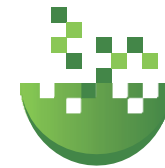


DATA GOVERNANCE FRAMEWORKS FOR EFFECTIVE
CREDIT & RISK MANAGEMENT



SACRRA | CREDIT & RISK
REPORTING ASSOCIATION

19 August 2024

**MODELS OF CO-REGULATION:
Guiding Principles for Establishing an Industry Driven,
Trusted, Independent and Effective Data Sharing
Infrastructure & Regime**

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THE TEAM

A JOURNEY OF RECIPROcity



18 April
CCA's inaugural general meeting

CONSUMER CREDIT ASSOCIATION
MEMBERS ASSOCIATION
CCA logo designed and adopted

CCA and FTA purchase Furncredit House in a joint venture

Joint Bank Credit Bureau data is moved to selected credit bureaus

The National Loans Register (NLR) is established to record all micro loans as defined in the Usury Act. TransUnion and Experian appointed to host the database

Credit Information Ombud is established



21 June
CCA's name changes to Credit Providers Association (CPA)

CPA appointed as secretariat and data manager of the NLR database in support of the NLR Manco

CPA offices move to Bryanston



1 April
CCA takes up offices with the Furniture Traders Association (FTA)

Association of Micro Lenders is established

Micro Finance Regulatory Council (MFRC) established to regulate microlending activities

Reciprocity agreement reached between CCA and the MFRC on NLR data

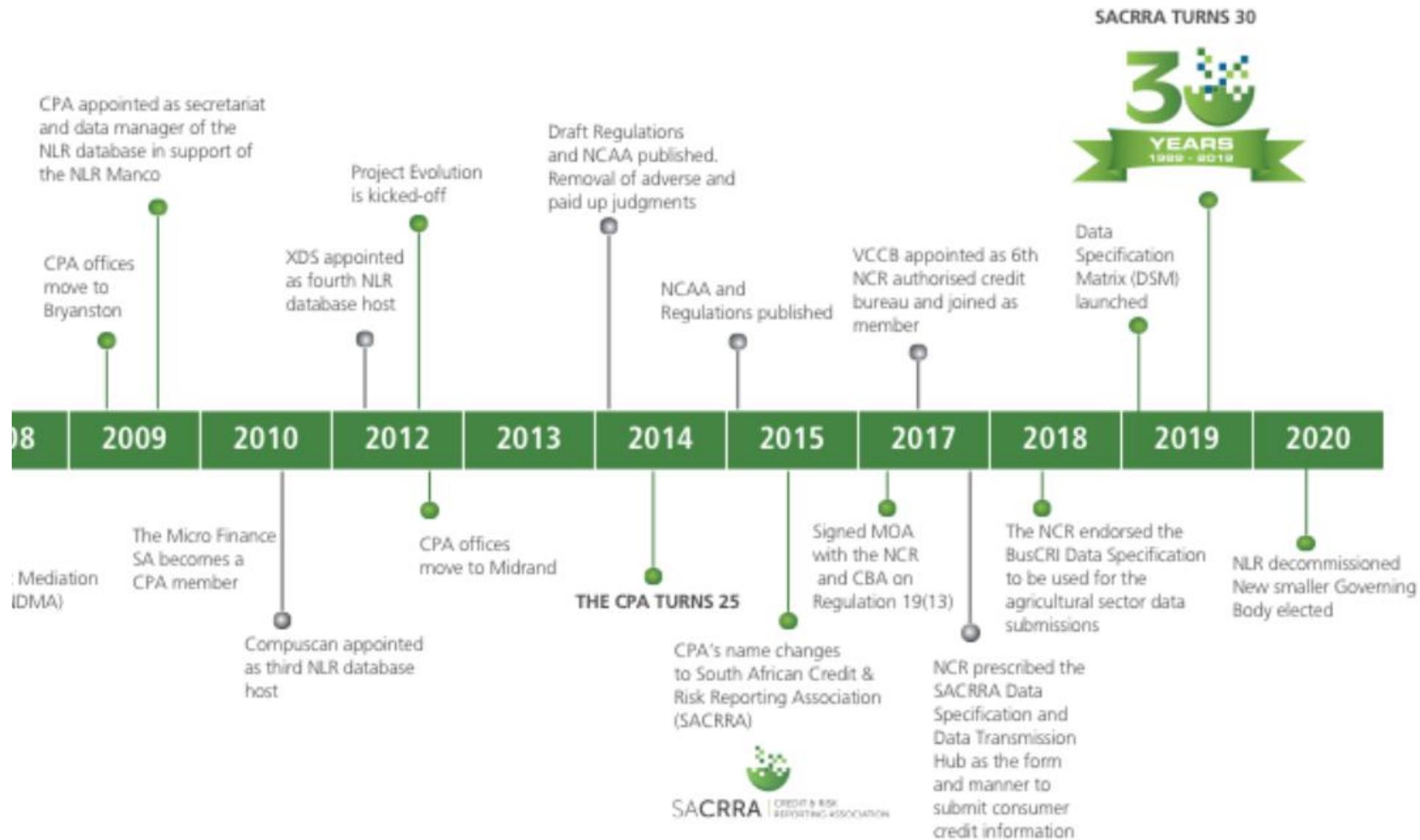
The National Credit Regulator (NCR) and the National Credit Act are instituted

National Debt Mediation Association (NDMA) is established

The Micro Finance SA becomes a CPA member

Com as the host


- CCA/CPA/SACRRA historical events
- Credit industry events



ABOUT SACRRA: POSITIVELY IMPACTING THE DATA SHARING ECOSYSTEM



SACRRA CREDIT & RISK REPORTING ASSOCIATION



SACRRA stands at the heart of the South African consumer information data sharing ecosystem, and we aim to become a catalyst in closing the current gap by facilitating the creation of a shared data pool of business credit and risk information



A not-for-profit voluntary industry organisation that plays a central role in SA's credit and risk data sharing ecosystem through a Memorandum of Agreement between SACRRA, the National Credit Regulator and Credit Bureau Association



Facilitating the sharing of consumers' credit and risk information for the past 35 years to the six NCR registered and authorised credit bureau members (Consumer Profile Bureau, Experian, ITC, TransUnion, VeriCred Credit Bureau and XDS) on the principle of reciprocity



Other SACRRA members include Telecommunication companies, insurers, debt buyers, subscription service providers, loan system providers, and analytical companies etc.



Fair and responsible credit and information sharing within the ambit of National Credit Act and Protection of Personal Information Act



Enable a monthly submission of ±58 million high quality and standardised records and ±4 million daily records via the Central Data Transmission Hub to credit bureaus – all according to legal requirements



VISION & MISSION

OUR VISION

Our vision is to champion a world-class data-sharing and reporting ecosystem, while our mission is to positively impact the data-sharing industry through innovation, training, support, advocacy, and responsible lending practices. We are committed to good governance and sustainable financial management.

OUR MISSION

Transform the Data Eco System: Expand SACRRA's role into business data sharing and play a strong advocacy role to shape and influence policy and practice

Deliver Value to Members: Become the industry benchmark for providing innovative systems, support and tools that enable timeous, compliant and quality data sharing and reporting

Create Awareness: Create an understanding of the data ecosystem and SACRRA's impact among consumers, regulators and other stakeholders

Attract and Retain Key Skills: Build a skilled and motivated team

Good Governance & Accountability: Ensure good governance, accountability and sustainable financial management

SACRRA's Organisational Values



Ecosystem-Centricity

Understanding and consideration that we operate in an ecosystem with members and stakeholders with common and sometimes competing needs but also value adding input



Reciprocity Focus

Recognising and acknowledging that we exist within a reciprocal ecosystem where collective sharing benefits and adds value to the members, consumers, and the country, surpassing the obligations required by law



Stakeholder Centricity

Be accessible and provide quality and timely service to the members and stakeholders



Accountability

Take ownership of own tasks and responsibilities, and contribution to achievement of organisational objectives



Integrity

Act with honesty, transparency, and a strong sense of personal and professional ethics



Continuous Learning

Embrace ongoing personal and professional development to effectively contribute to the Association and the broader ecosystem

MEMBERSHIP AS AT END JULY 2024



SACRRA CREDIT & RISK REPORTING ASSOCIATION

Full Members - 252

Registered credit providers or data providers that voluntarily submit data on a reciprocal basis

Hosting Members - 6

Registered Credit Bureaus who are primarily responsible for collecting, maintaining, storing and reporting credit and risk information



Affiliated-Led Group Members – 4 066 Individual Supplier Reference Numbers

Members who are managed by a Group Leader (currently 14 affiliated firms) who has a loan management system that represents at least 10 data contributors

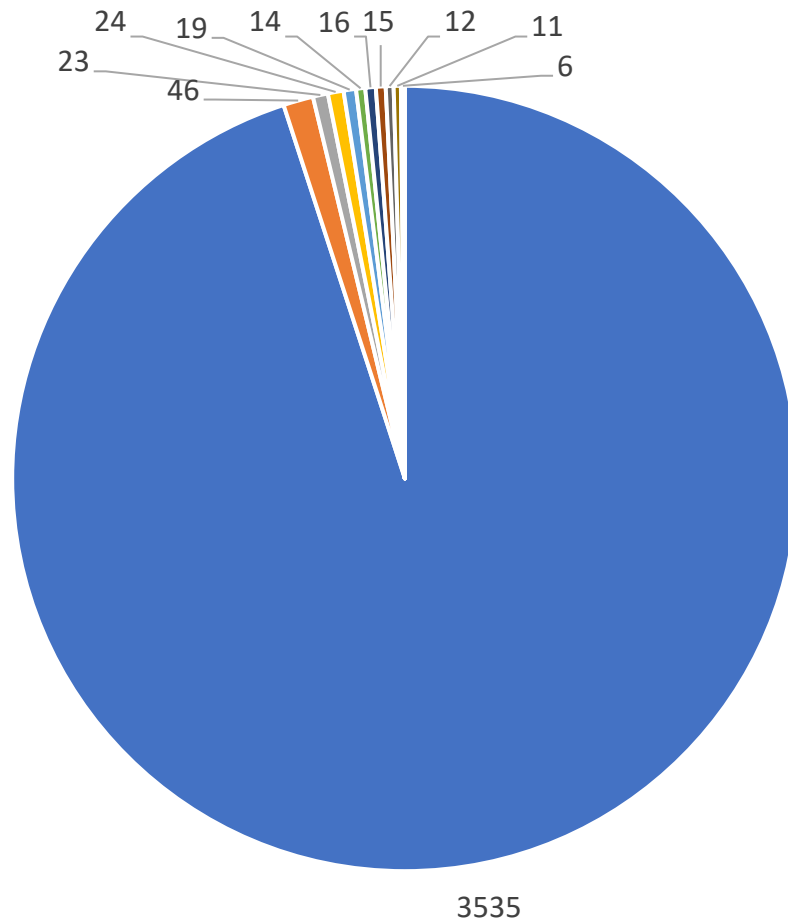
Affiliate Members - 25

Appointed by a Full Member to perform a specified service or task which may require credit and risk data or any data derived from consumer credit information (Analytical firms)

Network Associate Member - 1

Associated and/or collaborative entities, recognised organisations, collectives, forums or development institutions that represent a collective of its own members with shared interests, goals, or professional pursuits relevant to SACRRA's focus and objectives and/or have an interest in advancing economic development and private sector growth or initiatives of a similar nature

MEMBERSHIP BY SECTOR



- Unsecured Lenders
- Secured other Financial Institutions
- Banks
- Insurance
- Vehicle Finance
- Furniture Retail
- Other
- Debt Collectors & Purchasers
- Telecommunications
- Retail Apparel
- Subscription

SACRRA'S GOVERNING STRUCTURE



Governing Body composed of individuals **appointed on expertise in a field that will add value to SACRRA**



Fiduciary and strategic oversight responsibility



Unrepresentative of any specific sector or membership base, but **voted for by members**



Independent Chairperson

Charles Chemel



Data Lead

Sharief Allie



Finance & Audit Lead

Preshanta Govender



Stakeholder Relations Lead

Hendrik Heyns



Risk Lead

Louise le' Kay



Independent Member

Illana Melzer



Technology Lead

Josh Souchon

FACILITATING THE SHARING OF CREDIT AND RISK INFORMATION

SACRRA facilitates the sharing of various types of credit and risk information. This includes consumer credit information such as a person's credit history, financial history, education, employment, career, business history, and identity. SACRRA facilitates the filing of consumer credit information from data contributors in different industry sectors at the six primary credit bureaus' databases as authorised by the National Credit Regulator.

SACRRA provides the infrastructure and systems to ...

01 Develop and maintain the data specification which is a set of fields and complex rules used to ensure that all data contributors develop according to the agreed standards

01

02 Onboard new data contributors who wish to share and access data

02

03 Contract and maintain the central Data Transmission Hub which it co-owns with the Credit Bureau Association

03

04 Provide support and governance assurance to members to ensure data quality through the provision of standards, policies and tools

04

05 Assist the National Credit Regulator with assessing new Bureaus and new registrations for data submission and hosting readiness

05

06 Receive and resolve data queries by members

06

07 Provide member forums where data and industry issues are discussed

07

08 Enable data reporting and insights

08

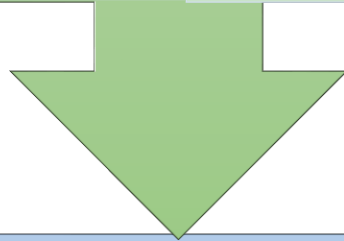
SACRRA

The SACRRA Data Sharing Environment



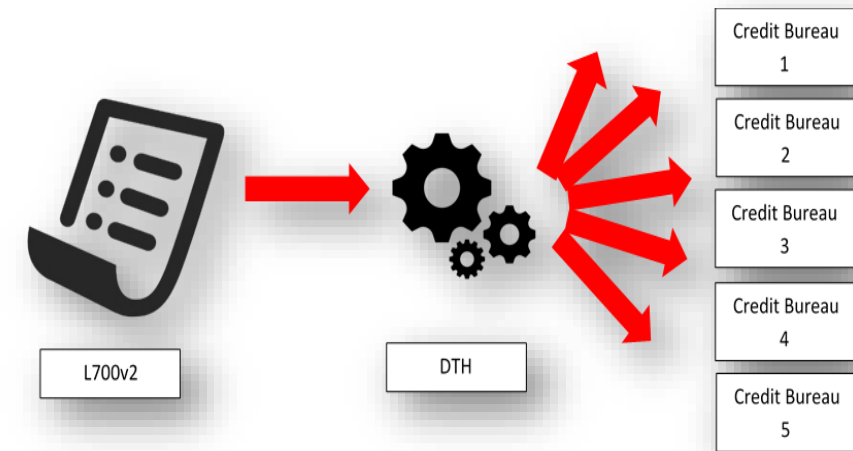
The SACRRA Data Specification / prescribed format (known as the L700v2):

Creates a platform for data contributors to extract data on all product types	Incorporates validation rules that ensure accurate and factually correct credit and risk information is reported to the credit bureaus	Platform for data contributors to be compliant with legislation	Consists of ±300 pages, 930+ validation rules, 56 fields (monthly file), 58 fields (daily file), ±20 Status Codes and 22 Account Types
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The SACRRA facilitates, manages and monitoring the data sharing environment to ensure that

all submissions are made and loaded within agreed timelines: ±54,6M number of records monthly	the quality of data submitted is acceptable according to agreed standards
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The SACRRA Office assists ...

... members and non-members on
the following phases of the process:

- Guidance to assist in the development towards the Data Specification for data extractions
- Undergoing the Data Transmission Hub activation process
- Review test reports on the data contributors' developments, and providing the relevant sign-offs
- Facilitates the submission of live data to the NCR approved credit bureaus
- Monitoring the quality of data loaded and reported on by the credit bureaus
- Reporting on data contributors' compliance in terms of the requirements to the NCR

OUR JOURNEY & IMPACT



SACRRA CREDIT & RISK REPORTING ASSOCIATION

SACRRA's proven track record and continuous achievements in the consumer data sharing space, positions us ideally to expand into business data sharing, delivering similar levels of excellence, efficiency, and value to our members and to the South Africa economy

Since 1989 SACRRA has been central in developing innovative systems, formats and policies to facilitate the sharing of credit and risk information in South Africa

Remarkable Data Handling Growth: Increasing from 43.5 million records per month in 2012 to a monthly average of 58 million as of Q1 2024

Twenty Account Types being submitted by banks, retailers, telecoms, insurers, debt buyers, vehicles financiers and others

Improved Data Quality and Reduced Rejection Rates: 0.6% - well below the maximum allowable rate of 2% and better than our internal target of 0.7% and 2% Regulator target

Significant Membership Growth: As a result of our inclusive approach, we have almost doubled our member count from 139 in 2011 to 289 in 2023 (3 729 inclusive of individual members via LMSVs)

Robust Financial Performance: SACRRA's revenue has risen significantly from R5.49 million in 2011 to R24.2 million in 2023

Memorandum of Agreement with the National Credit Regulator and Credit Bureau Association to enable the assessment, onboarding and support of data providers

CENTRAL DATA TRANSMISSION HUB

The DTH is an interface where credit and risk information is securely transmitted from data contributors (DC) to the NCR-authorized credit bureaus

The DTH is the only mechanism prescribed to submit credit information to the credit bureaus. All data contributors will thus, as part of the on-boarding process, need to link to the DTH for their data submissions



It is a data transmission portal that is hosted by a software service provider, BCX, in a secured environment that allows for the data files to be submitted in a simple once-off and convenient process

These files are then pushed from the DTH to the credit bureaus who will then decrypt the data and load it on their systems

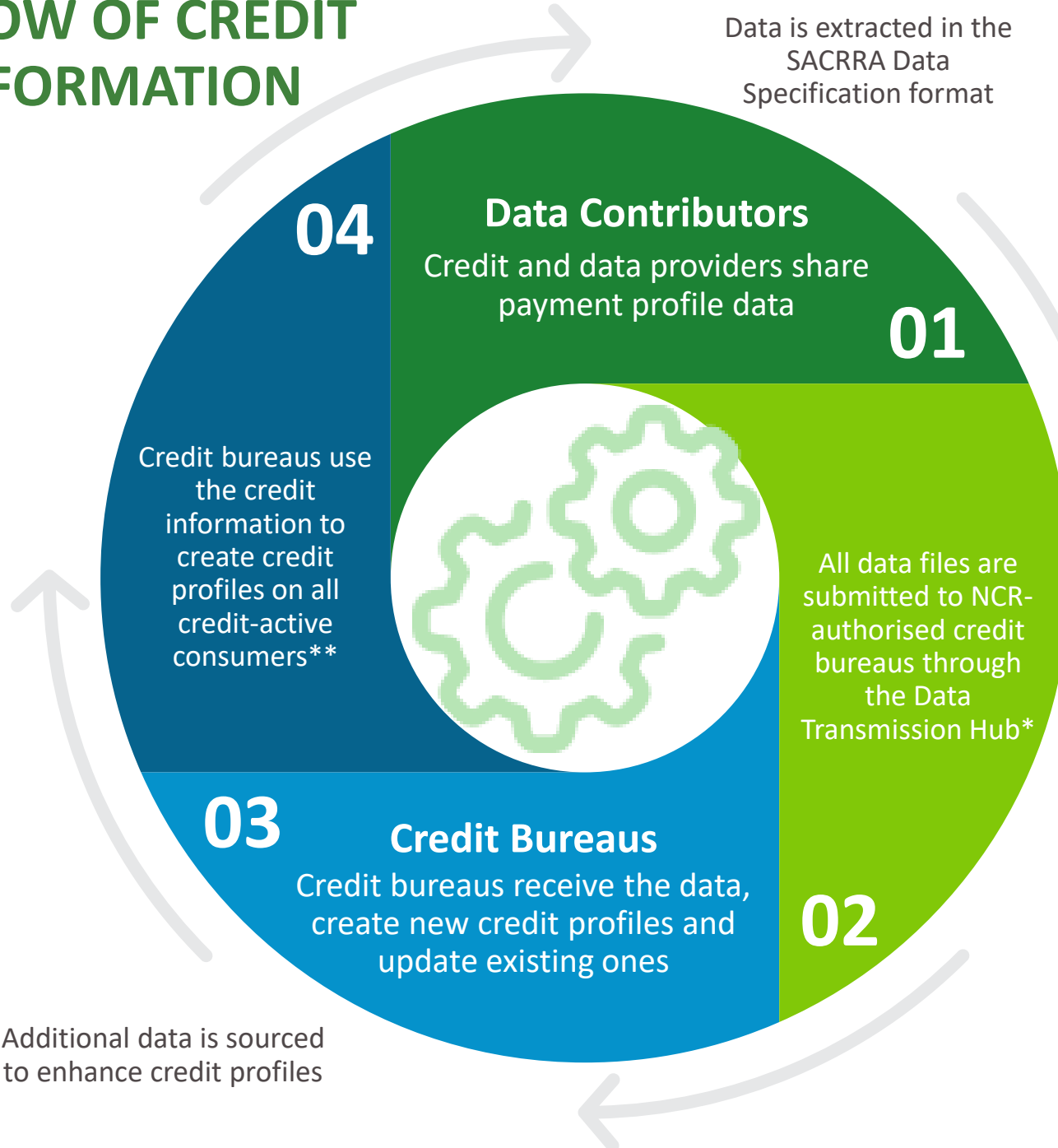
All files received through the DTH are encrypted and are not opened in the process to minimise the risk of data being intercepted

FLOW OF CREDIT INFORMATION



SACRRA CREDIT & RISK REPORTING ASSOCIATION

Data is extracted in the SACRRA Data Specification format



SACRRA facilitates and manages the data-sharing environment, ensuring timely and quality data submissions, stakeholder engagement and compliance protocols

* The files are not opened in the Data Transmission Hub, and SACRRA never has access, nor can view consumer data

** Credit bureaus make this available to credit and data providers to conduct affordability assessments and make credit and risk decisions on applications for credit, loans, accounts, products and/or services

DATA CONTRIBUTION BY SECTOR



Industry Classification	Member Count	SRN Count	Daily Records Received (Avg)	Monthly Records Received (Avg)
Retail Apparel	11	143	550,262	18,213,961
Secured Banks	23	145	731,993	17,108,287
Telecommunication	12	14	15,562	6,574,275
Unsecured	3,535	4,073	2,448,434	4,853,691
Other - Debt Collectors or Debt Purchasers	15	69	301,797	3,219,570
Insurance	24	30	0	3,039,886
Furniture Retail	14	22	56,408	1,602,553
Secured vehicle finance	20	30	27,448	1,097,865
Subscription	6	6	127	863,623
Other	23	31	18,820	348,725
Secured other financial institutions	46	71	30,393	312,214
Total	3,729	4,634	4,181,244	57,234,650

DATA BY ACCOUNT TYPE

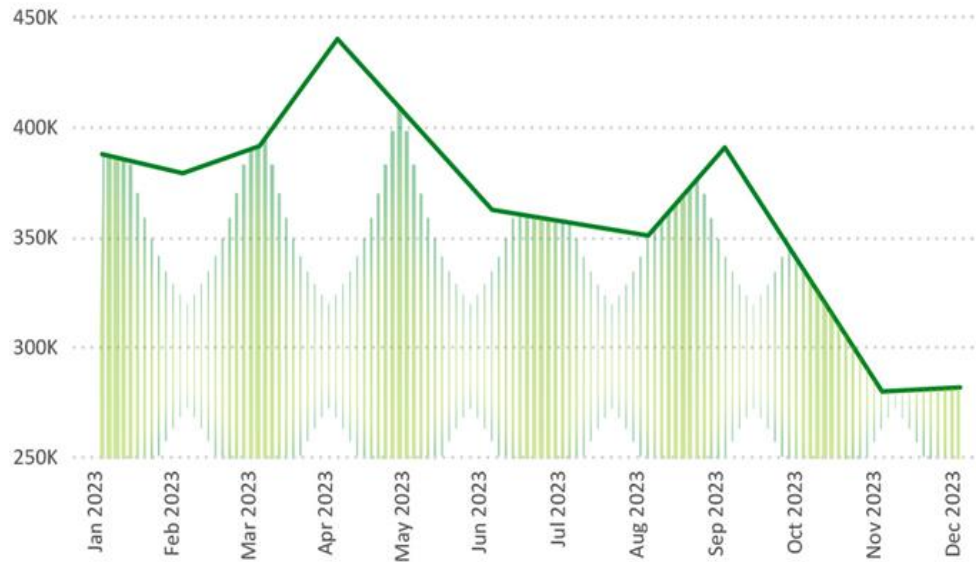


Account Type	Member Count	SRN Count	Daily Records Received (Avg)	Monthly Records Received (Avg)
R - Revolving Credit Store Cards	24	121	744,532	19,775,757
M - One-Month Personal Loan	3,266	3,666	2,726,566	7,921,727
F - Open Services	23	27	16,549	7,052,241
C - Credit Card	17	32	92,690	6,389,465
P - Personal Loan	393	474	356,092	3,164,846
S - Short Term Insurance	21	26	0	2,760,380
Y - Vehicle and Asset Finance	44	46	83,933	2,253,521
H - Home Loan	56	78	25,999	2,168,322
I - Instalment	47	64	75,090	2,089,189
Z - Revolving - Non Store Card	25	33	36,077	1,778,845
E - Single Credit Facility	4	7	4,068	518,268
D - Debt Recovery	1	4	6,288	439,364
B - Building Loan	8	9	8,759	407,958
L - Life Insurance	4	4	0	279,503
T - Student Loans	10	13	2,575	88,116
N - Secured Pension / Policy Backed Lending	15	15	1,372	82,868
W - Rental Asset	12	12	630	41,602
X - Rentals Property	1	1	0	13,383
O - Open / Limitless	1	1	26	9,291
V - Overdrafts	1	1	0	0
Total	3,729	4,634	4,181,244	57,234,650

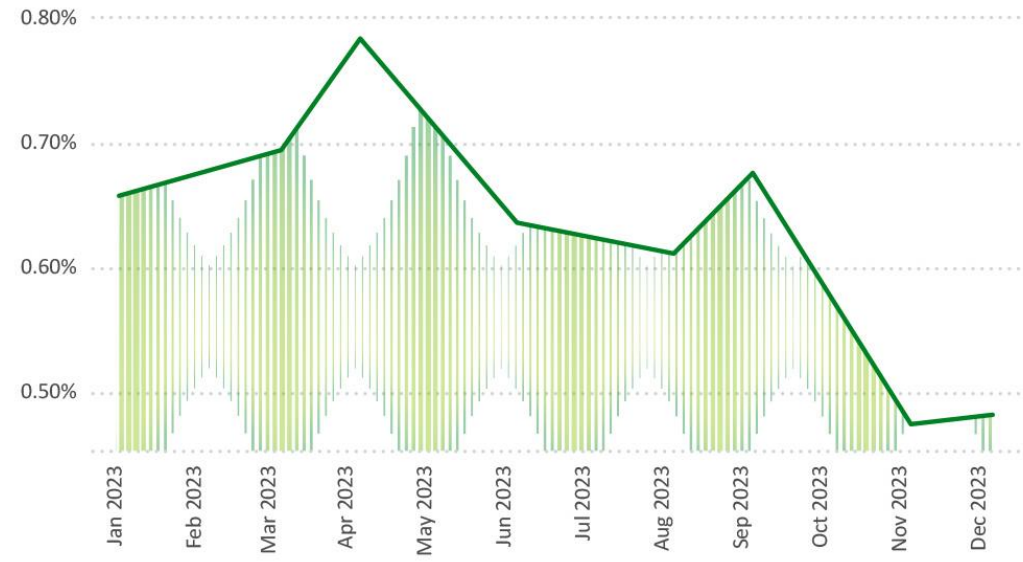
DATA QUALITY MONITORING

- Barring a spike in April, the rejection target of 0.7% was maintained, with rejection levels trending in a downward trajectory for the remainder of the year

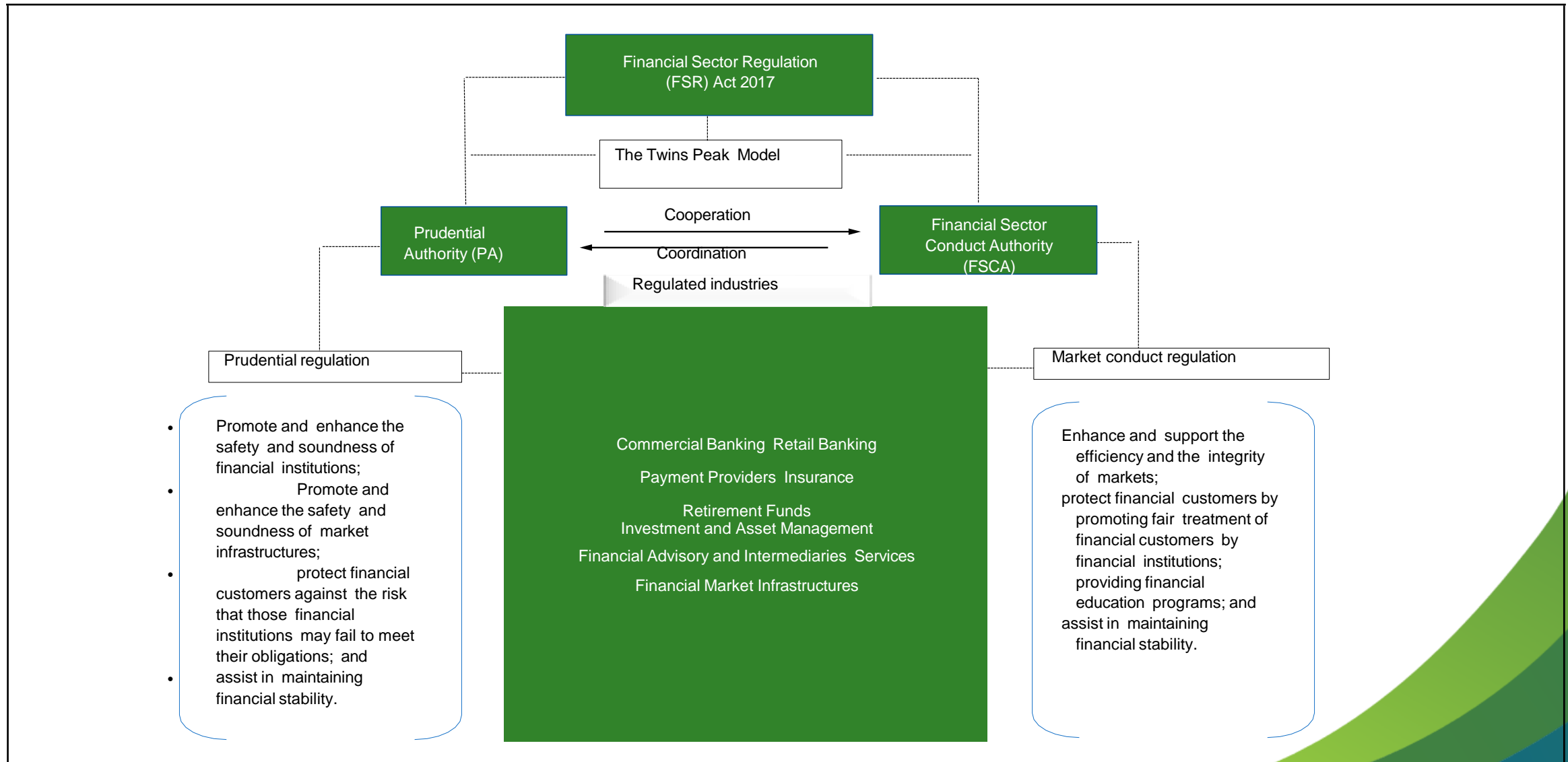
Average Number of Records Rejected



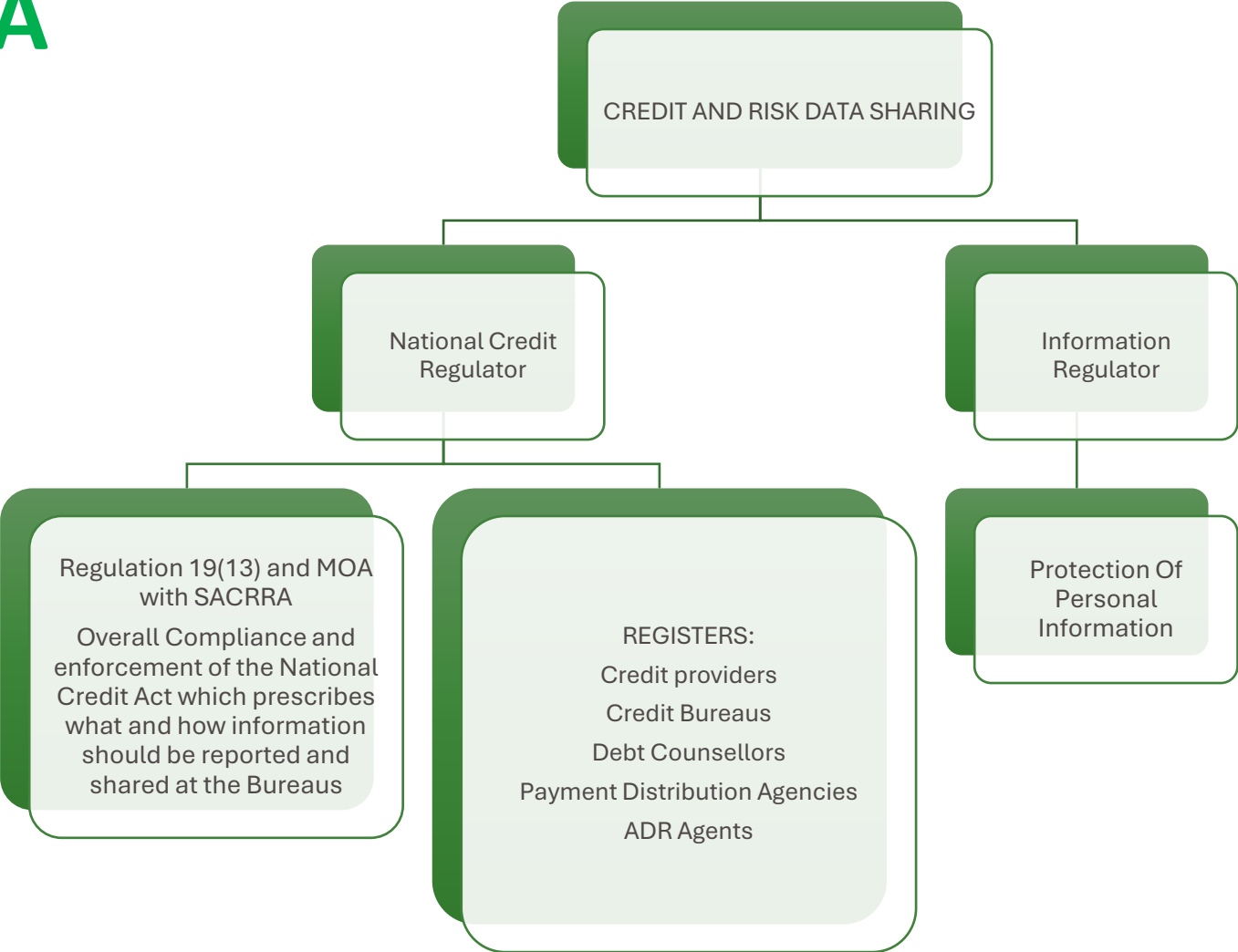
Average Percentage of Records Rejected



FINANCIAL SECTOR REGULATION



CREDIT & RISK DATA REGULATION IN SOUTH AFRICA



REGULATORY COOPERATION



SACRRA CREDIT & RISK
REPORTING ASSOCIATION

Memorandum of Agreement between the Credit Bureau Association, the National Credit Regulator and SACRRA

- A new MOA was concluded on 13 December 2023 replacing the initial one signed in 2017
- The tripartite MOA is of strategic importance as it ensures a sustainable data-sharing ecosystem as well as growing the data submission base for more robust credit and risk decisions.
- The NCR has issued two guidelines that prescribe the process to be followed and fees to be paid for the use of the SACRRA data sharing infrastructure and support
- The CBA and SACRRA's have reporting obligations to enable the NCR to monitor compliance with Regulation 19(13) and related guidelines
- The NCR, CBA and SACRRA have established a Steering Committee that meets on a quarterly basis to discuss the implementation of the MOA and Guidelines



MOA SACRRA/CBA MONITORING & REPORTING



SACRRA CREDIT & RISK REPORTING ASSOCIATION



SACRRA and CBA Reporting Obligations (Detailed in CBA Slides)



“The CBA shall provide monthly data reports to the NCR by the last working day of each month in respect of the most current month or quarter respectively, as received from the Credit Bureaux in accordance with Annexure C hereto, as may be amended by the Parties from time to time. These monthly data reports will be shared with the SACRRA, who shall provide its members with an opportunity to rectify any data issues, prior to these being raised with the NCR.”

CBA & SACRRA MOA UNDERTAKINGS



Key SACRRA/CBA undertakings



SACRRA is required to ensure that the terms of the MOA binds its members with respect to:

The use of the Data Transmission Hub for providing Consumer Credit Information to the Credit Bureaux

Compliance with guidelines by non-SACRRA members for use of the Data Transmission Hub, in terms of the take-on process

Payment of fees

Use of the data format(s) in which Consumer Credit Information will be submitted for the purposes of implementing the MOA

Overall compliance with Regulation 19(13), Guidelines and agreed industry standards



Key CBA undertakings

To the extent it is able to do so, **to assist SACRRA in the implementation of the MOA and to ensure that its members comply with its provisions**



SACRRA CREDIT & RISK
REPORTING ASSOCIATION

NCR SACRRA CBA STEERING COMMITTEE

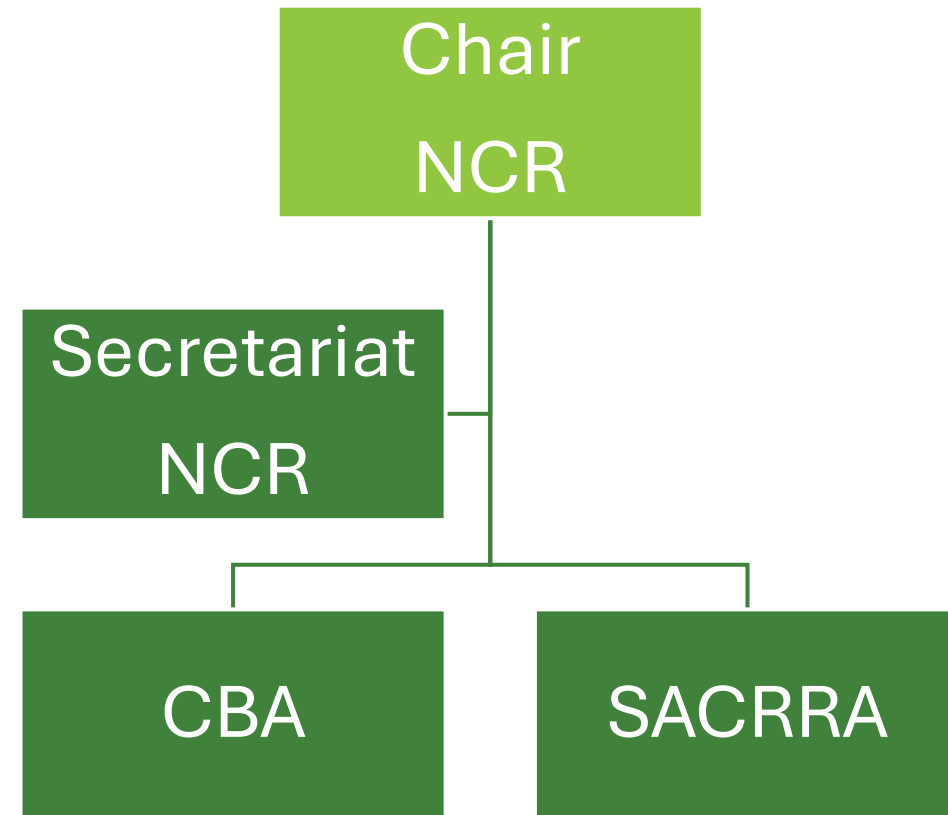
Purpose:

The Committee has been established to identify and, where practicable, address industry wide and individual data issues at both a strategic and an operational level, which issues once agreed by the NCR, and where appropriate, will be prescribed by the NCR to the industry by way of Circulars, Guidelines, and Directives.

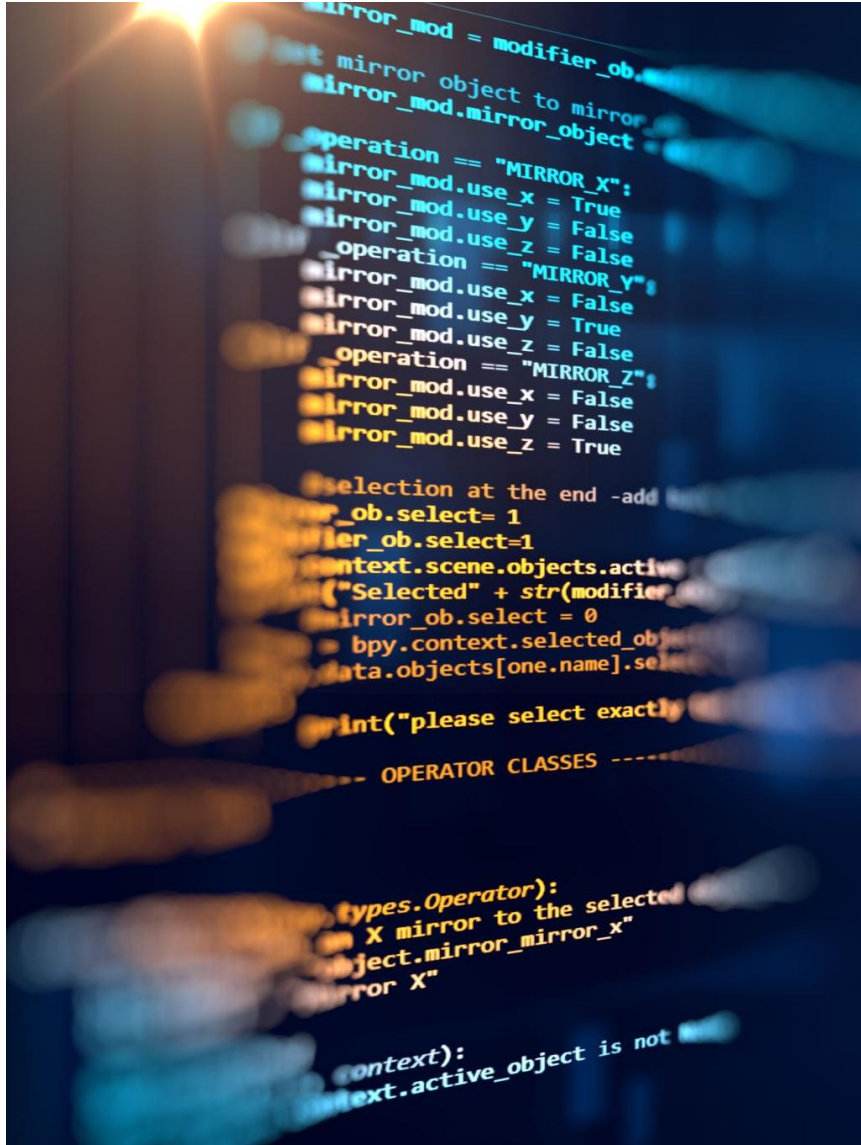
COMPOSITION OF THE COMMITTEE

The Committee will be chaired by the Committee chairperson. The Committee chairperson will be appointed by the NCR

- Each Party shall be entitled to nominate 2-4 committee members to attend the Committee meetings
- One Committee member from each Party or an alternate shall be nominated to vote at the meeting



MANDATE OF THE STEERING COMMITTEE



Implement the MOA in as far as the following is concerned:

1. the submission of consumer credit information by credit and data providers;
2. the quality of such data submissions;
3. the requirements and obligations in terms of data formats and standards for data submissions by data- and credit providers;
4. the issues related to non-payment for services delivered under the terms of the MOA;
5. any matters which affect the execution and effectiveness of the MOA;
6. the use, functioning and maintenance of the Data Transmission Hub as required within the MOA;
7. legal issues related to the submission, hosting and maintenance of credit and risk data reported under the terms of the MOA, and any law affecting credit information and its reporting and/or use;
8. the reporting requirements agreed under the MOA; and
9. any other topic tabled by an MOA Steerco member for discussion and consideration by the MOA Steerco.



FUNCTIONS OF THE MOA STEERCO



SACRRA CREDIT & RISK
REPORTING ASSOCIATION

**May
deliberate on
the issues
giving rise to
its formation
and to make
appropriate
decisions to
address such
issues, *inter
alia*:**

- review periodic reports supplied to the NCR by the CBA and/or SACRRA and the credit bureaus with a view to establishing the levels of inconsistency in the reporting of credit and data providers' data submissions by the credit bureaus;
- monitor the take-on of newly registered credit and data providers with the view to bringing to the attention of the NCR their compliance, or lack thereof, to the legislative requirements of data sharing in terms of the NCA;
- identify non-conformance to any NCR Circular, Directive, or Guideline relating to data and the accessing of data, which gives effect to the requirements of the MOA; and
- review processes relevant to the due implementation and maintenance of the MOA.

CONSEQUENCES OF NON-COMPLIANCE



monitor and enforce the submission and updating of Consumer Credit Information by Credit Providers and Data Providers to the Credit Bureaux;

issue any guidelines and public notices as may be necessary to give effect to the MOA;

provide for enforcement action in respect of any entities who do not comply with the provisions of this Agreement, the Guidelines issued in terms of Regulation 19 (13) and any other applicable legislation or guidelines, after due engagement in respect thereof; and

issue instruction for the restriction of access to Payment Profile Information held by Credit Bureaux by Data Providers who do not submit the required data to Credit Bureaux in the prescribed Data Format.



REGULATORY REQUIREMENTS FOR DATA SHARING



NCA Regulation 19(13) Data Submission Requirements

4. Timeframes for reporting credit information

A credit provider must report credit information to the credit bureaux in the following manner and timeframes:

- 4.1 The details of all new credit agreements entered into with consumers within 48 (forty-eight) hours of the credit agreements being concluded;
- 4.2 The details of all closed, terminated, rescinded or settled credit agreements within 48 (forty-eight) hours of the credit agreements being closed, terminated or settled;
- 4.3 The monthly payment profile information of consumers within 5 (five) business days of the agreed billing cycle;
- 4.4 Subject to the provisions of Regulation 19 (4) and Regulation 19 (7), the adverse classifications of consumer behaviour and adverse classifications of enforcement actions on a monthly basis; and
- 4.5 The settlement of all adverse information as set out in S71A (1) (a) to (c) of the Act within seven (7) days of settlement by the consumer of such adverse information.

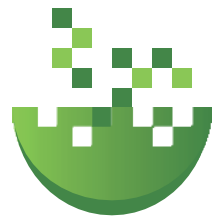


NCA Regulation 19(13) Data Submission Requirements

TIMEFRAMES FOR REPORTING PAID-UP JUDGMENTS

The settlement of all judgment debts as set out in S71A (1)(d) of the Act within seven (7) days of settlement by the consumer of such judgment debt, in such manner and form as may be prescribed by the National Credit Regulator.

Guideline 4(1) to 4(5), and 5 read with the changes required by law or context, apply to the reporting of credit information to credit bureaux by all data providers.



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THANK YOU!

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