and decisions of the high courts and the NCT are taken into account when crafting the NCR strategic plans. Below is a brief summary of recent court decisions and rulings that may have significant, ongoing impact on operations or service delivery obligations.

No.	Matter Name	Court & Case reference number	Legal issues and status
1.	MFSA vs the Minister of Trade and Industry and the NCR	North Gauteng High Court Case No 59612/17	The MFSA applied to the High Court to review the cost of credit life insurance on short-term loans. The parties are currently engaged in settlement in terms of which the NCR is required to review the regulations. Review of cost of credit life insurance has commenced and presented to the dtic for comments. Matter postponed indefinitely until review is finalised.
2.	Bridge vs NCR	North Gauteng High Court Case No 87768/14	Bridge applied to the High Court for an order declaring sections 55 and 57 of the NCA which grants the NCR powers to issue compliance notices, unconstitutional. Application suspended pending finalisation of a liquidation application filed against Bridge. Liquidation against Bridge dismissed. Notice of set down for the High Court review matter awaited. Parties engaged in settlement negotiations - Bridge submitted settlement for consideration by the NCR - review underway.
3.	Moneyline Financial Services (Pty) Ltd vs NCR	North Gauteng High Court Case No A440/16	Moneyline appealed the decision handed down by the NCT which ruled on 11 March 2016 that the NCR acted lawfully and procedurally correct when investigating Moneyline. The merits relate to allegations of reckless lending towards the recipients of social security grants by Moneyline. The Appeal was heard on 4 December 2018 and judgment was handed down on 30 August 2019 in terms of which the appeal was postponed and Moneyline was ordered to join the NCT as a Respondent before the appeal could proceed. Moneyline then launched an application for leave to appeal against this judgment, which application for leave to appeal was heard on 2 December 2019. Subsequent leave to appeal to the Supreme Court of Appeal (SCA) dismissed. Main Appeal date 27 October 2021. Matter withdrawn and settled between parties. Each party to pay own cost. This matter is accordingly deemed closed.
4.	BMW vs NCR	National Consumer Tribunal NCT/93829/2017/56(1) A288/2021	Compliance Notice issued for “on the road” fees. BMW objected to the compliance notice by application to the NCT. NCT upheld the objection and set aside the compliance notice on 12 May 2021. NCR launched an appeal against the ruling under case A288/2021. Matter has been consolidated to be heard simultaneously with Mercedes Benz and VW FS matters. Awaiting a hearing date for the 3 consolidated matters. Consolidated matters to be heard 26 October 2022. Judgment was granted against the NCR on 20 January 2023, and the NCR has appealed against the judgment.
5.	VW vs NCR	Tribunal Case No: NCT/94937/2017/56(1) Pretoria High Court: A104/19	Compliance notice issued for “on the road” fees. VW objected to the compliance notice. NCR opposed the application. Matter heard in February 2019 and judgement handed down in favour of NCR. VW appealed the decision to the High Court. Matter has been consolidated to be heard simultaneously with Mercedes Benz and BMW which contain similar facts or features. Consolidated matters to be heard on 26 October 2022. Judgment was granted against the NCR on 20 January 2023, and the NCR has appealed against the judgment.

No.	Matter Name	Court & Casereference number	Legal issues and status
6.	Mercedes Benz vs NCR	Tribunal Case No: NCT/107156/2018/56(1)	Compliance Notice issued for “on the road” fees. Mercedes Benz objected to the compliance notice and lodged an application to the NCT. NCR opposed the application. Pleadings have closed and hearing date awaited. Judgment in favour of Mercedes Benz, setting aside the compliance notice. NCR launched an appeal to the High Court against the judgment. Matter has been consolidated to be heard simultaneously with BMW and VW FS which contain similar facts or features. Consolidated matters heard on 26 October 2022. Judgment was granted against the NCR on 20 January 2023, and the NCR has appealed against the judgment.
7.	A-Z Micro Loans vs NCR	Tribunal: NCT/78949/2017/57 (1) PTA High Court: A126/2019	Matter relates to failure to conduct proper affordability assessments; failure to retain records; failure to provide pre-agreement state-ments in the prescribed form; overcharging cost of credit i.e. interest. Condonation filed for leave to appeal. Request made to comply with judgment or proceed with appeal. Appeal deemed as dismissed as no further steps taken by the Respondent. As no further steps taken on appeal by A-Z to proceed to close file.
8.	CMR Group (Pty) Ltd (In Liquidation) vs NCR	Tribunal: NCT/119696/2018/57(1) PTA High Court Case number A351/2019 Special Leave to Appeal Case number 9420/2021	Failure to conduct affordability assessments, extending reckless credit; overcharging cost of credit i.e. interest; prohibited charges. Appeal launched in the High Court of Pretoria against NCT judgment NCT/119696/2018/57(1). Appeal to be heard 22 October 2020. Judgment in favour of NCR. Leave to appeal filed and heard 16 March 2021. Leave dismissed with costs. Bill of cost to be compiled and submitted to Respondent for payment to NCR. CMR further appealed to SCA under case nr 9420/2021 - await setdown date. Condonation and leave for oral evidence granted on 05 April 2022. Heads filed 12 September 2022. Matter setdown for 16 March 2023.
9.	Dacqup Trading t/A ABC Financial Services	Tribunal: NCT/127619/2019/57(1) Appeal PTA High Court: A333/19 Supreme Court of Appeal: 382/2019	<p>The NCR previously referred the aforesaid entity to the National Consumer Tribunal under case number NCT/127619/2021/57(1). The NCR alleged the entity to have failed to conduct proper affordability assessments, engaged in reckless granting, charged cost of credit not in line with the provisions of the Act, failed to provide pre-agreements in the prescribed form and the entity to have fallen foul of the required advertising practices. The Tribunal in turn found the Respondent to have repeatedly committed prohibited conduct and imposed an administrative fine of R300 000.00 against the entity. Dacqup pursued an appeal within the High Court with the matter being dismissed on the points in limine with costs rendered against the NCR. The NCR subsequently appealed the matter to the SCA, with the SCA confirming amongst other things that: The NCR to have had a reasonable suspicion upon which it initiated an investigation and it was within reason to act upon a sign offering “instant loans”. The SCA held that a reasonable suspicion contemplates a lesser burden than that of prima facie evidence. The National Consumer Tribunal to be within their rights to order that an independent auditor be appointed to ascertain the extent of unlawfully obtained profits. The NCR to not be tasked with cost orders as a statutory body that fulfilled its statutory duties, even if it acted incorrectly and with no malice.</p> <p>The NCR welcomes the judgment by the SCA. The NCR in accordance with its mandate will not cease to pursue its investigations should there be sufficient reason to do so and will pursue to conduct its investigations without fear, favour or prejudice.</p> <p>Matter deemed closed. Dacqup to be monitored as to compliance with Tribunal judgment.</p>
10.	Gauteng Motors vs NCR	Tribunal: NCT/78954/2017/140(1) Appeal PTA High Court: A173/19	Extending credit whilst not registered; failure to conduct affordability assessments; extending reckless credit; failure to retain records; over-charging cost of credit by charging prohibited fees; interest; unlawful provisions; unlawful enforcement. No further steps taken to prosecute appeal - appeal deemed lapsed. Matter deemed closed as no further steps commenced within the High Court.
11.	NCR vs Marylee Govender (DC)	Tribunal NCT/122481/2018/138(1)	Settlement agreement concluded with this DC by NCT order on 11 March 2019. DC only partially complied with consent order. NCR appointed a service provider to launch High Court application to compel compliance with the consent order Debt Counsellor (DC). Letter of demand sent to respondent. Correspondence received from respondent’s attorney objecting to demand.
12.	Asia Lamara vs NCR	Tribunal: NCT/102200/2018/57(1) Appeal PTA High Court: A15/2020	Allowing unregistered agents to act as debt counsellors; failure to adhere to time periods; failure to make a determination in prescribed period; failure to refer matters timeously. Matter was referred to the NCT and NCT ruled in favour of the NCR. The Respondent filed an appeal which lapsed and the NCR filed an application for appeal to be declared lapsed, and that the Respondent be compelled to adhere to the NCT order in the alternative for certain relief in terms of NCT judgement to commence pending outcome of the appeal. Hearing date was set for 15 November 2021 and did not proceed on the given date. New set down date; 17 June 2022 and matter was not set down due to administrative error. A new date was set for 28 September 2022, however matter could not proceed due to further administrative issues. New date was set for 30 January 2023 and the appeal was dismissed in favour of the NCR.

No.	Matter Name	Court & Case reference number	Legal issues and status
13.	Bongani Mnweba (DC) vs NCR	Tribunal: NCT/129993/2019/59(1) PTA High Court: 48175/2020	NCR successfully opposed matter at the NCT. Mnweba instituted proceedings in High Court. NCR issued notice to compel Respondent to deliver its Heads of Argument for appeal to proceed. Application to compel filed for delivery of Heads of Argument. Application to compel to be heard on 23 March 2022. Judgement in favour of NCR with costs. Heads from Respondent not filed even after compelled. Court order in favour of NCR on 29 August 2022. Mnweba's claim dismissed with costs. Taxation on roll 23 June 2023 with execution steps to follow thereafter.
14.	Option Deals vs NCR	Tribunal: NCT/128364/2019/140(1) Appeal PTA High Court A350/19	NCR referred Option Deals to the NCT for simulated transactions, in the form of credit agreements disguised as motor vehicle sale agreements coupled with lease agreements; granted reckless credit; overcharged costs of credit and did not follow prescribed collection procedures. Judgment granted in NCR's favour on 15 September 2019. On 12 November 2019 Option Deals appealed NCT order. Appeal dismissed with costs on 25 August 2020. Option Deals launched application for leave to appeal to the SCA. Awaiting set down date. The Respondent failed to obtain a date for hearing. Notice of Withdrawal received from Attorneys on record for Option Deals. Bill of Cost drawn up by NCR and service attempts made. Inability to affect service. Consideration being given to service on Director's address and/or application for substituted service to be launched.
15.	Xcelsior & another vs NCR	Tribunal: NCT/111201/2018/57(1) Review PTA High Court: 4350/2020	NCR launched cancellation application at the NCT based on reckless credit and costs of credit infringements. NCR applied for leave to amend/supplement founding papers which was granted on 12 September 2019. On 22 January 2020, Xcelsior launched review application in the PTA High Court, to set aside NCT's interlocutory judgment granting NCR leave to amend/supplement. Pleadings are closed and notification of set down date awaited. Hearing commenced 02 February 2022, await judgment. Judgment issued on 3 February 2022. NCT order to be reviewed and decided upon afresh by NCT. Cost order imposed against NCR. NCR appealed judgment with record being filed in the SCA. Await new setdown date following filing of complete record. Heads delivered to be on 14 December 2022.
16.	Sewatumong vs NCR	Tribunal: NCT/122491/2018/165 Review PTA High Court: 7996/2020	NCR launched a cancellation application at NCT against Respondent for prohibited instruments, reckless credit and costs of credit infringements. Initially, the NCT granted judgment in NCR's favour on a default basis. Sewatumong filed a number of applications at the NCT, including a rescission application and a condonation application neither of which were granted. Sewatumong launched an internal appeal at the NCT. Shortly before the scheduled appeal hearing date, Sewatumong launched a review application in the High Court which sought to set aside a number of NCT decisions. Interim application filed by Sewatumong to amend and include further relief. NCR opposed interim application. Pleadings are being exchanged and parties considering further application for judge to intervene in proceedings. Administrative review concluded with parties agreeing to withdraw all interlocutory applications for main application to be heard. Awaiting heads to be filed by Applicant. New setdown date 08 and 09 March 2023.



PART B

OUR STRATEGIC
FOCUS

1. Situational Analysis

A high-level assessment was undertaken to identify the most significant developments in the external and internal environment that are likely to influence or impact the NCR over the next few years. A brief synopsis of the state of the South African credit market is provided. A further analysis of the internal and external environments is then provided.

a) State of the Credit Market – statistics relevant to the NCR and the sector

Through its statistics and research, the NCR contributes to the development of knowledge in the field of consumer credit in South Africa. The NCR's research and statistics department compiled the following summary:

The total value of new credit extended to South African consumers as at the end of September 2022 was R168.11 billion. This represents an increase of R10.75 billion (6.83%) quarter-on-quarter and an increase of R8.99 billion (5.65%) year-on-year.

Mortgages' share of new credit granted increased from 41.57% in September 2021 to 37.47% in September 2022. Secured credit's share, which is dominated by vehicle finance, decreased from 28.56% in September 2021 to 28.34% in September 2022. Unsecured credit share increased from 14.23% to 16.76% over the same period.

As at September 2022, the total outstanding consumer credit balances (or gross debtors' book) was R2.22 trillion, representing a quarter-on-quarter growth of 1.66% and a year-on-year growth of 6.88%.

The trends for outstanding balances for the quarter ended September 2022 were as follows:

- Mortgages debtors book increased by R22.93 billion (2.01%) quarter-on-quarter and by R80.48 billion (7.41%) year-on-year.
- Secured credit debtors book increased by R5.29 billion (1.10%) quarter-on-quarter and by R22.40 billion (4.84%) year-on-year.
- Credit facilities debtors book increased by R6.22 billion (2.17%) quarter-on-quarter and by R27.61 billion (10.41%) year-on-year.
- Unsecured credit debtors book increased by R1.92 billion (0.89%) quarter-on-quarter and by R11.55 billion (5.54%) year-on-year.
- Credit bureaus held records for 26.65 million credit-active consumers, which showed an increase of 0.50% when compared to the 26.52 million in the previous quarter. Consumers classified in good standing increased by 249,128 to 16.88 million consumers. This amounts to 63.36% of the total number of credit-active consumers. The number of credit-active accounts increased from 85.49 million to 86.77 million in the quarter ended September 2022. The number of impaired accounts has decreased from 19.26 million (22.53%) to 19.17 million (22.10%) in September 2022, a decrease of 89,192 quarter-on-quarter and 985,568 year-on-year.

b) Challenges that NCR has experienced in the performance environment

The NCR has experienced challenges related to the after-effects of the COVID-19 pandemic such as constraints of the fiscus and the resulting reduced funding. The NCR's revenue was further impacted by the fact that some credit providers, debt counsellors and credit bureaus closed down and cancelled their registration with the NCR. Furthermore, a number of credit providers (especially banks) closed branches due to digitisation and cost-cutting needs.

Another challenge is lengthy litigation, which is the norm in the credit sector and requires sizable funding. Matters referred to the NCT or the High Court are often challenged by either the NCR or industry players.

Social unrest impacted NCR's educational and awareness interventions in Gauteng and KwaZulu-Natal Provinces, with the NCR needing to make alternative arrangements, cancelling and rescheduling some of the interventions.

c) How the NCR addressed and will continue addressing the challenges over the medium-term period

The NCR followed, and will continue to follow, its strategic and annual performance plans closely, ensure it has capacity, and collaborate and cooperate with other regulators locally and internationally to continue being effective in regulating the credit industry.

Furthermore, the NCR adopted cost containment measures and improved efficiencies during 2021/22 which will continue to enable the regulator to fulfil its mandate and achieve its targets, in the present, and during the medium-term period ahead.

Examples of innovative measures that were implemented to maximise delivery and cut costs include:

- NCR legal advisors defending matters at the NCT;
- Insourcing of work that was previously outsourced;
- Conducting a combination of desk-top and on-site compliance monitoring;
- Using online business communication platforms to disseminate information, have meetings and present workshops (webinars); and
- Partnering with other regulators and organisations in the areas of consumer education and enforcement.

Our consumer education programmes will continue using online and digital platforms as well as face-to-face platforms. Given the success of webinars, the NCR will continue using webinars to support and capacitate debt counsellors and educate consumers on debt counselling. We will increase use of internet platforms to monitor compliance, support and improve communication with debt counsellors, credit providers and PDAs. We will also work on automating data collection tools and strengthening internal statistics systems.

The NCR will continue looking at alternative ways of increasing its revenue, containing costs and improving efficiencies.

d) **Emerging priorities and opportunities which will be acted on during the medium-term period**

The NCR has prioritised the following for the medium-term period:

1. INNOVATION TO IMPROVE REGULATORY ENVIRONMENT

- **Alternative Data Sources:** In response to the Fourth Industrial Revolution (4 IR), the NCR concluded an agreement with the International Finance Corporation (IFC) to pilot aspects of the G20 Financial Inclusion Policy Guide on the collection, processing and use of alternative data sources, and the development of digital technologies to enable small and medium sized credit providers to collect and share data. This will enhance the affordability assessment regulations and the digitisation of credit information sharing.
- **Inter-Governmental Innovation Hub:** The NCR is part of the inter-governmental Innovation Hub that was launched during 2019 as a collaborative effort among financial sector regulators including the Financial Intelligence Centre (FIC), Financial Sector Conduct Authority (FSCA), NCR, South African Reserve Bank (SARB) and South African Revenue Service (SARS), working together under the IFWG. The purpose of the hub is to demystify the regulatory landscape, by providing a space for safe testing of innovative ideas, and actively advance innovation in financial services. Of the two entities that applied to test ideas that fall within the mandate of the NCR, one applied for registration with the NCR to proceed with the testing exercise, and if the test is successful, will advance the economic welfare of South Africans through job creation.
- **Data Transmission Hub:** The NCR Guideline in terms of Regulation 19(13) of the NCA requires all credit and data providers to submit credit information to the registered credit bureaus. The NCR will continue to work closely with International Finance Corporation (IFC) to develop a platform affordable to small credit providers to submit data to the credit bureaus via the Data Transmission Hub. With more credit information, credit providers are able to make more informed decisions on creditworthiness of consumers. This also promotes access to credit and fosters financial inclusion.

2. CRITICAL PENDING PROJECTS

- **TechSprint Project – the onboarding of small credit providers in accordance with Regulation 19 of the NCA:** The NCR and IFC are working together to facilitate the on-boarding of credit information by small credit providers (fee categories 6 to 9) onto the credit bureaus' records in a cost effective manner (via the Data Transmission Hub). This is also an ongoing, multi-year effort. With more credit information, credit providers are able to make more informed decisions on creditworthiness of consumers. This also promotes access to credit and fosters financial inclusion.

- **Mobile unit for consumer education:** Consumers of credit and financial products and services are still vulnerable to unscrupulous credit and financial services providers, and victims of predatory lending and unfair and deceptive marketing practices. The NCR intends to increase levels of financial and credit literacy among consumers, especially consumers in the so called “missing-middle” category of the economy, rural and peri-urban areas by using its branded mobile unit to conduct consumer education activities. Through the mobile unit, the NCR will increase its availability, visibility and reach to consumers in all nine provinces.
- **Enforcing and listing maintenance court orders:** The NCR is collaborating with the Department of Women, Youth and Persons with Disabilities to find ways of enforcing and listing maintenance orders at the registered credit bureaus, made in favour of minor children. To achieve this, the NCR will engage with the Department of Justice and Correctional Services under which the maintenance courts fall, together with **the dtic**, to encourage that maintenance judgments are reported by court officials to the credit bureau and defaulters are charged for contempt of court.
- **Research and pilot project on Promoting Alternatives Data:** The research project was conducted in 2020 and focused predominantly on township-based micro, small and medium enterprises (MSMEs). The resulting study report was shared with key stakeholders, including **the dtic** and National Treasury. A pilot project was subsequently introduced to test the theory. The results of the pilot project will be shared with the NCR and recommendations considered.

3. STRATEGIC COLLABORATION AND COOPERATION

- **Existing relationships:** The pandemic showed that by standing united and cooperating, 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 dtic** Cluster of the Council of Trade and Industry Institutions (COTII); and participate in relevant international events. The NCR is a member of the World Bank’s International Committee on Credit Reporting (ICCR) and also participates in its activities as well as in the African Consumer Protection Dialogue.
- **MoU with NAMFISA:** The NCR entered into with NAMFISA for information sharing and capacity building purpose. Meetings have already commenced to implement this MoU.
- **Botswana and Eswatini Delegations:** The NCR hosted delegations from Botswana and Eswatini. The intention is to follow the same route as with NAMFISA, namely to enter into MoUs for information sharing and capacity building in the medium-term period.

2. External environment analysis

Looking at the key issues in the NCR’s working environment, the following points are relevant in informing the institution’s strategy:

a) Focus on economic recovery and reconstruction

The focus has shifted from dealing with the COVID-19 pandemic to recovering from the pandemic’s after-effects - and mitigating the impacts of the ongoing Russia/Ukraine war. The SA Government continues to focus on the imperatives of growth, investment and employment, guided by the Economic Recovery and Reconstruction Plan (ERRP) tabled in Parliament in 2020. The NCR will contribute in this regard (within its mandate) by increasing its efficiency in registration of persons and entities in order to facilitate the creation of job opportunities.

b) Socio-economic conditions

The International Monetary Fund (IMF) lowered its global economic growth forecast for 2023 to 2.7%, according to its World Economic Outlook update report released on 11 October 2022. It downgraded its outlook for South African economic growth, lowering its 2022 forecast to 2.1% from 2.3% in July and to a limp 1.1% for 2023 from 1.4% previously.

According to Statistics SA, “Consumer price inflation picked up slightly in October, rising to 7,6% from 7,5% in September 2022. The monthly increase in the consumer price index (CPI) was 0,4%, up from 0,1%” 2022. (Source: Quarterly *Labour Force Survey* (QLFS) - Q2:2022). The South African Reserve Bank’s Monetary Policy Committee (MPC) also hiked interest rates by 25 basis points to 7.25% per year, with effect from January 2023.

South Africa's unemployment rate reached 33.9% in Q2 of 2022, which is down from 34.5% in Q1 but still worryingly high. (Source: Stats SA 23 August 2021 - Quarterly Labour Force Survey (QLFS) - Q2:2022)

Load shedding is set to continue for another year, thus disrupting the everyday life of all South Africans and threatening their livelihoods. The electricity supply crisis reportedly continues to lower productivity and profitability of the country as a whole.

Against this difficult socio-economic scenario, the pressure on the average consumer is set to increase and the NCR expects consumers to borrow more, buy more on credit, and need more debt counselling interventions. Unethical players in the credit industry can be expected to take advantage of consumers.

High levels of unemployment coupled with slow economic growth could see the number of over-indebted consumers rise. This could increase demand for the NCR's services.

c) **Policy and regulatory environment**

Changes to the regulatory framework impact the NCR and these include:

- **Limitation of Fees and Interest Rates Regulations and Credit Life Insurance Regulations:**
The review of the above regulations sets caps for the initiation, monthly service fees, and interest rate caps, but also sets the maximum caps on credit life insurance to curb the abuses of credit life insurance in terms of premium charges. The review has been finalized and once the final regulations have been published, NCR will focus on monitoring the implementation of these regulations by credit providers.

d) **Fourth Industrial Revolution (4IR)**

Digitisation and 4IR brings opportunities (faster processing of information and levelling of the playing field), but also many challenges and risks (cybercrime and protection of personal information) that can affect the work of the NCR.

As technology advances, the pace of (the resultant) change is faster and it becomes imperative for all organisations and individuals to upgrade knowledge, skills, attitudes, efficiencies, systems, processes and budget.

The NCR has to continue monitoring 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).

e) **Prioritising women and youth**

The national imperative of prioritising women and youth means that the NCR must be sensitive to and respond to issues as they arise. This includes procurement, recruitment as well as education and awareness efforts; access to funding and to credit; and the matter of maintenance orders. The NCR continues collaborating with the Department of Women, Youth and Persons with Disabilities to find ways of enforcing and listing maintenance orders at the registered credit bureaus, made in favour of minor children.

f) **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 Credit Ombud to provide consumers with alternative avenues for submitting credit related complaints, thus improving service delivery to consumers.

3. **Internal environment analysis**

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

a) **Structure of the NCR and how this affects its ability to achieve desired outcomes**

The organisational structure of the NCR underpins its ability to implement its strategies and achieve desired outcomes. The Chief Executive Officer (CEO) is the Accounting Authority (AA). The CEO provides strategic leadership, oversees and ensures

the efficient and effective use of NCR's resources and ensures compliance with all of its legal requirements and reporting and financial accountability obligations. The NCR's Company Secretary assists the AA and CEO to ensure sound corporate governance. The Company Secretary also provides governance knowledge and guidance, and ensures organisational integrity. Information on organisational structure, corporate governance and performance is found in the NCR Annual Report 2021/22.

b) **NCR's capacity to deliver on its mandate (including human resources, financial resources, Information and Communication Technology (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 and after-effects of COVID-19 pandemic. Due 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 constraints experienced during the past two 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, ICT.

Occupational Health and Safety (OHS): NCR is committed to keep its working environment safe for its employees. We have an OHS Committee responsible for implementing the requirements of the OHS Act and ensuring that occupational health and safety training is conducted as and when required. We have also appointed an OHS 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. Some of the important projects include the following:

- VPN and Firewall set up to improve system security and implement a permanent remote working solution;
- Infrastructure and server upgrade to optimise performance and response time as well as replace servers that are out of warranty; and
- Enhance various operational systems to improve operational efficiency and responsiveness within NCR.

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 digitised 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, Act No. 53 of 2003, as amended (B-BBEE)**

Compliance with B-BBEE legislation and best practice is vital. The NCR issues tenders based on the preferential procurement framework and advertises new tenders on the e-tender portal and the website.

The NCR complies with the 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.

4. **Description of the Planning Process**

The first stage begins with EXCO initiating the planning process with the aim of creating the organisational strategic direction. **The dtic**, ARMC and internal audit play a pivotal role in that they make, review and provide inputs to the process. Workshops are then held between executive members and the management team to develop the departmental operational objectives. Management in turn engages with their respective team members to develop operational objectives which are in line with the business plan of the organisation. Upon approval of the strategic and operational objectives, all employees including executive management conclude performance contracts annually.

5. Financial Plan

Financial planning and discipline are a key success factor for the NCR. With the limited financial resources, and the need to regulate the credit industry and enforce the NCA, it is imperative for the NCR to optimise the available funding. In order to ensure optimisation of available funds, the NCR will continue implementing its cost containment measures.

This section provides an overview of the projected revenue, expenditure and cash flow requirements over the three (3) year period. In addition, the NCR's assets and management strategy is provided, as well as the capital expenditure projections.

(i) Projections of revenue, expenditure, borrowings and capex

The following table provides a summary of the NCR's projected financial plan for the three (3) year period:

	YEAR 2023-2024	YEAR 2024-2025	YEAR 2025-2026
Operational Expenditure			
Personnel costs	R87 531 000	R91 426 000	R91 426 000
Administration costs	R24 297 589	R25 377 936	R30 993 461
Professional/Programme costs	R18 882 465	R19 730 056	R22 708 750
Total operational expenditure	R130 711 054	R136 533 992	R145 128 211
Capital Expenditure			
Fixed assets	R10 940 000	R11 419 950	R11 930 798
ICT operational system	R0	R0	R0
Total capital expenditure	R10 940 000	R11 419 950	R11 930 798
Total Expenditure	R141 651 054	R147 953 942	R157 059 008
Income			
Fees from registrants	R51 545 000	R53 804 000	R58 682 000
Transfers from the DTI	R84 060 000	R87 835 000	R91 770 008
Interest	R2 780 222	R2 903 942	R3 039 000
Other income	R3 265 832	R3 411 000	R3 568 000
Total Income	R141 651 054	R147 953 942	R157 059 008

The NCR's projected capital expenditure programme for the next three years focuses on the continuous improvements on ICT infrastructure and the implementation of the ICT disaster recovery plan. The capex programme is outlined below:

	YEAR 2023-2024	YEAR 2024-2025	YEAR 2025-2026
Office Equipment	R523 000	R549 150	R576 608
Computer Equipment	R1 836 000	R1 927 800	R2 024 190
Software and licences	R8 581 000	R8 943 000	R9 330 000
Total	R10 940 000	R11 419 950	R11 930 798

(i) Asset and Liability Management

In terms of section 51(1)(c) of the PFMA, the Accounting Authority is responsible for the management, including the safeguarding, of the assets and the management of the revenue, expenditure, and liabilities of the public entity. Within the NCR, the Asset Management Policy provides for the acquisition of assets when the need arises. Procurement processes are in line with legislative requirements as well as the NCR's Supply Chain Management Policy. In addition, assets are effectively maintained, and when required, disposed of in line with the requirements of the PFMA.

(ii) Cash flow projections

	YEAR 2023-2024	YEAR 2024-2025	YEAR 2025-2026
Cash flows from operating activities			
Cash receipts from applicants and registered entities	R51 545 000	R53 804 000	R58 682 000
Other income	R3 265 832	R3 411 000	R3 568 000
Cash paid to suppliers	(R43 180 054)	(R45 107 992)	(R53 702 211)
Cash paid to employees	(R87 531 000)	(R91 426 000)	(R91 426 000)
Cash absorbed by operations before transfers received	(R75 900 222)	(R79 318 992)	(R82 878 211)
Transfer received	R84 060 000	R87 835 000	R91 770 008
Cash generated by operations	R8 159 778	R8 516 008	R8 891 797
Finance Income	R2 780 222	R2 903 942	R3 039 000
Net cash inflows from operating activities	R10 940 000	R11 419 950	R11 930 797
Cash flows from investing activities			
Additions to property, plant and equipment	(R10 940 000)	(R11 419 950)	(R11 930 797)
Developments of ICT System	-	-	-
Net cash (outflows) from investing activities	(R10 940 000)	(R11 419 950)	(R11 930 797)
Net (decrease)/increase in cash and cash equivalents	R0	R0	R0

(iv) Capital expenditure programmes

The NCR's projected capital expenditure programme for the next three years focuses on the continuous improvements on ICT infrastructure and implementation of the ICT disaster recovery plan. The capex programme is outlined below:

	YEAR 2023-2024	YEAR 2024-2025	YEAR 2025-2026
Office Equipment	R523 000	R549 150	R576 608
Computer Equipment	R1 836 000	R1 927 800	R2 024 190
Software and licences	R8 581 000	R8 943 000	R9 330 000
Total	R10 940 000	R11 419 950	R11 930 798

(v) Dividend policies

The NCR is a Schedule 3A public entity receiving a transfer payment from **the dti**. Hence the NCR does not declare dividends.



PART C

MEASURING OUR
PERFORMANCE

1. Institutional programme performance information

1.1 Programme: Improved regulatory environment

1.1.1 Purpose of the programme:

To promote financial inclusion (access to credit), economic growth through educational awareness and facilitation of job creation. The impact that the NCR seeks to achieve is improved regulatory environment, which promotes economic growth by ensuring accessible, fair, transparent and competitive credit market.

1.1.2 Outcomes, outputs, performance indicators and targets

Outcome	Outputs	Output Indicators	Audited Actual Performance			Estimate Performance	Medium Term Targets		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Improved consumer protection through education and awareness of the NCA.	Conduct consumer education and awareness campaigns and activities on the NCA.	Number of consumer education and awareness campaigns and activities conducted on the NCA.	-	-	1 382 consumer education and awareness campaigns and activities on consumer rights.	Conduct 700 consumer education and awareness campaigns and activities on consumer rights.	Conduct 1500 consumer education and awareness campaigns and activities on the NCA.	Conduct 1600 consumer education and awareness campaigns and activities on the NCA.	Conduct 1700 consumer education and awareness campaigns and activities on the NCA.
	Conduct an impact assessment evaluation on activities relating to educational awareness, investigations, complaints evaluations, compliance monitoring, debt counselling and enforcement.	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	New indicator	New indicator	Four evaluation reports on activities relating to educational awareness, investigations, complaints evaluations, compliance monitoring, debt counselling and enforcement.	Four evaluation reports on activities relating to educational awareness, investigations, complaints evaluations, compliance monitoring, debt counselling and enforcement.	Conduct an impact study on 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 (Jobs supported by interventions)	Improve efficiency in the registration process of persons and entities.	% of new 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	99.7% applications were registered within 9 business days of receipt of signed proposed conditions and payment of registration fees	90.19% applications were registered within 9 business days of receipt of signed proposed conditions and payment of registration fees	98.2% applications were registered within 9 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 8 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 7 business days of receipt of signed proposed conditions and payment of registration fees	Register 99% 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 99% of persons and entities in the consumer credit market within 5 business days of receipt of signed proposed conditions and payment of registration fees

1.1.3 Output Indicators: Annual and Quarterly Targets

Output Indicator	Annual Target	Quarterly Milestones			
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Number of consumer education and awareness campaigns and activities on the NCA.	Conduct 1500 consumer education and awareness campaigns and activities on the NCA.	450	450	300	300
Reports on impact assessment evaluations for activities conducted relating to educational awareness, investigations, complaints evaluations, compliance monitoring, debt counselling and enforcement.	Four evaluation reports on activities relating to educational awareness, investigations, complaints evaluations, compliance monitoring, debt counselling and enforcement.	One evaluation report on activities relating to educational awareness, investigations, complaints evaluations, compliance monitoring, debt counselling and enforcement.	One evaluation report on activities relating to educational awareness, investigations, complaints evaluations, compliance monitoring, debt counselling and enforcement.	One evaluation report on activities relating to educational awareness, investigations, complaints evaluations, compliance monitoring, debt counselling and enforcement.	One evaluation report on activities relating to educational awareness, investigations, complaints evaluations, compliance monitoring, debt counselling and enforcement.
% of new 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.	Register 98% of persons and entities in the consumer credit market 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 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 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 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 7 business days of receipt of signed proposed conditions and payment of registration fees.

Based on the estimated annual performance targets for 2022/23 financial year.

1.1.4 Explanation of planned performance over the medium-term period

- To promote financial inclusion (access to credit), economic growth through educational awareness and facilitation of job creation.
- Efficient registration processes lead to reduction in red tape.

1.1.5 Programme resource considerations

Economic classification	Audited Actual Expenditure outcome			Estimate expenditure	Medium-Term Expenditure Estimate		
	2019/20	2020/21	2021/22		2022/23	2023/24	2024/25
Current payment Compensation of employees.	R13,38m	R11,17m	R12,25m	R15,91m	R38,92m	R40,65m	R36,77m
Goods & services, etc.	R17,92m	R12,85m	R9,78m	R7,97m	R22,31m	R19,90m	R15,65m
Total	R31,30m	R24,02m	R22,03m	R23,88m	R61,23m	R60,55m	R52,42m

1.2 Programme: Enforcement of the National Credit Act.

1.2.1 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.

1.2.2. Outcomes, Outputs, Performance Indicators and Targets

Outcome	Outputs	Output Indicators	Audited Actual Performance			Estimate Performance	Medium Term Targets		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Improved compliance through enforcement of the NCA	Improve compliance with regulations pertaining to the total cost of credit (including credit life insurance)	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	**Conducted impact study on the effect of total cost of credit and credit life Insurance	-	Conduct an impact study of limitations on fees and interest rates and credit life regulations and submit a final report to the dtic	-	-	Conduct an impact study of limitations on fees and interest rates and credit life regulations and submit a final report to the dtic	-
Improved compliance through enforcement of the NCA.	Improve compliance with regulations pertaining to reckless lending	Number of investigations conducted on credit providers relating to reckless lending	339 credit Providers were investigated by way of compliance monitoring, audit, investigations and Complaints Evaluations	378 investigations were conducted by way of complaints evaluations, compliance monitoring and investigations	490 investigations on credit providers were conducted by way of complaints evaluations, compliance monitoring and investigations	Conduct 400 investigations on credit providers relating to reckless lending	Conduct 410 investigations on credit providers relating to reckless lending	Conduct 420 investigations on credit providers relating to reckless lending	Conduct 430 investigations on credit providers relating to reckless lending
Improved compliance through enforcement of the NCA	Improve compliance with regulations pertaining to reckless lending	Enforcement action taken by the end of the financial year on a percentage (%) of investigations which identified non-compliance relating to reckless lending by credit providers	94% (280/299) Enforcement action was taken on credit providers where contraventions of the NCA were Found	Enforcement action was taken on 88% of investigations on credit providers where contraventions relating to reckless lending and/ or collection of prescribed debt were identified	Enforcement action was taken on 96% of investigations on credit providers where contraventions relating to reckless lending were identified	Take enforcement action on 75% of investigations which identified non-compliance with regulations relating to reckless lending by credit providers by the end of the financial year	Take enforcement action on 78% of investigations which identified non-compliance with regulations relating to reckless lending by credit providers by the end of the financial year	Take enforcement action on 80% of investigations which identified non-compliance with regulations relating to reckless lending by credit providers by the end of the financial year	Take enforcement action on 85% of investigations which identified non-compliance with regulations relating to reckless lending by credit providers by the end of the financial year
Improved compliance through enforcement of the NCA	Improve compliance of the NCA by debt counsellors	Number of investigations conducted on debt counsellors relating to compliance with the NCA	New Indicator	New indicator	New indicator	New indicator	Conduct 200 investigations on debt counsellors relating to compliance with the NCA.	Conduct 220 investigations on debt counsellors relating to compliance with the NCA.	Conduct 240 investigations 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	New Indicator	New indicator	New indicator	New indicator	Take enforcement action on 75% of investigations which identified non-compliance with the NCA by debt counsellors by the end of the financial year	Take enforcement action on 80% of investigations which identified non-compliance with the NCA by debt counsellors by the end of the financial year	Take enforcement action on 80% of investigations which identified non-compliance with the NCA by debt counsellors by the end of the financial year

Outcome	Outputs	Output Indicators	Audited Actual Performance			Estimate Performance	Medium Term Targets		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Improved compliance through enforcement of the NCA	Improve compliance by 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 judgement	Number 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 judgement	14 credit bureaus were Monitored	6 credit bureaus were monitored	3 investigations on hosting credit bureaus were conducted by way of compliance monitoring	Conduct 4 investigations on hosting credit bureaus relating to the removal of paid up judgements and adverse consumer credit information	***Conduct 5 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 judgement.	Conduct 6 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 judgement	Conduct 7 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 judgement.
		Enforcement action taken by the end of the financial year on a percentage (%) of investigations which identified non-compliance by credit bureaus.	Enforcement action was taken on 86% of credit Bureaus which were found to be non-compliant (6 of 7 non-Compliant Credit bureaus). Enforcement action on the one credit bureau will be taken in the new Financial year.	-	100% enforcement action was taken. Three credit bureaus were found to be non-compliant and enforcement action was taken on 2. The other credit bureau corrected the non-compliances before the enforcement action could be taken.	Take enforcement action on 75% of investigations, which identified non-compliance by credit bureaus by end of the financial year.	Take enforcement action on 80% of investigations, which identified non-compliance by credit bureaus by end of the financial year.	Take enforcement action on 85% of investigations, which identified non-compliance by credit bureaus by end of the financial year.	Take enforcement action on 86% of investigations, which identified non-compliance by credit bureaus by end of the financial year.
Improved compliance through enforcement of the NCA	Improve compliance by credit bureaus in respect of the NCA.	% of evaluated credit bureau annual compliance reports certified by an independent auditor for their previous financial year	Evaluated 100% (29) of Registered credit bureau Annual Compliance Reports certified by an independent auditor received from credit bureaus	Evaluated 100% (38) of registered credit bureau annual compliance reports certified by an independent auditor received from registered credit bureaus	Evaluated 100% annual compliance reports certified by an independent auditor by registered credit bureaus for their 2020 financial year	Evaluate 100% annual compliance reports certified	Evaluate 100% annual compliance reports certified by an independent auditor submitted by credit bureaus for the 2022 financial year.	Evaluate 100% annual compliance reports certified by an independent auditor submitted by credit bureaus for the 2023 financial year.	Evaluate 100% annual compliance reports certified by an independent auditor submitted by credit bureaus for the 2024 financial year.

Outcome	Outputs	Output Indicators	Audited Actual Performance			Estimate Performance	Medium Term Targets		
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
		Enforcement action taken 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	by an Independent Auditor Submitted by credit bureaus for their 2021 financial year	Evaluate 100% annual compliance reports certified	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, by 31 March 2022.	Take enforcement action on 75% 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 2023.	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 2024.	Take enforcement action on 83% 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.	Take enforcement action on 86% 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 2026.
Improved compliance of the NCA	Reports on the impact of enforcement action taken on entities and persons that were found to be non-compliant in the previous financial 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.	New Indicator	New indicator	New indicator	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.	Impact study on the the enforcement action taken on entities and persons that were found to be non-compliant in the previous financial year.

Based on the estimated annual performance targets for 2022/23 financial year.

**The impact study on the effect of total cost of credit and credit life insurance review is conducted at intervals of no more than 3 years, in terms of the NCA.

***Hosting credit bureau is one that receives payment profile information that flows from credit/data providers via the Data Transmission Hub. In addition, they hold a full database of all credit active consumers in South Africa, whereas the other types of credit bureaus hold partial consumer credit information only. These credit bureaus need extensive IT systems & infrastructure as millions of records flow to and are processed by them daily.

1.2.3 Output Indicators, Annual and Quarterly Targets

Output Indicator	Annual Target	Quarterly Milestones			
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Number of investigations conducted on credit providers relating to reckless lending	Conduct 410 investigations on credit providers relating to reckless lending.	93	112	112	93
Enforcement action taken by the end of the financial year on a percentage (%) of investigations which identified non-compliance relating to reckless lending by credit providers	Take enforcement action on 78% of investigations which identified non-compliance with regulations relating to reckless lending by credit providers by the end of the financial year	-	-	-	Take enforcement action on 78% of investigations which identified non-compliance with regulations relating to reckless lending by credit providers by the end of the financial year
Number of investigations conducted on debt counsellors relating to compliance with the NCA.	Conduct 200 investigations on debt counsellors relating to compliance with the NCA.	50	50	50	50
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.	Take enforcement action on 75% of investigations which identified non-compliance with the NCA by debt counsellors by the end of the financial year.	-	-	-	Take enforcement action on 75% of investigations which identified non-compliance with the NCA by debt counsellors by the end of the financial year
Number 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.	Conduct 5 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.	1	2	1	1
Enforcement action taken by the end of the financial year on a percentage (%) of investigations which identified non-compliance by credit bureaus	Take enforcement action on 80% of investigations, which identified non-compliance by credit bureaus by end of the financial year	-	-	-	Take enforcement action on 80% of investigations, which identified non-compliance by credit bureaus by end of the financial year
% of evaluated credit bureau annual compliance reports certified by an independent auditor for their previous financial year.	Evaluate 100% annual compliance reports certified by an independent auditor submitted by credit bureaus for their 2022 financial year	Evaluate 100% annual compliance reports certified by an independent auditor submitted by registered credit bureaus for their 2022 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 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 2024	-	-	-	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 2024
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.	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.	One progress report on the impact of enforcement action taken on entities and persons that were found to be non-compliant in the previous financial year.	One progress report on the impact of enforcement action taken on entities and persons that were found to be non-compliant in the previous financial year.	One progress report on the impact of enforcement action taken on entities and persons that were found to be non-compliant in the previous financial year.	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.

*Based on the estimated annual performance targets for 2022/23 financial year

***Investigation includes amongst others: complaints evaluations/compliance monitoring/audits/raids

1.2.4 Explanation of planned performance over the medium-term period

- Promotion of affordable levels of credit granting, decreased levels of reckless lending and unfair practices and accurate consumer credit information will contribute towards economic transformation.
- Investigation includes amongst others: complaints evaluations/compliance monitoring/audits/raids.
- In order to achieve these targets, the NCR requires a well-functioning infrastructure, adequate funding and capacity to enhance its efficiency and effectiveness.

1.2.5 Programme resource considerations

Enforcement of the National Credit Act							
Economic classification	Audited Actual Expenditure outcome			Estimate expenditure	Medium-Term Expenditure Estimate		
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Current payment Compensation of employees	R76,2m	R65,29m	R54,51m	R72,49m	R48,61m	R48,78m	R72,98m
Goods & services, etc.	R29,4m	R25,29m	R38,30m	R40,69m	R20,87m	R25,21m	R36,43m
Payments of capital assets Building and other fixed structure Machinery & Equipment.	R6,4m	R9,89m	R9,10m	R10,47m	R10,94m	R11,42m	R11,93m
Total	R112,0m	R100,47m	R101,91m	R123,65m	R80,42m	R87,41m	R104,63m

2. dtic Key Priority Outputs

the dtic introduced a total of 45 key priority outputs for the 2023/24 financial year. The key priority outputs have been divided into two parts, being:

- Ten core targets, which represent the direct impact the dtic aims to achieve in the economy, and measure crucial indicators like local output, job creation, and the performance of black industrialists. While all targets are important, these core targets are the apex priorities for the dtic, and all programmes of the dtic are expected to contribute to the achievement of these essential outputs; and
- Thirty-five additional outputs that are programmatic, enabling or responsive to immediate needs.

The activities and outputs contribute to the achievement of the three dtic's apex outcomes being:

Outcome 1: Industrialisation

In this area the goal is to build dynamic firms in the South African economy through a combination of efforts in partnership with the private sector, focusing on growth opportunities in the domestic market (through localisation, sector partnerships, beneficiation, promoting the green economy and fostering higher levels of investment) and building a wider export market (particularly in Africa) to assist with scale; and combining demand-creation with supply-side reforms at economy, sector and firm level to build industrial competitiveness and support job-creation.

Outcome 2: Transformation

In this area the goal is to build economic inclusion through transformation programmes in three broad areas: first, addressing structural challenges to growth through active competition policies, particularly where concentration levels in the market limit new entrants and small and medium businesses; second, policies that promote spatial transformation, enabling more balanced and sustainable growth between rural and urban and between provinces; and third, strengthening inclusivity/transformation in the quality of growth, including promoting all kinds of income-generating employment, broadening ownership, and more inclusive corporate governance models.

Outcome 3: Capable State (implementation/effective delivery)

In this area, the goal is to build greater capacity to ensure that national objectives are achieved through a new culture of partnership in the economy, characterised by greater responsiveness and nimbleness by the Department and its 17 entities, which includes promoting smart regulation (through cutting red-tape, ensuring fit-for-purpose and effective regulation, reviewing internal processes and legislation/regulations), and working closely with other parts of the state to forge a social compact with business and labour.

The NCR aims to achieve 95% of their APP set targets in alignment to **Output 36: Oversight of other entities to ensure that at least 95% of planned KPIs are achieved**. Additionally, NCR will contribute to the following 7 of the 49 dtic key priority outputs:

OUTPUT 2: DRIVING R40 BILLION IN ADDITIONAL LOCAL OUTPUT COMMITTED OR ACHIEVED

The NCR will dedicate a portion of the procurement spent to support SMMEs and/or women and/or youth by ensuring procurement from these designated groupings.

This is a new output and output indicator with no audited actual performance for periods 2019/20; 2020/21; 2021/22 and 2022/23. This is the first time this measure is included in the APP. It is anticipated that the target could be higher for the next and outer years of the MTEF. This is aligned to Priority 2 (Economic Transformation and Job Creation) of the MTSF.

Outputs, Output Indicators, Programme Contribution and Annual Targets:

the dtic Output Indicator	NCR output	NCR alignment (departments)	MTSF Priority alignment
Value (rand) of local output committed or achieved.	25% of Procurement spent on SMMEs and/or women and/or youth.	Procurement: % of procurement spent on SMMEs and/or women and/or youth contracted. Support for the above All departments: To provide resources when required and procure services in accordance with the procurement.	Priority 2: Economic transformation and job creation

Outcome	Outputs	Outputs Indicators	Audited Actual Performance			Estimated Performance	Medium-Term Targets		
			2019/20	2020/21	2021/22		2022/23	2023/24	2024/25
Capable State	25% of Procurement spent on SMMEs and/or women and/or youth	% of Procurement spent on SMMEs and/or women and/or youth	New Indicator	New Indicator	New Indicator	New Indicator	25 % of Procurement spent on SMMEs and/or women and/or youth	30 % of Procurement spent on SMMEs and/or women and/or youth	40% of Procurement spent on SMMEs and/or women and/or youth

Output Indicator	Annual Target	Quarterly Milestones			
		Quarter 1	Quarter 2	Quarter 3	Quarter 4
% of Procurement spent on SMMEs and/or women and/or youth	25 % of Procurement spent on SMMEs and/or women and/or youth	25 % year to date of Procurement spent on SMMEs and/or women and/or youth	25 % year to date of Procurement spent on SMMEs and/or women and/or youth	25 % year to date of Procurement spent on SMMEs and/or women and/or youth	25 % of Procurement spent on SMMEs and/or women and/or youth

OUTPUT 7: R15 BILLION SUPPORT PROGRAMMES TO ENTERPRISES IN AREAS OUTSIDE THE 5 MAIN METROS.

The NCR will conduct workshops in areas outside the 5 main metros (Ekurhuruleni, Johannesburg, Tshwane, Ethekewini and Cape Town) to support SMMEs. These workshops will be directed to registrants and potential registrants, regulation 19 (13) of the NCA and education and awareness activities for consumers.

This is a new output and output indicator with no audited actual performance for periods 2019/20; 2020/21; 2021/22 and 2022/23. This is the first time this measure is included in the APP. It is anticipated that the target could be higher for the next and outer years of the MTEF. This is aligned to Priority 2 (Economic Transformation and Job Creation) of the MTSF.

Outputs, Output Indicators, Programme Contribution and Annual Targets:

the dtic Output Indicator	NCR output	NCR alignment (departments)	MTSF Priority alignment
Value of approved funding accessed outside the 5 metros.	Output: 20 workshops held in areas outside the 5 main metros to support SMMEs.	Registration: workshops to potential registrants. Credit Bureau Compliance, Credit Provider *Compliance and Debt Counselling: workshops on Regulation 19 (13). Consumer Education: education & awareness activities to consumers. Support for the above: All Departments to provide resources when required.	Priority 2: Economic transformation and job creation

*Regulation 19(13): A credit provider must submit credit information to the credit bureaus in the manner and form prescribed by the National Credit Regulator through conditions of registration and any guidelines that may be issued by the National Credit Regulator from time to time.

Outcome	Outputs	Outputs Indicators	Audited Actual Performance			Estimated Performance	Medium-Term Targets		
			2019/20	2020/21	2021/22		2023/24	2024/25	2025/26
Transformation: those who were previously excluded because of being outside the metros.	20 workshops conducted in areas outside the 5 main metros to support SMMEs.	Number of workshops conducted in areas outside the 5 main metros to support SMMEs.	New Indicator	New Indicator	New Indicator	New Indicator	20	25	30

Output Indicator	Annual Target	Quarterly Milestones			
		Quarter 1	Quarter 2	Quarter 3	Quarter 4
Number of workshops conducted in areas outside the 5 main metros to support SMMEs.	20 workshops conducted in areas outside the 5 main metros to support SMMEs.	4 (Registration 2, Credit Provider Compliance 1 and Debt Counselling 1)	6 (Registration 1, Education & Communication 1, Credit Bureau Compliance 1, Credit Provider Compliance 2 and Debt Counselling 1)	6 (Registration 1, Education & Communication 1, Credit Bureau Compliance 1, Credit Provider Compliance 2 and Debt Counselling 1)	4 (Registration 2, Credit Provider Compliance 1 and Debt Counselling 1).

OUTPUT 8: 100 000 JOBS TO BE CREATED (50 000 FULL TIME JOBS).

Part of the NCR's focus for the new financial year is to contribute to opportunities for job creation through issuance of registration certificates to new entrants in the credit market.

This is a new output and output indicator with no audited actual performance for periods 2019/20; 2020/21; 2021/22 and 2022/23. This is the first time this measure is included in the APP. It is anticipated that the target could be higher for the next and outer years of the MTEF. This is aligned to Priority 2 (Economic Transformation and Job Creation) of the MTSF.

Outputs, Output Indicators, Programme Contribution and Annual Targets:

the dtic Output Indicator	NCR output	NCR alignment (departments)	MTSF Priority alignment
Jobs created through provision of licenses, internships, etc.	1000 registration certificates issued to new entrants to support opportunities for job creation.	Registration: Registration certificates issued to new entrants and branches of registered entities to support opportunities for job creation. Support for the above: Human Resources: Ensure availability of necessary human capital. ICT: Will make necessary tools-of-trade available. Finance: Make resources available to support the target.	Priority 2: Economic transformation and job creation

Outcome	Outputs	Outputs Indicators	Audited Actual Performance			Estimated Performance	Medium-Term Targets		
			2019/20	2020/21	2021/22		2022/23	2023/24	2024/25
Transformation.	1000 registrations certificates issued to new entrants and branches of registered entities to support opportunities for job creation.	Number of registration certificates issued to new entrants and branches of registered entities to support opportunities for job creation.	New Indicator	New Indicator	New Indicator	New Indicator	1000 registration certificates issued to new entrants and branches of registered entities to support opportunities for job creation.	1200 registration certificates issued to new entrants and branches of registered entities to support opportunities for job creation.	1400 registration certificates issued to new entrants and branches of registered entities to support opportunities for job creation.

Output Indicator	Annual Target	Quarterly Milestones			
		Quarter 1	Quarter 2	Quarter 3	Quarter 4
Number of registration certificates issued to new entrants and branches of registered entities to support opportunities for job creation.	1000 registration certificates issued to new entrants and branches of registered entities to support opportunities for job creation.	250 registration certificates issued to new entrants and branches of registered entities to support opportunities for job creation.	250 registration certificates issued to new entrants and branches of registered entities to support opportunities for job creation.	250 registration certificates issued to new entrants and branches of registered entities to support opportunities for job creation.	250 registration certificates issued to new entrants and branches of registered entities to support opportunities for job creation.

OUTPUT 10: R800 MILLION IN EQUITY EQUIVALENT INVESTMENT PROGRAMME AGREEMENTS AGREED OR ADMINISTERED AND OUTPUT 16: 10 HIGH-IMPACT OUTCOMES ON ADDRESSING MARKET CONCENTRATION AT SECTOR OR FIRM LEVEL.

The NCR will continue to monitor the levels of compliance to the conditions of registration relating to the commitments made by credit providers on the Broad-Based Black Economic Empowerment (Section 48 (1) (a) of the NCA) as well as monitoring of market concentration through statistical trends.

This is a new output and output indicator with no audited actual performance for periods 2019/20; 2020/21; 2021/22 and 2022/23. This is the first time this measure is included in the APP. It is anticipated that the target could be higher for the next and outer years of the MTEF. This is aligned to Priority 2 (Economic Transformation and Job Creation) of the MTSF.

Outputs, Output Indicators, Programme Contribution and Annual Targets:

the dtic Output Indicator	NCR output	NCR alignment (departments)	MTSF Priority alignment
Value (Rand) of loan, equity and procurement funding to support black owned enterprises; and 10 high impact outcomes on addressing market concentration at sector or firm level.	*Reports on compliance with conditions of registration provided for in Sec 48 (1) (a) of the NCA by registrants. Report on market concentration.	CP Compliance: Reports on compliance with conditions of registration provided for in Sec 48 (1) (a) of the NCA by registrants. Statistics and Research: Reports on market concentration. Support for the above: All Departments: To provide resources when required.	Priority 2: Economic transformation and job creation

Outcome	Outputs	Outputs Indicators	Audited Actual Performance			Estimated Performance	Medium-Term Targets		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Transformation.	Reports on compliance with conditions of registration by registrants as provided for in Sec 48 (1) (a) of the NCA.	Number of reports produced on compliance with conditions of registration by registrants as provided for in Sec 48 (1) (a) of the NCA.	New indicator	New indicator	New indicator	New indicator	2 reports produced on compliance with conditions of registration by registrants as provided for in Sec 48 (1) (a) of the NCA.	2 reports produced on compliance with conditions of registration by registrants as provided for in Sec 48 (1) (a) of the NCA.	2 reports produced on compliance with conditions of registration by registrants as provided for in Sec 48 (1) (a) of the NCA.
	Reports on market concentration.	Number of reports on market concentration	New indicator	New indicator	New indicator	New indicator	2 Reports on market concentration	2 Reports on market concentration	2 Reports market concentration

Output Indicator	Annual Target	Quarterly Milestones			
		Quarter 1	Quarter 2	Quarter 3	Quarter 4
Number of reports produced on compliance with conditions of registration by registrants as provided for in Sec 48 (1) (a) of the NCA.	2 reports produced on compliance with conditions of registration by registrants as provided for in Sec 48 (1) (a) of the NCA.	-	A report produced on compliance with conditions of registration by registrants as provided for in Sec 48 (1) (a) of the NCA.	-	A report produced on compliance with conditions of registration by registrants as provided for in Sec 48 (1) (a) of the NCA.
Number of reports on market concentration	2 Reports on market concentration	-	A report on market concentration	-	A report on market concentration

OUTPUT 32: 1000 CASE STUDIES OF FIRMS, WORKERS, ENTREPRENEURS, PROFESSIONALS OR COMMUNITIES IMPACTED BY THE DTIC MEASURES, INCLUDING 12 LOCAL FILMS/DOCUMENTARIES TELLING THE SA STORY.

The NCR will conduct stakeholder engagements, advertising campaigns as well as educational and awareness activities in line with the provisions of the NCA. Furthermore, the NCR intends to profile stories around precedent setting judgements and the implementation of debt relief measures through various methods, including but not limited, to interviews and media briefs.

This is a new output and output indicator with no audited actual performance for periods 2019/20; 2020/21; 2021/22 and 2022/23. This is the first time this measure is included in the APP. It is anticipated that the target could be higher for the next and outer years of the MTEF. This is aligned to Priority 2 (Economic Transformation and Job Creation) of the MTSF.

Outputs, Output Indicators, Programme Contribution and Annual Targets:

the dtic Output Indicator	NCR output	NCR alignment (departments)	MTSF Priority alignment
Number of the dtic success stories profiled through case studies, advertising campaigns and social media platforms.	50 NCR success stories profiled through stakeholder engagements, advertising campaigns and education and awareness activities.	Education: Conduct stakeholder engagements, advertising campaigns and education and awareness activities in line with the provisions of the National Credit Act. Support for the above: All Departments: To provide resources when required.	Priority 2: Economic transformation and job creation

Outcome	Outputs	Outputs Indicators	Audited Actual Performance			Estimated Performance	Medium-Term Targets		
			2019/20	2020/21	2021/22		2022/23	2023/24	2024/25
Capable State	50 NCR success stories profiled through stakeholder engagements, advertising campaigns and education and awareness activities.	Number of NCR's success stories profiled through stakeholder engagements, advertising campaigns and education and awareness activities	New Indicator	New Indicator	New Indicator	New Indicator	50 NCR's success stories profiled through stakeholder engagements, advertising campaigns and education and awareness activities	55 NCR's success stories profiled through stakeholder engagements, advertising campaigns and education and awareness activities	60 NCR's success stories profiled through stakeholder engagements, advertising campaigns and education and awareness activities

Output Indicator	Annual Target	Quarterly Milestones			
		Quarter 1	Quarter 2	Quarter 3	Quarter 4
Number of NCR's success stories profiled through stakeholder engagements, advertising campaigns and education and awareness activities	50 NCR's success stories profiled through stakeholder engagements, advertising campaigns and education and awareness activities	10 NCR's success stories profiled through stakeholder engagements, advertising campaigns and education and awareness activities.	15 NCR's success stories profiled through stakeholder engagements, advertising campaigns and education and awareness activities	15 NCR's success stories profiled through stakeholder engagements, advertising campaigns and education and awareness activities	10 NCR's success stories profiled through stakeholder engagements, advertising campaigns and education and awareness activities

OUTPUT 33: 52 COMMUNITY OUTREACH PROGRAMMES BY THE DTIC GROUP.

The NCR will reach out to the various districts through initiatives to provide education and raise awareness in line with the provisions of the NCA.

This is a new output and output indicator with no audited actual performance for periods 2019/20; 2020/21; 2021/22 and 2022/23. This is the first time this measure is included in the APP. It is anticipated that the target could be higher for the next and outer years of the MTEF. This is aligned to Priority 2 (Economic Transformation and Job Creation) and Priority 7 (A better Africa and World) of the MTSF.

Outputs, Output Indicators, Programme Contribution and Annual Targets:

the dtic Output Indicator	NCR output	NCR alignment (departments)	MTSF Priority alignment
Community outreach initiatives completed in 52 Districts	Community outreach initiatives completed in 52 District municipalities.	<p>Consumer Education: Conduct community outreach initiatives in various Districts in the country to provide education and raise awareness in line with the provisions of the National Credit Act.</p> <p>Support for the above: All Departments: To provide resources when required.</p>	Priority 2: Economic transformation and Job creation, Priority 6: Social Cohesion and safe communities and Priority 7: A better Africa and World.

Outcome	Outputs	Outputs Indicators	Audited Actual Performance			Estimated Performance	Medium-Term Targets		
			2019/20	2020/21	2021/22		2022/23	2023/24	2024/25
Transformation	Community outreach initiatives on consumer education and awareness conducted in 52 district municipalities.	Number of District municipalities wherein outreach initiatives on consumer education and awareness were completed.	New Indicator	New Indicator	New Indicator	New Indicator	Community outreach initiatives on consumer education and awareness completed 52 district municipalities.	Community outreach initiatives on consumer education and awareness completed 52 district municipalities	Community outreach initiatives on consumer education and awareness completed 52 district municipalities

Output Indicator	Annual Target	Quarterly Milestones			
		Quarter 1	Quarter 2	Quarter 3	Quarter 4
Number of District municipalities wherein outreach initiatives on consumer education and awareness were completed	Community outreach initiatives on consumer education and awareness completed 52 district municipalities	Community outreach initiatives on consumer education and awareness completed 13 district municipalities	Community outreach initiatives on consumer education and awareness completed 13 district municipalities	Community outreach initiatives on consumer education and awareness completed 13 district municipalities	Community outreach initiatives on consumer education and awareness completed 13 district municipalities.

3. Key Strategic Risks and Mitigations

The Risk Management and Fraud Prevention Plan has been provided for as **Annexure B**

The following table provides a summary of the NCR's key risks, as well as existing controls to mitigate the risks.

Outcomes	Key risk	Risk mitigation
<ul style="list-style-type: none"> Improved consumer protection through education and awareness of the NCA. Increased efficiency in registration of persons and entities to facilitate creation of job opportunities. Improved compliance through enforcement of the NCA. 	<p>Insufficient funding</p> <ul style="list-style-type: none"> Insufficient funding from the National Treasury may lead to a shortage of funds, resulting in the NCR's inability to meet long and short term financial commitments and execution of strategic objectives. 	<ul style="list-style-type: none"> New registration thresholds for credit providers are in place; Update on financials to the Portfolio Committee as and when required; Prepare & submit annual cash flow projections to the dtic; Invoicing of all registrants a month before fees are due; Uncapping of branch fees; Registration certificates & window decals issued annually upon renewal & not once off; Lapsing policy implemented; Budget mid-term reviews & reprioritisation of funds; Approval of annual budget by the Executive Committee (EXCO); Annual approval of the procurement plan by EXCO; Monthly Departmental variance reports to compare actual vs. budget; Implementation of imposition of penalties for late renewals automated on Great Plains.
	<p>Information and Communication Technology (ICT)</p> <ul style="list-style-type: none"> Innovations and advancements in the external technological environment, may threaten NCR's current business model and the ability to adequately and efficiently service clients; Legacy infrastructure/systems. 	<ul style="list-style-type: none"> Assessment of the new ICT infrastructure and implementation to date; Off-site storage of backups; Internal auditors ensuring assurance role; Network infrastructure improved; Additional servers acquired; Network monitoring tool has been acquired; Network firewall and antivirus; Business Continuity Policy and Plan in place; Obtained approval from NT to deviate from SITA process due to delays; ICT Manager appointed; New additional laptops acquired.; Functional disaster recovery site; Regular ICT steering and ICT Operational committee meeting; Great plains modified to cater for penalties, SCM modules and banking modules; ARMC member with ICT expertise appointed; Approved ICT related policies; and Functional telephones.

Outcomes	Key risk	Risk mitigation
	<p>Fraud and Corruption</p> <p>Internal Fraud</p> <p>NCR staff members fraudulently charging consumers fees for services rendered; Kickbacks to NCR staff by registrants; Falsified employment credentials; Abuse of leave by employees; Theft of fixed assets, including computers and other ICT related assets; Unauthorised private use of NCR assets; Misrepresentation of suspense accounts; Unauthorised payroll transactions, Manipulation of RFQ/ tender documents. Fraud against employer; fraudulent submission of travel claims and medical subsidy.</p> <p>External Fraud</p> <p>Forgery of NCR registration certificates by unregistered credit providers; Forgery of NCR banking details by fraudsters.</p>	<ul style="list-style-type: none"> • Staff awareness activities conducted on fraud; • Pre-employment screening; • Implementation of the SAGE system, reducing the risk of leave mismanagement; • Asset verification conducted quarterly; • Physical security controls; • Declaration of interest by all employees conducted; • Suspense account reviewed monthly; • Consequence management; • Segregation of duties in the payroll processing/ release; • Tip off anonymous hotline; • Qualifications and skills audit conducted for new employees; • Process document of requesting, receiving and selecting the quotations; • Implemented additional verifier and moderation of scores on the bid process; and • Circular/Notice issued annually to registrants regarding fraudulent letters & to confirm the banking details of NCR.
	<p>Business Continuity Management</p> <p>In the event of a major business disruption, the NCR may not be able to continue with the business.</p>	<ul style="list-style-type: none"> • Risk assessment on security (physical and ICT) are regularly performed; • Maintenance plan in place for office equipment and building; • Business Continuity Plan in place; • Emergency preparedness & response plan in place; • Emergency exit, staircase & fire extinguishers; • Information security policy in place; • Insurance cover in place; • Health & safety committee team established; • CCTV surveillance, electric fence, perimeter lighting, access control & alarm system are in place; • Fire drills are conducted; • Drainage system in place/proper signage in place (OHSA); • Encryption of new laptops; • First aid kits available; • Server monitoring & alert system which will notify if the server triggers fire/smoke, excessive humidity, water flooding, intrusion detection, server power failure, temperature (overheating) implemented; • NCR has a generator in place; • Simulation exercise to test the functionality of generator; • Business Continuity Management training conducted; • Secondary NCR building to serve as a back-up; • ICT disaster recovery site identified, MoU/SLA signed by Afrocentric; and • IT DR simulation (Functionality testing).

4. Materiality Significance Framework

Framework has been provided for as **Annexure C**.



PART D

TECHNICAL INDICATOR
DESCRIPTIONS (TIDs)

Items	Guide
Indicator title	Number of consumer education and awareness activities conducted on NCA.
Definition	A measuring tool relating to the consumer education and awareness activities conducted on NCA.
Source of data	Consumer education and awareness documents (media briefs, clip, email correspondence, link to podcast/interview, activity forms, attendance register, meeting screenshots, minutes, notes, etc).
Method of calculation or assessment	Quantitative - Simple count of consumer educations and awareness activities.
Means of verification	Consumer education and awareness documents (Media briefs, clip, email correspondence, link to podcast/interview, activity forms, attendance register, meeting screenshots, minutes, notes, etc).
Assumptions	Cooperation by stakeholders and consumers in the education and awareness activities.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: N/A • Target for youth: N/A • Target for people with disabilities: N/A
Spatial transformation (where applicable)	<ul style="list-style-type: none"> • Contribution to spatial transformation priorities: N/A • Spatial impact area: N/A
Calculation type	Cumulative (year-end).
Reporting cycle	Quarterly and annually.
Desired performance	To increase the level of public awareness on NCA.
Indicator responsibility	Manager: Education and Communication.

Items	Guide
Indicator title	Reports on impact assessment evaluations for activities conducted relating to educational awareness, investigations, complaints evaluations, compliance monitoring, debt counselling and enforcement.
Definition	Measuring tool to measure impact on educational awareness, investigations, complaints evaluations, compliance monitoring, debt counselling and enforcement.
Source of data	Surveys, evaluation reports, interview reports, investigation reports.
Method of calculation or assessment	Qualitative
Means of verification	Surveys, evaluation reports, interview reports, investigation reports.
Assumptions	Availability/participations and contribution from internal departments.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: N/A • Target for youth: N/A • Target for people with disabilities: N/A
Spatial transformation (where applicable)	<ul style="list-style-type: none"> • Contribution to spatial transformation priorities: N/A • Spatial impact area: N/A
Calculation type	Cumulative (year-end).
Reporting cycle	Quarterly and annually.
Desired performance	To increase financial inclusion, economic growth and job creation.
Indicator responsibility	Manager: Education.

Items	Guide
Indicator title	% of new 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.
Definition	Measuring tool to improve efficiency in the registration process of persons and entities.
Source/collection of data	Reports from the registration's ICT system, signed imposed conditions of registrations and the finance ICT system.
Method of calculation	Quantitative Total number of persons and entities registered within 7 business days of receipt of signed proposed conditions and payment of registration fees. $\frac{\quad}{\text{Total number of persons and entities registered}} \times 100$ = Total percentage (%) of new persons and entities registered.
Means of verification	Reports on persons and entities registered (Reports include the number of days taken to register), registration certificates and window decals.
Assumptions	An improved and efficient ICT system and/or increased capacity.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: N/A • Target for youth: N/A • Target for people with disabilities: N/A
Spatial transformation (where applicable)	<ul style="list-style-type: none"> • Contribution to spatial transformation priorities: N/A • Spatial impact area: N/A
Calculation type	Cumulative (year-end).
Reporting cycle	Quarterly and annually.
Desired performance	To improve efficiencies in registration which may lead to the establishment of new SMMEs and job facilitation.
Indicator responsibility	Manager: Registrations.

Items	Guide
Indicator title	Number of investigations conducted on credit providers relating to reckless lending.
Definition	A measuring tool relating to investigations conducted on credit providers pertaining to reckless lending.
Source/collection of data	<ul style="list-style-type: none"> • Compliance monitoring reports; • Investigation reports; • Audit reports; and • Complaints evaluation reports.
Method of calculation	Quantitative (Simple count of total number of investigations conducted).
Means of verification	<ul style="list-style-type: none"> • Investigation reports • Compliance monitoring reports; • Audit reports; and • Complaints evaluation reports.
Assumptions	Cooperation from consumers and registrants; and consumer interest to lodge complaints.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: N/A • Target for youth: N/A • Target for people with disabilities: N/A
Spatial transformation (where applicable)	<ul style="list-style-type: none"> • Contribution to spatial transformation priorities: N/A • Spatial impact area: N/A
Calculation type	Cumulative (year-end).
Reporting cycle	Quarterly and annually.
Desired performance	Improved compliance with the NCA and its regulations by debt counsellors.
Indicator responsibility	Managers: Investigations and Enforcement, Complaints and Debt Counselling.

Items	Guide
Indicator title	Enforcement action taken by the end of the financial year on a percentage (%) of investigations which identified non-compliance relating to reckless lending by credit providers.
Definition	A measuring tool relating to enforcement action taken against credit providers for non-compliance relating to reckless lending.
Source of data	Enforcement tools (Issued compliance notices/Instructional letters/ referrals to the NCT and Courts; and Settlements).
Method of calculation or assessment	Quantitative Total number of enforcement actions taken. $\frac{\text{Total number of enforcement actions taken}}{\text{Total number of investigations which identified non-compliance relating to reckless lending}} \times 100$ = Total percentage (%) of enforcement actions taken.
Means of verification	Enforcement tools (Issued compliance notices/Instructional letters/ referrals to the NCT and Courts)
Assumptions	There will be sufficient, efficient resources and cooperation from debt counsellors.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: N/A • Target for youth: N/A • Target for people with disabilities: N/A
Spatial transformation (where applicable)	<ul style="list-style-type: none"> • Contribution to spatial transformation priorities: N/A • Spatial impact area: N/A
Calculation type	Cumulative (year-end).
Reporting cycle	Annually
Desired performance	Improved compliance with the NCA, consumer protection and redress.
Indicator responsibility	Managers: Investigations and Enforcement, Complaints and Credit Provider Compliance.

Items	Guide
Indicator title	Number of investigations conducted on debt counsellors relating to compliance with the NCA.
Definition	A measuring tool relating to investigations conducted on debt counsellors compliance with the NCA.
Source of data	<ul style="list-style-type: none"> • Compliance monitoring reports • Investigation reports • Complaints evaluation reports
Method of calculation	Quantitative (Simple count of total number of investigations conducted).
Means of verification	<ul style="list-style-type: none"> • Investigation reports • Compliance monitoring reports • Complaints evaluation reports
Assumptions	Cooperation from consumers and registrants; and consumer interest to lodge complaints.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: N/A • Target for youth: N/A • Target for people with disabilities: N/A
Spatial transformation (where applicable)	<ul style="list-style-type: none"> • Contribution to spatial transformation priorities: N/A • Spatial impact area: N/A
Calculation type	Cumulative (year-end).
Reporting cycle	Quarterly and annually.
Desired performance	Improved compliance with the NCA and its regulations by debt counsellors.
Indicator responsibility	Managers: Investigations and Enforcement, Complaints and Debt Counselling.

Items	Guide
Indicator title	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.
Definition	A measuring tool relating to enforcement action taken against debt counsellors for non-compliance relating to debt counselling.
Source of data	Enforcement tools (Issued compliance notices/Instructional letters/ referrals to the NCT and Courts/ Settlement agreements).
Method of calculation or assessment	Quantitative $\frac{\text{Total number of enforcement actions taken}}{\text{Total number of investigations which identified non-compliance relating to debt counselling}} \times 100$ = Total percentage (%) of enforcement actions taken.
Means of verification	Enforcement tools (Issued compliance notices/Instructional letters/ referrals to the NCT and Courts).
Assumptions	There will be sufficient, efficient resources and cooperation from debt counsellors.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: N/A • Target for youth: N/A • Target for people with disabilities: N/A
Spatial transformation (where applicable)	<ul style="list-style-type: none"> • Contribution to spatial transformation priorities: N/A • Spatial impact area: N/A
Calculation type	Cumulative (year-end).
Reporting cycle	Annually
Desired performance	Improved compliance with the NCA, consumer protection and redress.
Indicator responsibility	Managers: Investigations and Enforcement, Complaints and Debt Counselling.

Items	Guide
Indicator title	Number 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 judgments.
Definition	A measuring tool relating to investigations conducted on credit bureaus compliance with the NCA.
Source of data	<ul style="list-style-type: none"> • Compliance monitoring reports. • Investigation reports • Audit reports • Complaints evaluation reports (closure letters)
Method of calculation or assessment	Quantitative (simple count of total number of investigations conducted).
Means of verification	<ul style="list-style-type: none"> • Compliance monitoring reports. • Investigation reports • Audit reports • Complaints evaluation reports (closure letters)
Assumptions	Co-operation and compliance by credit bureaus, credit providers and consumers.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: N/A • Target for youth: N/A • Target for people with disabilities: N/A
Spatial transformation (where applicable)	<ul style="list-style-type: none"> • Contribution to spatial transformation priorities: N/A • Spatial impact area: N/A
Calculation type	Cumulative (year-end).
Reporting cycle	Quarterly and Annually.
Desired performance	Improved compliance with the NCA by credit bureaus.
Indicator responsibility	Manager: Credit Bureau Compliance.

Items	Guide
Indicator title	Enforcement action taken by the end of the financial year on a percentage (%) of investigations which identified non-compliance by hosting credit bureaus.
Definition	A measuring tool relating to enforcement action taken against credit bureaus for non-compliance with the NCA.
Source of data	Enforcement tools (issued compliance notices/Instructional letters/ referrals to the NCT and Courts).
Method of calculation or assessment	Quantitative $\frac{\text{Total number of enforcement actions taken.}}{\text{Total number of investigations which identified non-compliance with the NCA}} \times 100$ = Total percentage (%) of enforcement action taken.
Means of verification	Enforcement tools (Issued compliance notices/Instructional letters/ referrals to the NCT and Courts; Settlements; letter from registrants confirming corrections of non-compliances).
Assumptions	There will be sufficient and efficient resources.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: N/A • Target for youth: N/A • Target for people with disabilities: N/A
Spatial transformation (where applicable)	<ul style="list-style-type: none"> • Contribution to spatial transformation priorities: N/A • Spatial impact area: N/A
Calculation type	Cumulative (year-end).
Reporting cycle	Annually
Desired performance	Improved compliance with NCA.
Indicator responsibility	Manager: Credit Bureau Compliance.

Items	Guide
Indicator title	% of evaluated credit bureau annual compliance reports certified by an independent auditor for their previous financial year.
Definition	A measuring tool relating to the evaluation of credit bureau annual compliance reports certified by an independent auditor for their previous financial year.
Source of data	<ul style="list-style-type: none"> • Credit bureau annual compliance reports certified by an independent auditor for the previous financial year. • Evaluation reports
Method of calculation or assessment	$\frac{\text{Number of annual compliance reports evaluated}}{\text{Total number of annual compliance reports received}} \times 100$ = Total percentage (%) of evaluated annual compliance reports.
Means of verification	Evaluation reports.
Assumptions	Sufficient and efficient resources to evaluate the annual compliance reports.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: N/A • Target for youth: N/A • Target for people with disabilities: N/A
Spatial transformation (where applicable)	<ul style="list-style-type: none"> • Contribution to spatial transformation priorities: N/A • Spatial impact area: N/A
Calculation type	Cumulative (year-to-date).
Reporting cycle	Quarterly and annually.
Desired performance	Improved compliance with NCA.
Indicator responsibility	Manager: Credit Bureau Compliance.

Items	Guide
Indicator title	Enforcement action taken 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.
Definition	A measuring tool relating to enforcement action taken on 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.
Source of data	Enforcement tools (Issued compliance notices/Instructional letters/ referrals to the NCT and Courts; and Settlements).
Method of calculation or assessment	$\frac{\text{Number of annual compliance reports evaluated}}{\text{Total number of credit bureaus which were found to be non-compliant}} \times 100$ = Total percentage (%) of enforcement action taken.
Means of verification	Enforcement tools (Issued compliance notices/Instructional letters/ referrals to the NCT and Courts; letter from registrants confirming corrections of non-compliances).
Assumptions	Sufficient and efficient resources to evaluate the annual compliance reports.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: N/A • Target for youth: N/A • Target for people with disabilities: N/A
Spatial transformation (where applicable)	<ul style="list-style-type: none"> • Contribution to spatial transformation priorities: N/A • Spatial impact area: N/A
Calculation type	Cumulative (year-end).
Reporting cycle	Annually
Desired performance	Improved compliance with NCA.
Indicator responsibility	Manager: Credit Bureau Compliance.

Items	Guide
Indicator title	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.
Definition	A measuring tool for the impact of enforcement action taken.
Source of data	Judgements, Letters of undertakings, Settlement orders, Consent orders, Dockets or charge sheets.
Method of calculation or assessment	Qualitative
Means of verification	Judgements, Letters of undertakings, Settlement orders, Consent orders, Dockets or charge sheets. Compliance Certificates. Written proof of refunds, audit reports evidencing corrective measures implemented.
Assumptions	Sufficient and efficient resources. Enforcement action has been taken.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: N/A • Target for youth: N/A • Target for people with disabilities: N/A
Spatial transformation (where applicable)	<ul style="list-style-type: none"> • Contribution to spatial transformation priorities: N/A • Spatial impact area: N/A
Calculation type	Cumulative (year-to-date).
Reporting cycle	Quarterly and annually.
Desired performance	Improved compliance with NCA.
Indicator responsibility	Manager: Investigation and Enforcement.

Annexure B

1. Risk management and Fraud prevention plan

Fraud Prevention Plan:

The NCR fraud prevention plan has been developed within the context of the Risk Management framework with the aim to set out and highlight the NCR's policy of zero tolerance towards fraud and corruption as well as management's commitment to combating all forms of fraud inherent in the NCR's operations.

The Public Finance Management Act, Act No. 1 of 1999 (PFMA), as amended, has as its prime objective of the institutions to which the Act applies, to secure transparency, accountability and management of revenue, assets, and liabilities within a spirit of good corporate governance.

The main objectives of the plan include:

- To encourage a culture within the NCR where all employees and stakeholders continuously behave ethically in their dealings with or on behalf of the NCR.
- To improve accountability, efficiency and effective administration within NCR.
- To encourage all employees and other stakeholders to strive toward the prevention and detection of fraud impacting, or having the potential to impact on NCR.
- To communicate channels and procedures for the reporting of fraud and any other irregularities.
- To take appropriate legal action and apply realistic sanctions where an investigation reveals fraud by ensuring that there is the integration of risk management, ownership of the control environment, investigative and legal skills.
- To use all possible means to seek redress in respect of money and assets lost to fraud by ensuring that the recovery of defrauded money and assets forms an essential part of our overall strategy to ensure that committing fraud does not pay, whatever the legal outcome of an investigation.

The main principles of the Fraud Prevention Plan are:

- Creating a culture which is tolerant to fraud
- Deterrence of fraud
- Preventing fraud which cannot be deterred
- Detection of fraud
- Investigating detected fraud
- Investigating detected fraud
- Taking appropriate action against fraudsters (e.g. prosecution & disciplinary action)
- Appropriate recovery or the application of a sanction.

The NCR's Code of Conduct contains the fundamental ethical principles, which staff members and those who render services to the NCR on a contract basis must adhere to.

The principles are:

- Professionalism and integrity
- Conduct with others
- Obligations to stakeholders

Basic internal controls to prevent and detect fraud and the training of employees in internal controls and their day-to-day duties are critical to the success of this plan. The systems, policies and procedures of the NCR prescribe various controls, which, if effectively implemented, would limit the risk of fraud. These controls are categorised as:

- Preventative controls:
 - **Authorisation**
All transactions require authorisation or approval by an appropriate responsible person.
The limits of these authorisations are specified in the delegations of the authority of the NCR.

- **Custody of assets**
Involves procedures and security measures designed to ensure that access to assets is limited to authorised personnel and personnel held accountable for the assets.
- Detection controls
 - **Arithmetic and accounting**
Procedures to ensure processed and recorded transactions have been authorised are accurate and complete. Controls include checking the arithmetical accuracy of records, the maintenance and checking of totals, reconciliations, control accounts and accounting for documents.
 - **Physical**
Relates to the security of records, underpinning arithmetic and accounting controls. Similar to preventative controls, these controls are also designed to limit access.
 - **Supervision**
Relates to supervision by responsible officials over day-to-day transacting and subsequent recording thereof.
 - **Management Information**
Relates to the review of management accounts and budgetary control. Exercised by management independent of the processing system.

Detection of fraud and corruption may occur through:

- Internal audit
- Ongoing risk assessment and management
- Fraud detection activities
- Procedure for reporting of alleged fraud and corruption
- Procedure to be followed by an employee if he/she suspects fraud
- Procedure to be followed by a member of the public, customers, service providers or other stakeholders if they suspect fraud.

Implementation and maintenance of the fraud prevention plan includes:

- Creating awareness
- Communication
- On-going maintenance and review.

The Accounting Authority is ultimately responsible to create an environment that demonstrates the zero tolerance to fraud and corruption as included in the culture of the NCR.

The NCR recognises that the consistent and efficient application of disciplinary measures is an integral component of effective fraud prevention. The NCR will continue to pursue the following steps to expedite the consistent, efficient and speedy application of disciplinary measures:

- Creating awareness amongst employees of forbidden conduct in terms of the disciplinary code and taking appropriate action against offenders.
- Ongoing and sustained training of managers in the application of disciplinary measures and the disciplinary process.
- Developing a system to facilitate the consistent application of disciplinary measures.
- Regular monitoring and review of the application of discipline to improve weaknesses identified.

In the event that there is merit in the allegations, these must be recorded and reported to the CEO and investigated, if the CEO is involved, the allegation must be referred to the Minister of Trade, Industry and Competition for a decision.

If the person involved is an EXCO member, the allegations must be reported to the Chairperson of the Audit and Risk Management Committee who must decide on the course of action to be taken.

The above processes ensure that uninvolved parties are not negatively affected by malicious reports and that the intent to cause such damage is dealt with and disciplinary action taken where necessary.

Annexure C

Materiality and Significance Framework

1. Background

The National Credit Regulator (NCR), as a Schedule 3A Public Entity is required to prepare a Materiality and Significance Framework for the organisation to give effect to the amended Treasury Regulations issued in terms of the PFMA, whereby the following requirement was placed on public entities:

- Section 28.3.1 – “For purposes of material [section 55(2) of the Act] and significant [section 54(2) of the Act], the AA must develop and agree a framework of acceptable levels of materiality and significance in consultation with the relevant executive authority.”

Matters indicated as Material or Significant, highlight important information that relates to the NCR’s strategy, governance, performance and future prospects, and have the potential to impact the decisions of stakeholders.

The Materiality and Significance Framework enhances the efficiency and effectiveness of decision-making processes and how NCR reports on the outcomes of decisions.

2. Methodology

Materiality and Significance should be considered for:

- Non-financial matters (qualitative);
- Financial matters (quantitative); and
- Matters relating to the preparation of financial statements and assessment of appropriate disclosure.

The consideration should include:

- Guidelines issued by the National Treasury;
- Nature of the NCR’s business;
- Statutory requirements affecting the NCR; and
- Inherent and control risks associated with the NCR.

In determining if a matter is material or significant, the following matrix is used.

Determination	Interpretation	Reporting requirement
Material	Matters that are critical to the success of the entity’s strategy and to stakeholders.	Matters emphasised in reporting.
Significant (but not material)	Matters related to compliance requirements, operational performance and stakeholder perception.	Reporting on matters required by legislation.
Non-material non-significant	Matters that does not warrant significant action.	No reporting.

In setting parameters for the rand value of determining materiality it should be noted that in terms of Treasury Regulation 28.3.1, the acceptable levels must be agreed with the Executive Authority and in arriving at the acceptable levels of materiality, the following guiding principles should apply:

Element	% range
Total Assets	1% - 2%
Total Revenue	0.5% - 1%
Profit after tax	2% - 5%

In finalising the rand amount to be applied, sound judgement is required in determining the most appropriate element or averaging of elements. Parameters should be derived from certain elements of the audited annual financial statements and reviewed annually.

3. Non-financial matters (qualitative)

The non-financial materiality is derived from legislation that requires the NCR to report certain incidents, or requires disclosure in the annual report.

Section 51(1)(g) of the PFMA states that the AA for a public entity must promptly inform the National Treasury on any new entity which that public entity intends to establish or in the establishment of which it takes the initiative, and allow the National Treasury a reasonable time to submit its decision prior to formal establishment.

Section 54(2) of the PFMA states that the AA for the public entity must inform the relevant treasury and submit relevant particulars to its executive authority for approval in respect of:

- participation in a significant partnership, trust, unincorporated joint venture or similar arrangement [section 54(2)(b)];
- acquisition or disposal of a significant shareholding in a company [section 54(2)(c)];
- acquisition or disposal of a significant asset [section 54(2)(d)];
- commencement or cessation of a significant business activity [section 54(2)(e)]; and
- a significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement [section 54(2)(f)].

Section 55(2)(b)(i) of the PFMA states that the annual report and financial statements must include particulars of any material loss through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year.

Based on the above, the NCR has considered the non-financial matters as significant and the following requires reporting:

- Any transaction that causes any interest (equity or loans) to be taken by the NCR in a company to be established;
- A business activity that falls outside of a NCR's core business;
- The acquisition and disposal of a significant asset;
- All losses in respect of criminal conduct;
- Any irregular, fruitless and wasteful expenditure; and
- Any criminal or disciplinary steps taken as a consequence of losses incurred.

4. Financial matters (quantitative)

In considering the elements as indicated in the Methodology, the NCR believes that Profit after Tax is an inappropriate measurement tool as the intention is to use the funds allocated to the NCR in full in each accounting period.

Total Assets are a smaller part of the expenditure budget, however the long term impact of the use thereof is significant and the NCR will consider this element.

Revenue consist of a large portion of transfer payment received from the National Treasury which is not naturally within the entity's control. It is the view of the NCR that expenditure is a more appropriate measure, as the amount of revenue recognized is reduced by funds not spent.

In using the parameters the following results have emerged.

	Total Assets		Total Expenses	
R-value per Annual Financial Statements 2022		R94 542 832		R128 945 330
Parameter (top %)	2%	R1 890 857	1%	R1 289 453
Parameter (bottom %)	1%	R945 428	0.5%	R644 727
Materiality rand value per element		R1 890 857		R1 289 453

In the interest of prudence the rand value for materiality for financial matters are set at R1 289 453.

The NCR adjusts the annual financial statements for any errors identified during the external audit process, irrespective of the amount. In matters of judgement, where there is disagreement with the external auditors, items exceeding the amounts identified above will be referred to the EXCO and the ARMC and appropriate disclosure made in the annual financial statements where necessary. This aims to ensure that the financial statements fairly present the financial position and performance of the NCR.

5. Matters relating to the preparation of financial statements and assessment of appropriate disclosure

In preparation of annual financial statements, consideration is given to the nature of the activities of the NCR and the areas where significant judgement is exercised.

The most significant line items in the trial balance of the NCR are revenue and personnel expenditure including executive emoluments.

Revenue requires judgement as the determination of what portion of the transfer payment should be recognised as revenue and what portion should be surrendered as unused is complex.

Remuneration of employees is influenced by the determination of the amount of the provision for leave pay requires judgement of the days leave that should be accrued and the rate at which the leave should be accrued.

Both remuneration of Executive members and Employees are sensitive issues in the public sector and users pay specific attention to it.

Based on this assessment, at least the following accounting policies should be disclosed in the Annual Report under significant matters within this Framework:

- Employee benefits (including leave accrual where applicable)
- Revenue recognition (including surrendering of surplus where applicable)

BEWARE OF MASHONISAS

Never give your ID
or Bank Card to
Mashonisa.
It is illegal!

Call NCR on 0860 627 627.



NCR
National Credit Regulator

For more information call 0860 627 627





STRATEGIC PLAN

2023 | 24 - 2027 | 28

List of Abbreviations

AA	Accounting Authority	MFSA	Microfinance South Africa
ACPD	African Consumer Protection Dialogue	MTSF	Medium Term Strategic Framework
B-B BEE	Broad-Based Black Economic Empowerment	MoU	Memorandum of Understanding
CBA	Credit Bureau Association	NAMFISA	Namibian Financial Institutions Supervisory Authority
CEO	Chief Executive Officer	NCA	National Credit Act
COVID-19	Novel Coronavirus Disease	NCR	National Credit Regulator
dtic	Department of Trade, Industry and Competition	NCT	National Consumer Tribunal
ERRP	Economic Reconstruction and Recovery Plan	NDP	National Development Plan
EXCO	Executive Committee	OHS	Occupational Health and Safety
FSCA	Financial Sector Conduct Authority	PDA	Payment Distribution Agent
ICT	Information and Communication Technology	PFMA	Public Finance Management Act
IFC	International Finance Corporation	SACCRA	South African Credit and Risk Reporting Association
IFWG	Intergovernmental Fintech Working Group	SARB	South African Reserve Bank
		SCA	Supreme Court of Appeal
		SMME	Small, Medium and Micro Enterprises
		SONA	State of the Nation Address
		4IR	Fourth Industrial Revolution

Definitions used to measure performance

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

Table of Contents

Foreword by the Minister: National Credit Regulator (NCR).....	58
Annexure A	59
Accounting Officer Statement	61
Official sign-off	63
PART A: Our Mandate	64
1. Constitutional mandate	65
2. Legislative and policy mandates	65
3. Institutional policies and strategies governing the five-year planning period.....	66
4. Relevant court rulings	66
PART B: Our Strategic Focus	70
1. Vision.....	71
2. Mission	71
3. Values.....	71
4. Situational analysis	72
5. External environment analysis	74
6. Internal environment analysis	75
PART C: Measuring Our Performance.....	78
1. Institutional Performance Information.....	79
2. Key Risks and Mitigations.....	80
Part D: Technical Indicator Description (TID).....	82
Annexure A: Budget Allocation.....	90



Mr Ebrahim Patel

Minister of Trade, Industry and Competition

Foreword by the Minister: National Credit Regulator (NCR)

The 2023/24 Strategic Plan of the National Credit Regulator (NCR) reflects the continued efforts of the dtic Group to align our activities around a common purpose; grounded in efforts to support **Industrialisation** to promote jobs and rising incomes, drive **Transformation** to build an inclusive economy, and build a **Capable State** to ensure improved impact of public policies.

The Strategic Plan contains an ambitious set of targets aimed at realising the vision of the NCR governing legislation, and utilising these regulations to meet their purpose of empowering a larger number of South Africans to contribute towards our shared prosperity. In the year ahead, the NCR will play a critical role in creating a fair and prosperous South African economy. While companies face a challenging global economic environment, the work of the NCR will help create the conditions for sustained growth that are most needed when times are hardest.

Since the start of the Sixth Administration, the Department of Trade, Industry and Competition and all entities in the dtic Group have begun a process of adopting a revised output-driven planning system - grounded in the objective of combining all our efforts towards creating real impact for South Africans.

In 2023/24, the dtic concluded this process by introducing 45 output targets, to which the NCR makes a critical contribution. These include supporting 1 million jobs, mobilising R200 billion in investment, supporting R700 billion in manufacturing exports, and helping Black

Industrialists to create 20,000 jobs and R36,8 billion in output. The attached table sets out the 45 outcomes.

While the NCR has incorporated many of these objectives into the Strategic Plan, our next steps will be to further align the work of NCR to meet these common objectives through the implementation of its governing legislation. Within one month of tabling this version of the plan, proposed revisions must be submitted to the Executive Authority to better align with the vision of these targets.

Implementation of this plan must take account of the challenging fiscal environment in which government is operating, and as such as I have instructed all entities to undertake a further review of their spending plans for the period of the plan, and to submit a final, revised financial plan within one month of tabling this version of the plan. This plan should aim to reduce unnecessary spending, and redirect these resources to better serve our core objectives.

The Strategic Plan 2022/23 - 2027/28, is hereby submitted in accordance with the Revised Framework on Strategic and Annual Performance Plans.

Mr Ebrahim Patel

Minister of Trade, Industry and Competition

Date:

Annexure A

Output targets within the dtic-group of entities

Investment
Output
R200 billion in investment pledges secured across the state
100 Investor facilitation and unblocking interventions provided
2 new SEZs designated and support work with provinces related to industrial parks

Industrial production
Output
R40 billion in additional local output committed or achieved
R40 billion in Black Industrialist output achieved

Exports and trade
Output
R700 billion in manufacturing exports
R300 billion in manufacturing exports to other African countries
R2.5 billion in exports of Global Business Services (GBS)
1 Implementation of the AfCFTA
10 High impact trade interventions completed
4 Protocols finalised under the AfCFTA

Industrial support
Output
R30 billion in support programmes administered by or in partnership with the dtic group
R15 billion support programmes to enterprises in areas outside the 5 main metros
R8 billion in financial support programmes to SMMEs, and women and youth-empowered businesses
R7.5 billion in financial support programmes to enterprises in labour absorbing sectors
Promotion of a transparent and just adjudication process for incentive applications

Transformation
Output
R800 Million in Equity Equivalent Investment Programme agreements agreed or administered
20 000 additional workers with shares in their companies
10 high-impact outcomes on addressing market concentration, at sector or firm level.

Jobs
Output
1 million jobs supported or covered by Master Plans
100 000 jobs to be created (50 000 social economy fund part-time or temporary job opportunities and 50 000 full-time jobs)
23 000 jobs in Black Industrialists firms

Energy
Output
R1.3 billion in financial support to enterprises including SMMEs to mitigate impact of load shedding through energy resilience fund
1400 Megawatts of energy from projects facilitated
550 Megawatts of energy available for the grid
1 Energy One-stop Shop operational
Expedited regulatory amendments and flexibility, to promote energy efficiency

Green economy targets

Output

- 1 Strategy and advocacy finalised responding to green non-tariff barriers (Carbon Border Adjustment Mechanism (CBAM))
- 1 EV Strategy finalised
- 1 Finalisation of green hydrogen commercialisation framework

Stakeholder engagement and impacts

Output

- 10 Business Forums hosted aimed at supporting increased FDI, exports and outward investment.
- 1000 Case studies of firms, workers, entrepreneurs, professionals or communities impacted by the dtic measures: including 12 local films/documentaries telling the SA story
- 52 Community outreach programmes by the dtic group
- 5 Conferences, summits, and international forums hosted
- 10 Successful actions completed on price monitoring and excessive pricing or price gouging

Addressing crime

Output

- Grey-listing: Publication of 'Know Your Shareholder' Regulations and Follow Ups
- 1 Metal trading system developed to identify stolen public infrastructure entering the scrap metal value-chain, export market or legitimate metal production industry

Red tape and state capability targets

Output

- 4 High-impact measures to improve the efficiency and/or effectiveness, of the dtic's policy or programme interventions.
- 10 High-impact measures to reduce red tape or improve turnaround times in administration of incentives and work of agencies
- 6 Impact assessments or enhancements of trade instruments or measures

Improving the capacity and responsiveness of the state and social partnership

Output

- 4 Pieces of priority legislation amended, tabled or submitted to Executive Authority, Cabinet or Parliament.
- 7 Master Plans managed and 1 new masterplan to be finalised.
- Oversight of IDC, NEF and ECIC to ensure that at least 95% of planned KPIs are achieved
- Oversight of other entities to ensure that at least 95% of planned KPIs are achieved
- 50 Mergers and acquisitions where public interest conditions have been incorporated



Ms Nomsa Motshegare

Accounting Authority and Chief Executive Officer

Accounting Officer Statement

OVERVIEW OF THE NCR AND ITS VISION

The NCR is mandated to promote a fair and non-discriminatory marketplace for access to consumer credit, as well as promote responsible credit granting, prohibit reckless credit granting and protect consumers through enforcement of the National Credit Act, No. 34 of 2005 (NCA).

The NCR is driven by the imperatives of advancing the social and economic welfare of South Africans in the consumer credit industry.

Overall focus during the previous planning period

The strategic focus during the previous planning period was on improving the regulatory environment and ensuring the enforcement of the NCA.

To achieve these objectives, the regulator focused on:

- Programme: Improved regulatory environment - increased efficiency in registration of persons and entities to facilitate creation of job opportunities.
- Programme: Enforcement of the National Credit Act - Improved compliance through enforcement of the NCA.

These focus areas were aligned to the programmes and core themes of **the dtic**. Measurable performance indicators as well as an analysis of external and internal factors that could affect the ability to achieve our goals were clearly identified. Strategic risks, as well as possible mitigating controls were also identified.

Key accomplishments during previous planning period

Key accomplishments during the 2021/22 financial year include the following:

• Good corporate governance

The NCR obtained an unqualified audit report for the 2021/22 financial year. The NCR has never obtained a qualified audit opinion since its inception in 2007 as prudent financial management and corporate governance is practised. The relevant NCR APP for 2022/23-2024/25, Five-Year SP for 2022/23-2026/27 and Annual Report for 2021/22 were submitted in line with Parliamentary timelines.

• Consumer education and community outreach

Despite restrictions related to the COVID-19 pandemic, the NCR in partnership with various stakeholders, conducted 361 consumer education initiatives such as workshops, webinars and exhibitions.

• Collaboration and co-operation

The NCR was active locally and internationally. It signed a Memorandum of Understanding (MoU) with the Namibia Financial Institutions Supervisory Authority (NAMFISA) to share information and for capacity building.

The NCR continued to engage with regulators in other African countries through the African Consumer Protection Dialogue. A webinar was held in this period on 'Dispute resolution for mobile payment platforms'.

The NCR had regular engagements with large registrants and industry associations such as the Credit Bureau Association (CBA); South African Credit and Risk Reporting Association (SACRRA), Micro Finance South Africa (MFSa), Banking Association of South Africa (BASA) as well as the Intergovernmental Fintech Working Group (IFWG), among others.

• Consumer redress

The NCR secured approximately R11.6 million in redress to

consumers by way of monetary refund and/or adjustment on outstanding account balances. This redress, no doubt, came as welcome relief to consumers given the prevailing tough socio-economic conditions.

• **Referrals and fines**

The NCR referred 35 cases to the National Consumer Tribunal (NCT). There were over R14 million in fines and penalties imposed by the NCT on matters referred by the NCR. Contraventions were related to cost of credit and reckless lending the total.

• **Registration**

A total of 1350 (2020/21:1 076) new credit providers were registered with the NCR. The increase in the number of credit providers registered may lead to job creation and economic growth.

• **Service delivery**

The NCR Call Centre received 26 698 enquiries, 76% of which were handled within an average of nine days and 556 were referred to various ombudsman offices. Most of the complaints that were received related to allegations of debt review without consent; disputes around outstanding balances; terminations of accounts while on debt review; collection of debt that had prescribed, and cost of credit life (insurance) total cost of credit (credit life insurance).

• **Statistics and research**

Notwithstanding challenges emanating from the COVID-19 pandemic, the NCR published its quarterly Consumer Credit Market Report and Credit Bureau Monitor (CMR) reports, which contain vital data on trends and statistics.

• **Communication and media (CBM)**

During 2021/22, the NCR issued 17 media releases, conducted 969 radio interviews and 17 television interviews. These enriched the NCR's brand and increased its brand visibility across the country. Media releases provided advice to consumers on relevant topics such as the importance of knowing your credit status.

Strategic focus for the period ahead

Revised Framework for Strategic Plans and Annual Performance Plans issued by the Department of Planning, Monitoring and Evaluation as well as considering the dtic 45 Key Priority Outputs.

For the period ahead, the main strategic focus for the NCR will be in the areas of employment facilitation for job creation through registration of new registrants and support to SMMEs, Women and Youth. Focus on employment will encourage enhanced inclusive growth and thereby reduce poverty as envisaged in the Medium-Term Strategic Framework (**MTSF Priority2: Economic transformation and job creation.**)

In a more indirect way, the NCR will also contribute to **MTSF Priority 1: A capable, ethical and developmental state** Medium-Term Strategic Framework in that it will continue to ensure it is capacitated with professional, ethical and meritocratic staff members; and that high levels of ethical behaviour and corporate governance are maintained.

The NCR will also contribute to **MTSF Priority 7: A better Africa and world**, in that it will continue to nurture and forge strategic relationships that have positive impacts for the African continent and the world. It already collaborates extensively and hosts delegations from various countries.

The NCR team is committed to implementing the APP 2023/24-2025/26.

Acknowledgements and appreciation

I would like to thank the NCR executive team, management and personnel for their continued diligence which makes it possible for the NCR to fulfil its mandate.

I also thank the members of the Audit and Risk Management Committee (ARMC) for providing oversight; the Minister of Trade, Industry and Competition, Honourable Mr Ebrahim Patel; **the dtic** and the Portfolio Committee on Trade, Industry and Competition for their guidance and support.



Ms Nomsa Motshegare

Accounting Officer & Chief Executive Officer
National Credit Regulator
Date: 20/07/2023

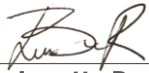
Official sign-off

It is hereby certified that this Strategic Plan:

- Was developed by the management of the National Credit Regulator under the guidance of Ms N Motshegare;
- Takes into account all the relevant policies, legislation and other mandates for which the National Credit Regulator is responsible; and
- Accurately reflects the Impact and Outcomes which the National Credit Regulator will endeavour to achieve over the 2023/24-2027/28 period.



Adv Kedilatile Legodi
Acting Company Secretary



Ms Lynette De Beer
Chief Financial Officer



Nthupang Magolego
20/07/2023 15:36:35(UTC+02:00)
Signed by Nthupang Magolego,
NMagolego@ncr.org.za

SIGNIFLOW.COM

Ms Nthupang Magolego
Executive Senior Legal Advisor



Ms Nomsa Motshegare
Chief Executive Officer

Approved by:

Mr Ebrahim Patel, MP
Minister of Trade, Industry and Competition



PART A

OUR MANDATE

1. Constitutional Mandate

Regulation of the consumer credit market is one of the constitutional imperatives advocated by the Constitution of the Republic of South Africa Act, 1996.

Consumer protection can be realised through credit regulation, as provided for in Part A of Schedule 4 of the Constitution. This mandate and responsibility has been entrusted to the dtic.

In 2003, the dtic finalised the Policy Framework for Consumer Credit and went on to develop the NCA “To 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, and to protect consumers.”

The National Credit Regulator was established by the NCA which came into effect on 1 June 2007.

2. Legislative and policy mandates

In terms of the PFMA, the NCR is a Schedule 3A public entity. It is tasked with carrying out education, research, policy development, registration of industry participants, investigation of complaints, and ensuring the enforcement of the National Credit Act (NCA), 2005 (Act No. 34 of 2005).

The purpose of the NCA 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 (PDAs) 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 socio-economic patterns of consumer credit activity in 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; and
- Reviewing legislation and regulations, and reporting to the Minister of Trade, Industry and Competition concerning matters related to consumer credit.

The following has been added to the institutional strategic focus:

- Impact assessment evaluations for activities conducted relating to educational awareness, investigations, complaints evaluation, compliance monitoring, debt counselling, and enforcement.
- Investigations relating to debt counselling.
- Impact of enforcement action taken on entities and persons that were found to be non-compliant

The NCR is also mandated to review legislation and report to the Minister of Trade, Industry and Competition on matters pertaining to consumer credit.

3. Institutional policies and strategies governing the five-year planning period

The NCR will continue its 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; and by promoting responsible credit granting, use and effective redress.

The NCR plans to continue focusing on the following in the next five-year period:

- **Improved regulatory environment:** a) collaborating with other key entities and stakeholders in order to have greater impact, reduce costs and effectively and efficiently deliver on the NCR mandate; and b) promoting economic growth through job creation, integration and transformation.
This includes carrying out consumer education and awareness activities in order to improve consumer protection. Registration of new entrants to the consumer credit market will be improved and expedited. This should increase the participation of Small, Medium and Micro Enterprises (SMME), which facilitates the creation of job opportunities and ultimately contributes towards economic growth.
- **Enforcement of the NCA:** promoting a fair, responsible and accessible consumer credit market through the enforcement of the NCA.
The NCR will deploy various tools to monitor and enforce the NCA, with special attention on protecting consumers regarded as 'most vulnerable'. Emphasis will be on total cost of credit, reckless lending, compliance of credit bureaus in terms of data security, removal of adverse consumer credit information and paid-up judgements.

Relevant government plans: The above aligns with and supports the new Economic Reconstruction and Recovery Plan (ERRP) announced in October 2020. The ERRP includes structural reforms, creating more jobs, bringing more young people into entrepreneurship and increasing economic inclusion.

It is also aligned with and supports the National Development Plan (NDP) 2030 goals of eliminating poverty and reducing inequality by 2030. It supports government's priorities, including the imperative of prioritising women, youth and people with disabilities; MTSF Priority 2: Economic transformation and job creation (2019-24); and by implication the commitments made during the 2022 SONA.

4. Relevant Court Rulings

The rulings and decisions of the high courts and the NCT are taken into account when crafting the NCR strategic plans. Below is a brief summary of recent court decisions and rulings that may have significant, ongoing impact on operations or service delivery obligations.

No.	Matter Name	Court & Case reference number	Legal issues and status
1.	MFSA vs the Minister of Trade and Industry and the NCR	North Gauteng High Court Case No 59612/17	The MFSA applied to the High Court to review the cost of credit life insurance on short-term loans. The parties are currently engaged in settlement in terms of which the NCR is required to review the regulations. Review of cost of credit life insurance has commenced and presented to the dtic for comments. Matter postponed indefinitely until review is finalised.
2.	Bridge vs NCR	North Gauteng High Court Case No 87768/14	Bridge applied to the High Court for an order declaring sections 55 and 57 of the NCA which grants the NCR powers to issue compliance notices, unconstitutional. Application suspended pending finalisation of a liquidation application filed against Bridge. Liquidation against Bridge dismissed. Notice of set down for the High Court review matter awaited. Parties engaged in settlement negotiations - Bridge submitted settlement for consideration by the NCR - review underway.
3.	Moneyline Financial Services (Pty) Ltd vs NCR	North Gauteng High Court Case No A440/16	Moneyline appealed the decision handed down by the NCT which ruled on 11 March 2016 that the NCR acted lawfully and procedurally correct when investigating Moneyline. The merits relate to allegations of reckless lending towards the recipients of social security grants by Moneyline. The Appeal was heard on 4 December 2018 and judgment was handed down on 30 August 2019 in terms of which the appeal was postponed and Moneyline was ordered to join the NCT as a Respondent before the appeal could proceed. Moneyline then launched an application for leave to appeal against this judgment, which application for leave to appeal was heard on 2 December 2019. Subsequent leave to appeal to the Supreme Court of Appeal (SCA) dismissed. Main Appeal date 27 October 2021. Matter withdrawn and settled between parties. Each party to pay own cost. This matter is accordingly deemed closed.
4.	BMW vs NCR	National Consumer Tribunal NCT/93829/2017/56(1) A288/2021	Compliance Notice issued for "on the road" fees. BMW objected to the compliance notice by application to the NCT. NCT upheld the objection and set aside the compliance notice on 12 May 2021. NCR launched an appeal against the ruling under case A288/2021. Matter has been consolidated to be heard simultaneously with Mercedes Benz and VW FS matters. Awaiting a hearing date for the 3 consolidated matters. Consolidated matters to be heard 26 October 2022. Judgment was granted against the NCR on 20 January 2023, and the NCR has appealed against the judgment
5.	VW vs NCR	Tribunal Case No: NCT/94937/2017/56(1) Pretoria High Court: A104/19	Compliance notice issued for "on the road" fees. VW objected to the compliance notice. NCR opposed the application. Matter heard in February 2019 and judgement handed down in favour of NCR. VW appealed the decision to the High Court. Matter has been consolidated to be heard simultaneously with Mercedes Benz and BMW which contain similar facts or features. Consolidated matters to be heard on 26 October 2022. Judgment was granted against the NCR on 20 January 2023, and the NCR has appealed against the judgment

No.	Matter Name	Court & Case reference number	Legal issues and status
6.	Mercedes Benz vs NCR	Tribunal Case No: NCT/107156/2018/56(1)	Compliance Notice issued for “on the road” fees. Mercedes Benz objected to the compliance notice and lodged an application to the NCT. NCR opposed the application. Pleadings have closed and hearing date awaited. Judgment in favour of Mercedes Benz, setting aside the compliance notice. NCR launched an appeal to the High Court against the judgment. Matter has been consolidated to be heard simultaneously with BMW and VW FS which contain similar facts or features. Consolidated matters heard on 26 October 2022. Judgment was granted against the NCR on 20 January 2023, and the NCR has appealed against the judgment
7.	A-Z Micro Loans vs NCR	Tribunal: NCT/78949/2017/57 (1) PTA High Court: A126/2019	Matter relates to failure to conduct proper affordability assessments; failure to retain records; failure to provide pre-agreement statements in the prescribed form; overcharging cost of credit i.e. interest. Condonation filed for leave to appeal. Request made to comply with judgment or proceed with appeal. Appeal deemed as dismissed as no further steps taken by the Respondent. As no further steps taken on appeal by A-Z to proceed to close file.
8.	CMR Group (Pty) Ltd (In Liquidation) vs NCR	Tribunal: NCT/119696/2018/57(1) PTA High Court Case number A351/2019 Special Leave to Appeal Case number 9420/2021	Failure to conduct affordability assessments, extending reckless credit; overcharging cost of credit i.e. interest; prohibited charges. Appeal launched in the High Court of Pretoria against NCT judgment NCT/119696/2018/57(1). Appeal to be heard 22 October 2020. Judgment in favour of NCR. Leave to appeal filed and heard 16 March 2021. Leave dismissed with costs. Bill of cost to be compiled and submitted to Respondent for payment to NCR. CMR further appealed to SCA under case nr 9420/2021 - await setdown date. Condonation and leave for oral evidence granted on 05 April 2022. Heads filed 12 September 2022. Matter set down for 16 March 2023.
9.	Dacqup Trading t/A ABC Financial Services	Tribunal: NCT/127619/2019/57(1) Appeal PTA High Court: A333/19 Supreme Court of Appeal: 382/2019	<p>The NCR previously referred the aforesaid entity to the National Consumer Tribunal under case number NCT/127619/2021/57(1). The NCR alleged the entity to have failed to conduct proper affordability assessments, engaged in reckless granting, charged cost of credit not in line with the provisions of the Act, failed to provide pre-agreements in the prescribed form and the entity to have fallen foul of the required advertising practices. The Tribunal in turn found the Respondent to have repeatedly committed prohibited conduct and imposed an administrative fine of R300 000.00 against the entity. Dacqup pursued an appeal within the High Court with the matter being dismissed on the points in limine with costs rendered against the NCR. The NCR subsequently appealed the matter to the SCA, with the SCA confirming amongst other things that: The NCR to have had a reasonable suspicion upon which it initiated an investigation and it was within reason to act upon a sign offering “instant loans”. The SCA held that a reasonable suspicion contemplates a lesser burden than that of prima facie evidence. The National Consumer Tribunal to be within their rights to order that an independent auditor be appointed to ascertain the extent of unlawfully obtained profits. The NCR to not be tasked with cost orders as a statutory body that fulfilled its statutory duties, even if it acted incorrectly and with no malice.</p> <p>The NCR welcomes the judgment by the SCA. The NCR in accordance with its mandate will not cease to pursue its investigations should there be sufficient reason to do so and will pursue to conduct its investigations without fear, favour or prejudice.</p> <p>Matter deemed closed. Dacqup to be monitored as to compliance with Tribunal judgment.</p>
10.	Gauteng Motors vs NCR	Tribunal: NCT/78954/2017/140(1) Appeal PTA High Court: A173/19	Extending credit whilst not registered; failure to conduct affordability assessments; extending reckless credit; failure to retain records; over-charging cost of credit by charging prohibited fees; interest; unlawful provisions; unlawful enforcement. No further steps taken to prosecute appeal - appeal deemed lapsed. Matter deemed closed as no further steps commenced within the High Court.
11	NCR vs Marylee Govender (DC)	Tribunal NCT/122481/2018/138(1)	Settlement agreement concluded with this DC by NCT order on 11 March 2019. DC only partially complied with consent order. NCR appointed a service provider to launch High Court application to compel compliance with the consent order Debt Counsellor (DC). Letter of demand sent to respondent. Correspondence received from respondent’s attorney objecting to demand.
12.	Asia Lamara vs NCR	Tribunal: NCT/102200/2018/57(1) Appeal PTA High Court: A15/2020	Allowing unregistered agents to act as debt counsellors; failure to adhere to time periods; failure to make a determination in prescribed period; failure to refer matters timeously. Matter was referred to the NCT and NCT ruled in favour of the NCR. The Respondent filed an appeal which lapsed and the NCR filed an application for appeal to be declared lapsed, and that the Respondent be compelled to adhere to the NCT order in the alternative for certain relief in terms of NCT judgement to commence pending outcome of the appeal. Hearing date was set for 15 November 2021 and did not proceed on the given date. New set down date; 17 June 2022 and matter was not set down due to administrative error. A new date was set for 28 September 2022, however matter could not proceed due to further administrative issues. New date was set for 30 January 2023 and the appeal was dismissed in favour of the NCR.

No.	Matter Name	Court & Case reference number	Legal issues and status
13.	Bongani Mnweba (DC) vs NCR	Tribunal: NCT/129993/2019/59(1) PTA High Court: 48175/2020	NCR successfully opposed matter at the NCT. Mnweba instituted proceedings in High Court. NCR issued notice to compel Respondent to deliver its Heads of Argument for appeal to proceed. Application to compel filed for delivery of Heads of Argument. Application to compel to be heard on 23 March 2022. Judgement in favour of NCR with costs. Heads from Respondent not filed even after compelled. Court order in favour of NCR on 29 August 2022. Mnweba's claim dismissed with costs. Taxation on roll 23 June 2023 with execution steps to follow thereafter.
14.	Option Deals vs NCR	Tribunal: NCT/128364/2019/140(1) Appeal PTA High Court A350/19	NCR referred Option Deals to the NCT for simulated transactions, in the form of credit agreements disguised as motor vehicle sale agreements coupled with lease agreements; granted reckless credit; overcharged costs of credit and did not follow prescribed collection procedures. Judgment granted in NCR's favour on 15 September 2019. On 12 November 2019 Option Deals appealed NCT order. Appeal dismissed with costs on 25 August 2020. Option Deals launched application for leave to appeal to the SCA. Awaiting set down date. The Respondent failed to obtain a date for hearing. Notice of Withdrawal received from Attorneys on record for Option Deals. Bill of Cost drawn up by NCR and service attempts made. Inability to affect service. Consideration being given to service on Director's address and/or application for substituted service to be launched.
15.	Xcelsior & another vs NCR	Tribunal: NCT/111201/2018/57(1) Review PTA High Court: 4350/2020	NCR launched cancellation application at the NCT based on reckless credit and costs of credit infringements. NCR applied for leave to amend/supplement founding papers which was granted on 12 September 2019. On 22 January 2020, Xcelsior launched review application in the PTA High Court, to set aside NCT's interlocutory judgment granting NCR leave to amend/supplement. Pleadings are closed and notification of set down date awaited. Hearing commenced 02 February 2022, await judgment. Judgment issued on 3 February 2022. NCT order to be reviewed and decided upon afresh by NCT. Cost order imposed against NCR. NCR appealed judgment with record being filed in the SCA. Await new set down date following filing of complete record. Heads delivered to be on 14 December 2022.
16.	Sewatumong vs NCR	Tribunal: NCT/122491/2018/165 Review PTA High Court: 7996/2020	NCR launched a cancellation application at NCT against Respondent for prohibited instruments, reckless credit and costs of credit infringements. Initially, the NCT granted judgment in NCR's favour on a default basis. Sewatumong filed a number of applications at the NCT, including a rescission application and a condonation application neither of which were granted. Sewatumong launched an internal appeal at the NCT. Shortly before the scheduled appeal hearing date, Sewatumong launched a review application in the High Court which sought to set aside a number of NCT decisions. Interim application filed by Sewatumong to amend and include further relief. NCR opposed interim application. Pleadings are being exchanged and parties considering further application for judge to intervene in proceedings. Administrative review concluded with parties agreeing to withdraw all interlocutory applications for main application to be heard. Awaiting heads to be filed by Applicant. New set down date 08 and 09 March 2023.



PART B

OUR STRATEGIC
FOCUS

1

Vision

The vision of the National Credit Regulator is:

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

2

Mission

The mission of the National Credit Regulator is:

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

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

3

Values

The following four values inform everything that the National Credit Regulator does:

Service excellence:

We strive for service excellence that exceeds the expectations of all stakeholders.

Integrity:

We are committed to honesty and integrity.

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.

4. Situational Analysis

A high-level assessment was undertaken to identify the most significant developments in the external and internal environment that are likely to influence or impact the NCR over the next few years. A brief synopsis of the state of the South African credit market is provided. A further analysis of the internal and external environments is then provided.

a) State of the credit market - statistics relevant to the NCR and the sector

Through its statistics and research, the NCR contributes to the development of knowledge in the field of consumer credit in South Africa. The NCR's research and statistics department compiled the following summary:

The total value of new credit extended to South African consumers as at the end of September 2022 was R168.11 billion. This represents an increase of R10.75 billion (6.83%) quarter-on-quarter and an increase of R8.99 billion (5.65%) year-on-year.

Mortgages' share of new credit granted increased from 41.57% in September 2021 to 37.47% in September 2022. Secured credit's share, which is dominated by vehicle finance, decreased from 28.56% in September 2021 to 28.34% in September 2022. Unsecured credit share increased from 14.23% to 16.76% over the same period.

As at September 2022, the total outstanding consumer credit balances (or gross debtors' book) was R2.22 trillion, representing a quarter-on-quarter growth of 1.66% and a year-on-year growth of 6.88%.

The trends for outstanding balances for the quarter ended September 2022 were as follows:

- Mortgages debtors book increased by R22.93 billion (2.01%) quarter-on-quarter and by R80.48 billion (7.41%) year-on-year.
- Secured credit debtors book increased by R5.29 billion (1.10%) quarter-on-quarter and by R22.40 billion (4.84%) year-on-year.
- Credit facilities debtors book increased by R6.22 billion (2.17%) quarter-on-quarter and by R27.61 billion (10.41%) year-on-year.
- Unsecured credit debtors book increased by R1.92 billion (0.89%) quarter-on-quarter and by R11.55 billion (5.54%) year-on-year.
- Credit bureaus held records for 26.65 million credit-active consumers, which showed an increase of 0.50% when compared to the 26.52 million in the previous quarter. Consumers classified in good standing increased by 249,128 to 16.88 million consumers. This amounts to 63.36% of the total number of credit-active consumers. The number of credit-active accounts increased from 85.49 million to 86.77 million in the quarter ended September 2022. The number of impaired accounts has decreased from 19.26 million (22.53%) to 19.17 million (22.10%) in September 2022, a decrease of 89,192 quarter-on-quarter and 985,568 year-on-year.

b) Challenges that NCR has experienced in the performance environment

The NCR has experienced challenges related to the after-effects of the COVID-19 pandemic such as constraints of the fiscus and the resulting reduced funding. The NCR's revenue was further impacted by the fact that some credit providers, debt counsellors and credit bureaus closed down and cancelled their registration with the NCR. Furthermore, a number of credit providers (especially banks) closed branches due to digitisation and cost-cutting needs.

Another challenge is lengthy litigation, which is the norm in the credit sector and requires sizable funding. Matters referred to the NCT or the High Court are often challenged by either the NCR or industry players.

Social unrest impacted NCR's educational and awareness interventions in Gauteng and KwaZulu-Natal, with the NCR needing to make alternative arrangements, cancelling and rescheduling some of the interventions.

c) How the NCR addressed and will continue addressing the challenges over the MTSF period

The NCR followed and will continue to follow its strategic and annual performance plans closely, ensure it has capacity, and collaborate and cooperate with other regulators locally and internationally to continue being effective in regulating the credit industry.

Furthermore, the NCR adopted cost containment measures and improved efficiencies during 2021/22 which will continue to enable the regulator to fulfil its mandate and achieve its targets, in the present and during the medium-term period ahead. Examples of innovative measures that were implemented to maximise delivery and cut costs include:

- NCR legal advisors defending matters at the NCT;
- Insourcing of work that was previously outsourced;
- Conducting a combination of desk-top and on-site compliance;
- Using online business communication platforms to disseminate information, have meetings and present workshops (webinars); and
- Partnering with other regulators and organisations in the areas of consumer education and enforcement.

Our consumer education and awareness programmes will continue using online and digital platforms as well as face-to-face engagements. Given the success of webinars, the NCR will continue using webinars to support and capacitate debt counsellors. We will increase use of internet platforms to monitor compliance, support and improve communication with debt counsellors, credit providers and PDAs. We will also work on automating data collection tools and strengthening internal statistics systems.

The NCR will continue looking at alternative ways of increasing its revenue, containing costs and improving efficiencies.

d) **Emerging priorities and opportunities which will be acted on during the medium-term period**

The NCR has prioritised the following for the medium-term period:

1. INNOVATION TO IMPROVE REGULATORY ENVIRONMENT

Alternative Data Sources: In response to the Fourth Industrial Revolution (4IR), the NCR concluded an agreement with the International Finance Corporation (IFC) to pilot aspects of the G20 Financial Inclusion Policy Guide on the collection, processing and use of alternative data sources, and the development of digital technologies to enable small and medium sized credit providers to collect and share data. This will enhance the affordability assessment regulations and the digitisation of credit information sharing.

Inter-Governmental Innovation Hub: The NCR is part of the inter-governmental Innovation Hub that was launched during 2019 as a collaborative effort among financial sector regulators including the FIC, Financial Sector Conduct Authority (FSCA), NCR, South African Reserve Bank (SARB) and South African Revenue Service (SARS), working together under the IFWG. The purpose of the hub is to demystify the regulatory landscape, by providing a space for safe testing of innovative ideas, and actively advance innovation in financial services. Of the two entities that applied to test ideas that fall within the mandate of the NCR, one applied for registration with the NCR to proceed with the testing exercise, and if the test is successful, will advance the economic welfare of South Africans through job creation.

Data Transmission Hub: The NCR Guideline in terms of Regulation 19(13) of the NCA requires all credit and data providers to submit credit information to the registered credit bureaus. The NCR will continue to work closely with International Finance Corporation (IFC) to develop a platform affordable to small credit providers to submit data to the credit bureaus via the Data Transmission Hub. With more credit information, credit providers are able to make more informed decisions on creditworthiness of consumers. This also promotes access to credit and fosters financial inclusion.

2. CRITICAL PENDING PROJECTS

TechSprint Project – the onboarding of small credit providers in accordance with Regulation 19 of the NCA: The NCR and International Finance Corporation (IFC) are working together to facilitate the on-boarding of credit information by small credit providers (fee categories 6 to 9) onto the credit bureaus' records in a cost effective manner (via the Data Transmission Hub). This is also an ongoing, multi-year effort. With more credit information, credit providers are able to make more informed decisions on creditworthiness of consumers. This also promotes access to credit and fosters financial inclusion.

Mobile unit for consumer education: Consumers of credit and financial products and services are still vulnerable to unscrupulous credit and financial services providers, and victims of predatory lending and unfair and deceptive marketing practices. The NCR intends to increase levels of financial and credit literacy among consumers, especially consumers in the so called "missing-middle" category of the economy, rural and peri-urban areas by using its branded mobile unit to conduct consumer education and financial literacy activities. Through the mobile unit, the NCR will increase its availability, visibility and reach to consumers in all nine provinces.

Enforcing and listing maintenance court orders: The NCR is collaborating with the Department of Women, Youth and Persons with Disabilities to find ways of enforcing and listing maintenance orders at the registered credit bureaus, made in favour of minor children. To achieve this, the NCR will engage with the Department of Justice and Correctional Services under which the maintenance courts fall, together with **the dtic**, to encourage that maintenance judgments are reported by court officials to the credit bureau and defaulters are charged for contempt of court.

Research and pilot project on Promoting Alternative Data: The research project was conducted in 2020 and focused predominantly on township-based micro, small and medium enterprises (MSMEs). The resulting study report was shared with key stakeholders, including **the dtic** and National Treasury. A pilot project was subsequently introduced to test the theory. The results of the pilot project will be shared with the NCR and recommendations considered.

3. STRATEGIC COLLABORATION AND COOPERATION

Existing relationships: The pandemic showed that by standing united and cooperating, 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; collaborate with the IFWG and other governmental bodies such as **the dtic** Cluster of the Council of Trade and Industry Institutions; and participate in relevant international events. The NCR is a member of the World Bank's International Committee on Credit Reporting and also participates in its activities as well as in the African Consumer Protection Dialogue.

MoU with NAMFISA: The NCR entered into an MoU with the NAMFISA for information sharing and capacity building purposes. Meetings have already commenced to implement this MoU.

Botswana and Eswatini Delegations: The NCR hosted delegations from Botswana and Eswatini. The intention is to follow the same route as with NAMFISA, namely to enter into a MoUs for information sharing and capacity building in the medium-term period.

5. External environment analysis

Looking at the key issues in the NCR's working environment, the following points are relevant in informing the institution's strategy:

a) Focus on economic recovery and reconstruction

The focus has shifted from dealing with the COVID-19 pandemic to recovering from the pandemic's after-effects - and mitigating the impacts of the ongoing Russia/Ukraine war. The SA Government continues to focus on the imperatives of growth, investment and employment, guided by the Economic Recovery and Reconstruction Plan tabled in Parliament in 2020. The NCR will contribute in this regard (within its mandate) by increasing its efficiency in registration of persons and entities in order to facilitate the creation of job opportunities.

b) Socio-economic conditions

The International Monetary Fund (IMF) lowered its global economic growth forecast for 2023 to 2.7%, according to its World Economic Outlook update report released on 11 October 2022. It downgraded its outlook for South African economic growth, lowering its 2022 forecast to 2.1% from 2.3% in July and to a limp 1.1% for 2023 from 1.4% previously.

According to Statistics SA, "Consumer price inflation picked up slightly in October, rising to 7,6% from 7,5% in September 2022. The monthly increase in the consumer price index (CPI) was 0,4%, up from 0,1%". (Source: Quarterly Labour Force Survey (QLFS) - Q2:2022)

The South African Reserve Bank's Monetary Policy Committee (MPC) also hiked interest rates by 25 basis points to 7.25% per year, with effect from January 2023.

South Africa's unemployment rate reached 33.9% in Q2 of 2022, which is down from 34.5% in Q1 but still worryingly high. (Source: Stats SA 23 August 2021 - Quarterly Labour Force Survey (QLFS) - Q2:2022)

Load shedding is set to continue for another year, thus disrupting the everyday life of all South Africans and threatening their livelihoods. The electricity supply crisis reportedly continues to lower productivity and profitability of the country as a whole.

Against this difficult socio-economic scenario, the pressure on the average consumer is set to increase and the NCR expects consumers to borrow more, buy more on credit, and need more debt counselling interventions. Unethical players in the credit industry can be expected to take advantage of consumers.

High levels of unemployment coupled with slow economic growth could see the number of over-indebted consumers rise. This could increase demand for the NCR's services.

c) Policy and regulatory environment

Changes to the regulatory framework impact the NCR and these include:

Limitation of Fees and Interest Rates Regulations and Credit Life Insurance Regulations: The review of the above regulations sets caps for the initiation, monthly service fees, and interest rate caps, but also sets the maximum caps on credit life insurance to curb the abuses of credit life insurance in terms of premium charges. The review has been finalised and once the final regulations have been published, NCR will focus on monitoring the implementation of these regulations by credit providers.

d) Fourth Industrial Revolution (4IR)

Digitisation and 4IR brings opportunities (faster processing of information and levelling of the playing field), but also many challenges and risks (cybercrime and protection of personal information) that can affect the work of the NCR. As technology

advances, the pace of (the resultant) change is faster and it becomes imperative for all organisations and individuals to upgrade knowledge, skills, attitudes, efficiencies, systems, processes and budget.

The NCR has to continue monitoring 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).

e) Prioritising women and youth

The national imperative of prioritising women and youth means that the NCR must be sensitive to and respond to issues as they arise. This includes procurement, recruitment as well as education and awareness efforts; access to funding and to credit; and the matter of maintenance orders. The NCR continues collaborating with the Department of Women, Youth and Persons with Disabilities to find ways of enforcing and listing maintenance orders at the registered credit bureaus, made in favour of minor children.

f) 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 Credit Ombud to provide consumers with alternative avenues for submitting credit related complaints, thus improving service delivery to consumers.

6. Internal environment analysis

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

a) Structure of the NCR and how this affects its ability to achieve desired outcomes

The organisational structure of the NCR underpins its ability to implement its strategies and achieve desired outcomes. The Chief Executive Officer (CEO) is the Accounting Authority (AA). The CEO provides strategic leadership, oversees and ensures the efficient and effective use of NCR's resources and ensures compliance with all of its legal requirements and reporting and financial accountability obligations. The NCR's Company Secretary assists the AA and CEO to ensure sound corporate governance. The Company Secretary also provides governance knowledge and guidance, and ensures organisational integrity. Information on organisational structure, corporate governance and performance is found in the NCR Annual Report 2021/22.

b) NCR's capacity to deliver on its mandate (including human resources, financial resources, Information and Communication Technology (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 and after-effects of COVID-19 pandemic. Due 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 NCR's budget allocation has been reduced for the next two years. 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 constraints experienced during the past two 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, ICT

Occupational Health and Safety (OHS): NCR is committed to keep its working environment safe for its employees. We have an OHS Committee responsible for implementing the requirements of the OHS Act and ensuring that occupational health and safety training is conducted as and when required. We have also appointed an OHS 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. Some of the important projects include the following:

- VPN and Firewall set up to improve system security and implement a permanent remote working solution;
- Infrastructure and server upgrade to optimise performance and response time as well as replace servers that are out of warranty; and
- Enhance various operational systems to improve operational efficiency and responsiveness within NCR.

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 digitised 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, Act No. 53 of 2003, as amended (B-BBEE)**

Compliance with B-BBEE legislation and best practice is vital. The NCR issues tenders based on the preferential procurement framework and advertises new tenders on the e-tender portal and the website.

The National Credit Regulator complies with the 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.

7. Description of the Planning Process

The first stage begins with EXCO initiating the planning process with the aim of creating the organisational strategic direction. The dti, ARMC and internal audit play a pivotal role in that they make, review and provide inputs to the process. Workshops are then held between executive members and the management team to develop the departmental operational objectives. Management in turn engages with their respective team members to develop operational objectives which are in line with the business plan of the organisation. Upon approval of the strategic and operational objectives, all employees including executive management conclude performance contracts annually.

8. Financial Plan

Financial planning and discipline are a key success factor for the NCR. With the limited financial resources, and the need to regulate the credit industry and enforce the NCA, it is imperative for the NCR to optimise the available funding. In order to ensure optimisation of available funds, the NCR will continue implementing its cost containment measures.

This section provides an overview of the projected revenue, expenditure and cash flow requirements over the three (3) year period. In addition, the NCR's assets and management strategy is provided, as well as the capital expenditure projections.

(i) Projections of revenue, expenditure, borrowings and capex

The following table provides a summary of the NCR's projected financial plan for the three (3) year period:

	YEAR 2023-2024	YEAR 2024-2025	YEAR 2025-2026	YEAR 2026-2027	YEAR 2027-2028
Operational Expenditure					
Personnel costs	R87 531 000	R91 426 000	R91 426 000	R95 997 300	R100 797 165
Administration costs	R24 297 589	R25 377 936	R30 993 461	R32 194 076	R33 159 897
Professional/Programme costs	R18 882 465	R19 730 056	R22 708 750	R23 844 187	R24 559 513
Total operational expenditure	R130 711 054	R136 533 992	R145 128 211	R152 035 563	R158 516 575
Capital Expenditure					
Fixed assets	R10 940 000	R11 419 950	R11 930 798	R11 624 890	R10 808 860
ICT operational system	R0	R0	R0	R0	R0
Total capital expenditure	R10 940 000	R11 419 950	R11 930 798	R11 624 890	R10 808 860
Total Expenditure	R141 651 054	R147 953 942	R157 059 008	R163 660 453	R169 325 435
Income					
Fees from registrants	R51 545 000	R53 804 000	R58 682 000	R61 036 001	R63 930 935
Transfers from the DTI	R84 060 000	R87 835 000	R91 770 008	R95 881 304	R98 492 596
Interest	R2 780 222	R2 903 942	R3 039 000	R3 175 147	R3 333 905
Other income	R3 265 832	R3 411 000	R3 568 000	R3 568 000	R3 568 000
Total Income	R141 651 054	R147 953 942	R157 059 008	R163 660 453	R169 325 435

The NCR's projected capital expenditure programme for the next three years focuses on the continuous improvements on ICT infrastructure and the implementation of the ICT disaster recovery plan. The capex programme is outlined below:

	YEAR 2023-2024	YEAR 2024-2025	YEAR 2025-2026
Office Equipment	R523 000	R549 150	R576 608
Computer Equipment	R1 836 000	R1 927 800	R2 024 190
Software and licences	R8 581 000	R8 943 000	R9 330 000
Total	R10 940 000	R11 419 950	R11 930 798

(ii) Asset and Liability Management

In terms of section 51(1)(c) of the PFMA, the Accounting Authority is responsible for the management, including the safeguarding, of the assets and the management of the revenue, expenditure, and liabilities of the public entity. Within the NCR, the Asset Management Policy provides for the acquisition of assets when the need arises. Procurement processes are in line with legislative requirements as well as the NCR's Supply Chain Management Policy. In addition, assets are effectively maintained, and when required, disposed of in line with the requirements of the PFMA.

(iii) Cash flow projections

	YEAR 2023-2024	YEAR 2024-2025	YEAR 2025-2026
Cash flows from operating activities			
Cash receipts from applicants and registered entities	R51 545 000	R53 804 000	R58 682 000
Other income	R 3 265 832	R3 411 000	R3 568 000
Cash paid to suppliers	(R43 180 054)	(R45 107 992)	(R53 702 211)
Cash paid to employees	(R87 531 000)	(R91 426 000)	(R91 426 000)
Cash absorbed by operations before transfers received	(R75 900 222)	(R79 318 992)	(R82 878 211)
Transfer received	R84 060 000	R87 835 000	R91 770 008
Cash generated by operations	R8 159 778	R8 516 008	R8 891 797
Finance Income	R2 780 222	R2 903 942	R3 039 000
Net cash inflows from operating activities	R10 940 000	R11 419 950	R11 930 797
Cash flows from investing activities			
Additions to property, plant and equipment	(R10 940 000)	(R11 419 950)	(R11 930 797)
Developments of ICT System	-	-	-
Net cash (outflows) from investing activities	(R10 940 000)	(R11 419 950)	(R11 930 797)
Net (decrease)/increase in cash and cash equivalents	R0	R0	R0

(iv) Capital expenditure programmes

The NCR's projected capital expenditure programme for the next three years focuses on the continuous improvements on ICT infrastructure and implementation of the ICT disaster recovery plan. The capex programme is outlined below:

	YEAR 2023-2024	YEAR 2024-2025	YEAR 2025-2026
Office Equipment	R523 000	R549 150	R576 608
Computer Equipment	R1 836 000	R1 927 800	R2 024 190
Software and licences	R8 581 000	R8 943 000	R9 330 000
Total	R10 940 000	R11 419 950	R11 930 798

(v) Dividend policies

The NCR is a Schedule 3A public entity receiving a transfer payment from the dti. Hence the NCR does not declare dividends



PART C

MEASURING OUR
PERFORMANCE

1 Institutional Performance Information

1.1 Impact statement 1

Impact statement	Improved regulatory environment, which promotes economic growth through responsible credit borrowing and facilitation of job creation.
------------------	--

1.1.1 Measuring our outcomes

MTSF priority			
Priority 1: Building a capable, ethical and developmental state			
Outcome	Outcome Indicator	Baseline	Five year target
Improved consumer protection through education and awareness of the NCA.	Number of consumer education and awareness campaigns and activities conducted on the NCA.	1382	Conduct 1900 consumer education and awareness campaigns and activities on the NCA.
	Reports on impact assessment evaluations for activities conducted 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.

1.1.2 Explanation of Planned Performance over the Five-Year Planning Period

- To improve education and awareness regarding the NCA.
- Efficient registration of new entrants in the consumer credit market to increase the participation of SMMEs which would facilitate the creation of job opportunities which ultimately contributes towards economic growth. This in turn contributes to achieving the NDP priorities; the MTSF; the priorities relating to women, youth and people with disabilities; provincial priorities and the NCR's mandate. It also aligns with and supports the new Economic Reconstruction and Recovery Plan announced in October 2020.
- In order to achieve these targets, a well-functioning infrastructure and adequate funding is required.

1.2 Impact Statement 2

Impact statement	A fair, responsible and accessible consumer credit market promoted.
------------------	---

1.2.1 Measuring our Outcomes

MTSF priority			
Priority 1: Building a capable, ethical and development state			
Outcome	Outcome Indicator	Baseline	Five year target
Improved compliance through enforcement of the NCA.	Number of investigations on credit providers for compliance with regulations pertaining to reck-less lending	380	1 500
	Enforcement action taken on a percentage (%) of investigations which identified non-compliance relating to reckless lending by credit providers	96%	95%
	Number of investigations conducted on debt counsellors	-	280
	Enforcement action taken by the end of the financial year on a percentage (%) of investigations which identified non-compliance with the by debt counsellors	-	100%
	*Number of investigations on hosting credit bureaus for compliance with the NCA	3	5
	Enforcement action taken on a percentage (%) of investigations which identified non-compliance by hosting credit bureau	100%	95%
	Evaluate a percentage (%) of credit bureau annual compliance reports certified by independent auditors	100%	100%
	Enforcement action taken on a percentage (%) of credit bureaus which were found to be non-compliant after evaluations	75%	95%
	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.	-	Impact study on the enforcement action taken on entities and persons that were found to be non-compliant.

*Hosting credit bureau is one that receives payment profile information that flows from credit/data providers via the Data Transmission Hub. In addition, they hold a full database of all credit active consumers in South Africa, whereas the other types of credit bureaus hold partial consumer credit information only. These credit bureaus need extensive IT systems & infrastructure as millions of records flow to and are processed by them daily.

1.2.2 Explanation of Planned Performance over the Five Year Planning Period

- a) Promotion of affordable levels of credit granting, accurate consumer credit information, decreased levels of reckless lending, unfair practices and enforcement of the Act will contribute towards improved consumer protection and economic growth. This in turn contributes to achieving the NDP priorities; the MTSF; the priorities relating to women, youth and people with disabilities; provincial priorities and the NCR's mandate. It also aligns with and supports the new ERRP announced in October 2020.
- b) Some of the five year targets on enforcement action to be taken, are lower than the baseline due to capacity and budgetary constraints. Availability of sufficient capacity and budget enables achievement of the targets. The baseline is based on the actual performance of the previous year, however the targets are increased on an annual basis.
- c) In order to achieve these targets, the NCR requires a well-functioning infrastructure, adequate funding and capacity to enhance its efficiency and effectiveness.

2 Key Risks and Mitigations

The table below provides a summary of the NCR's key risks, as well as existing controls to mitigate the risks.

Outcomes	Key risk	Risk mitigation
<ul style="list-style-type: none"> • Improved consumer protection through education and awareness of the NCA. • Increased efficiency in registration of persons and entities to facilitate creation of job opportunities. • Improved compliance through enforcement of the NCA. 	<p>Insufficient funding</p> <ul style="list-style-type: none"> • Insufficient funding from the National Treasury may lead to a shortage of funds, resulting in the NCR's inability to meet long and short term financial commitments and execution of strategic objectives. 	<ul style="list-style-type: none"> • New registration thresholds for credit providers are in place; • Update on financials to the Portfolio Committee as and when required; • Prepare & submit annual cash flow projections to the dtic; • Invoicing of all registrants a month before fees are due; • Uncapping of branch fees; • Registration certificates & window decals issued annually upon renewal & not once off; • Lapsing policy implemented; • Budget mid-term reviews & reprioritisation of funds; • Approval of annual budget by the Executive Committee (EXCO); • Annual approval of the procurement plan by EXCO; • Monthly Departmental variance reports to compare actual vs. budget; • Implementation of imposition of penalties for late renewals automated on Great Plains.
	<p>Information and Communication Technology (ICT)</p> <ul style="list-style-type: none"> • Innovations and advancements in the external technological environment, may threaten NCR's current business model and the ability to adequately and efficiently service clients; • Legacy infrastructure/systems. 	<ul style="list-style-type: none"> • Assessment of the new ICT infrastructure and implementation to date; • Off-site storage of backups; • Internal auditors ensuring assurance role; • Network infrastructure improved; • Additional servers acquired; • Network monitoring tool has been acquired; • Network firewall and antivirus; • Business Continuity Policy and Plan in place; • Obtained approval from NT to deviate from SITA process due to delays; • ICT Manager appointed; • New additional laptops acquired.; • Functional disaster recovery site; • Regular ICT steering and ICT Operational committee meeting; • Great plains modified to cater for penalties, Supply Chain Management modules and banking modules; • ARMC member with ICT expertise appointed; • Approved ICT related policies; and • Functional telephones.

Outcomes	Key risk	Risk mitigation
	<p>Fraud and Corruption Internal Fraud</p> <p>NCR staff members fraudulently charging consumers fees for services rendered; Kickbacks to NCR staff by registrants; Falsified employment credentials; Abuse of leave by employees; Theft of fixed assets, including computers and other ICT related assets; Unauthorised private use of NCR assets; Misrepresentation of suspense accounts; Unauthorised payroll transactions, Manipulation of RFQ/tender documents. Fraud against employer; fraudulent submission of travel claims and medical subsidy.</p> <p>External Fraud: Forgery of NCR registration certificates by unregistered credit providers; Forgery of NCR banking details by fraudsters.</p>	<ul style="list-style-type: none"> • Staff awareness activities conducted on fraud; • Pre-employment screening; • Implementation of the SAGE system, reducing the risk of leave mismanagement; • Asset verification conducted quarterly; • Physical security controls; • Declaration of interest by all employees conducted; • Suspense account reviewed monthly; • Consequence management; • Segregation of duties in the payroll processing/release; • Tip off anonymous hotline; • Qualifications and skills audit conducted for new employees; • Process document of requesting, receiving and selecting the quotations; • Implemented additional verifier and moderation of scores on the bid process; and • Circular/Notice issued annually to registrants regarding fraudulent letters & to confirm the banking details of NCR.
	<p>Business Continuity Management</p> <p>In the event of a major business disruption, the NCR may not be able to continue with the business.</p>	<ul style="list-style-type: none"> • Risk assessment on security (physical and ICT) are regularly performed; • Maintenance plan in place for office equipment and building; • Business Continuity Plan in place; • Emergency preparedness & response plan in place; • Emergency exit, staircase & fire extinguishers; • Information security policy in place; • Insurance cover in place; • Health & safety committee team established; • CCTV surveillance, electric fence, perimeter lighting, access control & alarm system are in place; • Fire drills are conducted; • Drainage system in place/ proper signage in place (OHSA); • Encryption of new laptops; • First aid kits available; • Server monitoring & alert system which will notify if the server triggers fire/smoke, excessive humidity, water flooding, intrusion detection, server power failure, temperature (overheating) implemented; • NCR has a generator in place; • Simulation exercise to test the functionality of generator; • Business Continuity Management training conducted; • Secondary NCR building to serve as a back-up; • ICT disaster recovery site identified, MOU/SLA signed by Afrocentric; and • IT DR simulation (Functionality testing).



PART D

TECHNICAL INDICATOR
DESCRIPTIONS (TIDs)

Technical indicator descriptions (TIDs) are given for each outcome indicator in the format stipulated in the Guidelines for the Implementation of the Revised Framework for Strategic Plans and Annual Performance Plans.

Items	Guide
Indicator title	Number of consumer education and awareness activities conducted on NCA.
Definition	A measuring tool relating to the consumer education and awareness activities conducted on NCA.
Source of data	Consumer education and awareness documents (media briefs, clip, email correspondence, link to podcast/interview, activity forms, attendance register, meeting screenshots, minutes, notes, etc).
Method of calculation or assessment	Quantitative - Simple count of consumer educations and awareness activities.
Means of verification	Consumer education and awareness documents (Media briefs, clip, email correspondence, link to podcast/interview, activity forms, attendance register, meeting screenshots, minutes, notes, etc).
Assumptions	Cooperation by stakeholders and consumers in the education and awareness activities.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: N/A • Target for youth: N/A • Target for people with disabilities: N/A
Spatial transformation (where applicable)	<ul style="list-style-type: none"> • Contribution to spatial transformation priorities: N/A • Spatial impact area: N/A
Calculation type	Cumulative (year-end).
Reporting cycle	Quarterly and annually.
Desired performance	To increase the level of public awareness on NCA.
Indicator responsibility	Manager: Education and Communication.

Items	Guide
Indicator title	Reports on impact assessment evaluations for activities conducted relating to educational awareness, investigations, complaints evaluations, compliance monitoring, debt counselling and enforcement.
Definition	Measuring tool to measure impact on educational awareness, investigations, complaints evaluations, compliance monitoring, debt counselling and enforcement.
Source of data	Surveys, evaluation reports, interview reports, investigation reports.
Method of calculation or assessment	Qualitative
Means of verification	Surveys, evaluation reports, interview reports, investigation reports.
Assumptions	Availability/participations and contribution from internal departments.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: N/A • Target for youth: N/A • Target for people with disabilities: N/A
Spatial transformation (where applicable)	<ul style="list-style-type: none"> • Contribution to spatial transformation priorities: N/A • Spatial impact area: N/A
Calculation type	Cumulative (year-end).
Reporting cycle	Quarterly and annually.
Desired performance	To increase financial inclusion, economic growth and job creation.
Indicator responsibility	Manager: Education.

Items	Guide
Indicator title	% of new 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.
Definition	Measuring tool to improve efficiency in the registration process of persons and entities.
Source of data	Reports from the registration's ICT system, signed imposed conditions of registrations and the finance ICT system.
Method of calculation	Quantitative $\frac{\text{Total number of persons and entities registered within 7 business days of receipt of signed proposed conditions and payment of registration fees}}{\text{Total number of applications registered}} \times 100$ = Total percentage (%) of new applications registered
Means of verification	Reports on persons and entities registered (Reports include the number of days taken to register), registration certificates and window decals.
Assumptions	An improved and efficient ICT system and/or increased capacity.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: N/A • Target for youth: N/A • Target for people with disabilities: N/A
Spatial transformation (where applicable)	<ul style="list-style-type: none"> • Contribution to spatial transformation priorities: N/A • Spatial impact area: N/A
Calculation type	Cumulative (year-end).
Reporting cycle	Quarterly and annually.
Desired performance	To improve efficiencies in registration which may lead to the establishment of new SMMEs and job facilitation.
Indicator responsibility	Manager: Registrations.

Items	Guide
Indicator title	Number of investigations conducted on credit providers relating to reckless lending.
Definition	A measuring tool relating to investigations conducted on credit providers pertaining to reckless lending.
Source of data	<ul style="list-style-type: none"> • Compliance monitoring reports • Investigation reports • Audit reports • Complaints evaluation reports
Method of calculation	Quantitative (Simple count of total number of investigations conducted).
Means of verification	<ul style="list-style-type: none"> • Investigation reports • Compliance monitoring reports • Audit reports • Complaints evaluation reports
Assumptions	Cooperation from consumers and registrants; and consumer interest to lodge complaints.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: N/A • Target for youth: N/A • Target for people with disabilities: N/A
Spatial transformation (where applicable)	<ul style="list-style-type: none"> • Contribution to spatial transformation priorities: N/A • Spatial impact area: N/A
Calculation type	Cumulative (year-end).
Reporting cycle	Quarterly and annually.
Desired performance	Improved compliance with the NCA and its regulations by credit providers.
Indicator responsibility	Managers: Investigations and Enforcement, Complaints and Credit Provider Compliance.

Items	Guide
Indicator title	Enforcement action taken by the end of the financial year on a percentage (%) of investigations which identified non-compliance relating to reckless lending by credit providers.
Definition	A measuring tool relating to enforcement action taken against credit providers for non-compliance relating to reckless lending.
Source of data	Enforcement tools (Issued compliance notices/Instructional letters/ referrals to the NCT and Courts; and Settlements).
Method of calculation or assessment	Quantitative $\frac{\text{Total number of enforcement actions taken}}{\text{Total number of investigations which identified non-compliance relating to reckless lending}} \times 100$ = Total percentage (%) of enforcement actions taken.
Means of verification	Enforcement tools (Issued compliance notices/Instructional letters/ referrals to the NCT and Courts; Settlements; letter from registrants confirming corrections of non-compliances).
Assumptions	There will be sufficient and efficient resources.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: N/A • Target for youth: N/A • Target for people with disabilities: N/A
Spatial transformation (where applicable)	<ul style="list-style-type: none"> • Contribution to spatial transformation priorities: N/A • Spatial impact area: N/A
Calculation type	Cumulative (year-end).
Reporting cycle	Annually
Desired performance	Improved compliance with the NCA, consumer protection and redress.
Indicator responsibility	Managers: Investigations and Enforcement, Complaints and Credit Provider Compliance.

Items	Guide
Indicator title	Number of investigations conducted on debt counsellors relating to compliance with the NCA.
Definition	A measuring tool relating to investigations conducted on debt counsellors compliance with the NCA.
Source of data	<ul style="list-style-type: none"> • Compliance monitoring reports • Investigation reports • Complaints evaluation reports
Method of calculation	Quantitative (Simple count of total number of investigations conducted).
Means of verification	<ul style="list-style-type: none"> • Investigation reports • Compliance monitoring reports • Complaints evaluation reports
Assumptions	Cooperation from consumers and registrants; and consumer interest to lodge complaints.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: N/A • Target for youth: N/A • Target for people with disabilities: N/A
Spatial transformation (where applicable)	<ul style="list-style-type: none"> • Contribution to spatial transformation priorities: N/A • Spatial impact area: N/A
Calculation type	Cumulative (year-end).
Reporting cycle	Quarterly and annually.
Desired performance	Improved compliance with the NCA and its regulations by debt counsellors.
Indicator responsibility	Managers: Investigations and Enforcement, Complaints and Debt Counselling.

Items	Guide
Indicator title	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.
Definition	A measuring tool relating to enforcement action taken against debt counsellors for non-compliance relating to debt counselling.
Source of data	Enforcement tools (Issued compliance notices/Instructional letters/ referrals to the NCT and Courts/ Settlement agreements).
Method of calculation or assessment	Quantitative $\frac{\text{Total number of enforcement actions taken}}{\text{Total number of investigations which identified non-compliance relating to debt counselling}} \times 100$ = Total percentage (%) of enforcement actions taken.
Means of verification	Enforcement tools (Issued compliance notices/Instructional letters/ referrals to the NCT and Courts).
Assumptions	There will be sufficient, efficient resources and cooperation from debt counsellors.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: N/A • Target for youth: N/A • Target for people with disabilities: N/A
Spatial transformation (where applicable)	<ul style="list-style-type: none"> • Contribution to spatial transformation priorities: N/A • Spatial impact area: N/A
Calculation type	Cumulative (year-end).
Reporting cycle	Annually
Desired performance	Improved compliance with the NCA, consumer protection and redress.
Indicator responsibility	Managers: Investigations and Enforcement, Complaints and Debt Counselling.

Items	Guide
Indicator title	Number of investigations conducted on hosting credit bureaus in respect of the removal of record of debt adjustment/judgements, automatic removal of consumer adverse information and paid up judgments.
Definition	A measuring tool relating to investigations conducted on credit bureaus.
Source of data	<ul style="list-style-type: none"> • Compliance monitoring reports • Investigation reports • Audit reports • Complaints evaluation reports
Method of calculation or assessment	Quantitative (simple count of total number of investigations conducted).
Means of verification	<ul style="list-style-type: none"> • Compliance monitoring reports. • Investigation reports • Audit reports • Complaints evaluation reports (closure letters)
Assumptions	Co-operation and compliance by credit bureaus, credit providers and consumers.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: N/A • Target for youth: N/A • Target for people with disabilities: N/A
Spatial transformation (where applicable)	<ul style="list-style-type: none"> • Contribution to spatial transformation priorities: N/A • Spatial impact area: N/A
Calculation type	Cumulative (year-end).
Reporting cycle	Quarterly and Annually.
Desired performance	Improved compliance with the NCA by credit bureaus.
Indicator responsibility	Manager: Credit Bureau Compliance.

Items	Guide
Indicator title	Enforcement action taken by the end of the financial year on a percentage (%) of investigations which identified non-compliance by hosting credit bureaus.
Definition	A measuring tool relating to enforcement action taken against credit bureaus for noncompliance with the NCA.
Source of data	Enforcement tools (issued compliance notices/Instructional letters/ referrals to the NCT and Courts; and Settlements).
Method of calculation or assessment	Quantitative $\frac{\text{Total number of enforcement actions taken}}{\text{Total number of investigations which identified non-compliance with the NCA.}} \times 100$ = Total percentage (%) of enforcement action taken.
Means of verification	Enforcement tools (Issued compliance notices/Instructional letters/referrals to the NCT and Courts; Settlements; letter from registrants confirming corrections of non-compliances).
Assumptions	There will be sufficient and efficient resources.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: N/A • Target for youth: N/A • Target for people with disabilities: N/A
Spatial transformation (where applicable)	<ul style="list-style-type: none"> • Contribution to spatial transformation priorities: N/A • Spatial impact area: N/A
Calculation type	Cumulative (year-end).
Reporting cycle	Annually
Desired performance	Improved compliance with NCA.
Indicator responsibility	Manager: Credit Bureau Compliance.

Items	Guide
Indicator title	% of evaluated credit bureau annual compliance reports certified by an independent auditor for their previous financial year.
Definition	A measuring tool relating to the evaluation of credit bureau annual compliance reports certified by an independent auditor for their previous financial year.
Source of data	<ul style="list-style-type: none"> • Credit bureau annual compliance reports certified by an independent auditor for the previous financial year. • Evaluation reports
Method of calculation or assessment	$\frac{\text{Number of annual compliance reports evaluated}}{\text{Total number of annual compliance reports received}} \times 100$ = Total percentage (%) of evaluated annual compliance reports.
Means of verification	Evaluation reports.
Assumptions	Sufficient and efficient resources to evaluate the annual compliance reports.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: N/A • Target for youth: N/A • Target for people with disabilities: N/A
Spatial transformation (where applicable)	<ul style="list-style-type: none"> • Contribution to spatial transformation priorities: N/A • Spatial impact area: N/A
Calculation type	Cumulative (year-to-date).
Reporting cycle	Quarterly and Annually.
Desired performance	Improved compliance with NCA.
Indicator responsibility	Manager: Credit Bureau Compliance.

Items	Guide
Indicator title	Enforcement action taken 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.
Definition	A measuring tool relating to enforcement action taken on 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.
Source of data	Enforcement tools (Issued compliance notices/Instructional letters/ referrals to the NCT and Courts; and Settlements).
Method of calculation or assessment	<p>Number of enforcement actions taken</p> $\frac{\text{Number of enforcement actions taken}}{\text{Total number of credit bureaus which were found to be non-compliant}} \times 100$ <p>= Total percentage (%) of enforcement action taken.</p>
Means of verification	Enforcement tools (Issued compliance notices/Instructional letters/ referrals to the NCT and Courts; Settlements and letter from registrants confirming corrections of non-compliances).
Assumptions	Sufficient and efficient resources to evaluate the annual compliance reports.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: N/A • Target for youth: N/A • Target for people with disabilities: N/A
Spatial transformation (where applicable)	<ul style="list-style-type: none"> • Contribution to spatial transformation priorities: N/A • Spatial impact area: N/A
Calculation type	Cumulative (year-end).
Reporting cycle	Annually
Desired performance	Improved compliance with NCA.
Indicator responsibility	Manager: Credit Bureau Compliance.

Items	Guide
Indicator title	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.
Definition	A measuring tool for the impact of enforcement action taken.
Source of data	Judgements, Letters of undertakings, Settlement orders, Consent orders, Dockets or charge sheets.
Method of calculation or assessment	Qualitative
Means of verification	Judgements, Letters of undertakings, Settlement orders, Consent orders, Dockets or charge sheets. Compliance Certificates. Written proof of refunds, audit reports evidencing corrective measures implemented.
Assumptions	Sufficient and efficient resources. Enforcement action has been taken.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: N/A • Target for youth: N/A • Target for people with disabilities: N/A
Spatial transformation (where applicable)	<ul style="list-style-type: none"> • Contribution to spatial transformation priorities: N/A • Spatial impact area: N/A
Calculation type	Cumulative (year-to-date)
Reporting cycle	Quarterly and annually
Desired performance	Improved compliance with NCA
Indicator responsibility	Manager: Investigation and Enforcement

Annexure B: Budget Allocation

The following table provides a summary of the NCR's projected financial plan for the five-year period.

	Year 2023-24	Year 2024-25	Year 2025-26	Year 2026-27	Year 2027-28
Operational expenditure					
Personnel Cost	R87 531 000	R91 426 000	R91 426 000	R95 997 300	R100 797 165
Administration Cost	R24 297 589	R25 377 936	R30 993 461	R32 194 076	R33 159 897
Professional/Programme Cost	R18 882 465	R19 730 056	R22 708 750	R23 844 187	R24 559 513
Total operational expenditure	R130 711 054	R136 533 992	R145 128 211	R152 035 563	R158 516 575
Capital Expenditional					
Fixed assests	R10 940 000	R11 419 950	R11 930 798	R11 624 890	R10 808 860
ICT operational system	R0	R0	R0	R0	R0
Total capital expenditure	R10 940 000	R11 419 950	R11 930 798	R11 624 890	R10 808 860
Total expenditure	R141 651 054	R147 953 942	R157 059 008	R163 660 453	R169 325 435
Income					
Fees from registrants	R51 545 000	R53 804 000	R58 682 000	R61 036 001	R63 930 935
Transfers from the DTI	R84 060 000	R87 835 000	R91 770 008	R95 881 304	R98 492 596
Interest	R2 780 222	R2 903 942	R3 039 000	R3 175 147	R3 333 905
Other income	R3 265 832	R3 411 000	R3 568 000	R3 568 000	R3 568 000
Total income	R141 651 054	R147 953 942	R157 059 008	R163 660 453	R169 325 435



NCR

National Credit Regulator

Company Contact:

127 - 15th Road Randjespark Midrand

NCR Reception: 011 554 2700

NCR Call Centre: 0860 627 627 / 0860 NCR NCR

If you wish to lodge a complaint or an enquiry,
please send your email to complaints@ncr.org.za

www.ncr.org.za