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Note: The value of and growth in outstanding credit balances, especially unsecured credit, were affected by the inclusion of data related to African Bank as from April 2016. As a result, year-on-year growth in household credit balances and some of its unsecured components were distorted for a 12-month period from April 2016 to March 2017.

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Credit and mortgage advances

29 March 2018

Continued low household credit and mortgage balances growth

Growth in the value of outstanding credit balances in the South African household sector (R1 560,1 billion at the end of February 2018) was recorded at 3,9% year-on-year (y/y) over the 12-month period. Year-on-year growth in secured credit balances was marginally lower at end-February, whereas growth in unsecured credit balances was up by around one percentage point compared with that of end-January.

Household secured credit balances, consisting of mortgage and instalment sales balances, showed growth of 3,8% y/y to R1 194,2 billion (76,5% of total household secured credit balances) up to the end of February this year. Mortgage balances growth was on a year-on-year basis somewhat lower at end-February (see below), whereas growth in instalment sales balances was higher at 6% y/y from 5,4% y/y at end-January.

Household unsecured credit balances (R366,9 billion and 23,5% of total household credit balances) increased by 4,1% y/y up to end-February (3% y/y up to end-January 2017). General loans and advances balances (mainly consisting of personal loans and micro finance and with a share of 58,2% in unsecured balances), increased by 4,4% y/y to R213,1 billion up to the end of February (3,3% y/y at end-January).

The value of outstanding private sector mortgage balances (R1 361,1 billion and 38,9% of total private sector credit balances of R3 500,6 billion), which includes both corporate and household mortgage balances, showed growth of 4,7% y/y up to the end of February (4,6% at the end of January). Corporate mortgage balances (R428 billion and 31,6% of total private sector mortgage balances) increased by 7,8% y/y up to February (7% y/y at end-January). Growth in outstanding household mortgage balances (R929,9 billion, with a share of 77,9% in total household secured credit balances and 68,3% in total private sector mortgage balances) was recorded at 3,3% y/y up to end-February (3,5% y/y at end-January). The value of outstanding mortgage balances is the net result of all property transactions related to mortgage loans, including additional capital amounts paid into mortgage accounts and extra monthly payments above normal mortgage repayments.

Prime lending and variable mortgage interest rates were lowered by 25 basis points to 10% per annum as from 29 March 2018 after the South African Reserve Bank's Monetary Policy Committee cut the repo rate to 6,5% per annum from 6,75% per annum at their meeting on 28 March. Although the lower lending rates will bring some financial relief to indebted consumers, growth in household credit balances, including mortgage balances, is forecast to remain well in single-digits in the rest of the year.

Credit and mortgage balances¹

Period	Private sector credit balances ²		Household credit balances			Total mortgage balances ³		Household mortgage balances			
	R billion	y/y % change	R billion	y/y % change	% of private sector credit balances	R billion	y/y % change	R billion	y/y % change	% of total mortgage balances	% of total household credit balances
Mar 2017	3 331.0	5.0	1 505.4	0.7	45.2	1 305.0	4.6	901.9	3.0	69.1	59.9
Apr 2017	3 324.2	5.9	1 505.2	2.9	45.3	1 305.5	4.3	902.3	3.1	69.1	59.9
May 2017	3 351.6	6.7	1 509.9	2.9	45.1	1 312.6	4.6	905.5	3.1	69.0	60.0
Jun 2017	3 348.4	6.2	1 512.0	2.9	45.2	1 316.2	4.5	907.4	3.1	68.9	60.0
Jul 2017	3 353.4	5.7	1 514.8	3.3	45.2	1 322.4	4.7	910.3	3.0	68.8	60.1
Aug 2017	3 366.2	6.0	1 520.2	3.4	45.2	1 328.0	4.7	913.1	3.1	68.8	60.1
Sep 2017	3 399.8	5.5	1 522.6	3.3	44.8	1 334.3	4.4	914.2	3.0	68.5	60.0
Oct 2017	3 394.5	5.4	1 529.9	3.5	45.1	1 340.2	4.3	918.9	3.3	68.6	60.1
Nov 2017	3 432.5	6.5	1 538.4	3.8	44.8	1 346.6	4.4	922.4	3.6	68.5	60.0
Dec 2017	3 471.0	6.7	1 542.8	3.8	44.4	1 348.1	4.2	923.2	3.5	68.5	59.8
Jan 2018	3 457.2	5.5	1 548.9	3.7	44.8	1 353.0	4.6	925.1	3.5	68.4	59.7
Feb 2018	3 500.6	5.7	1 560.1	3.9	44.6	1 361.1	4.7	929.9	3.3	68.3	59.6

¹End of period

²Comprising corporate and household credit

³Comprising commercial and residential mortgages

Source: SARB



