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Explanatory 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 2019

Stable growth household credit and mortgage balances

The value of outstanding credit balances in the South African household sector increased by 5,9% year-on-year (y/y) to R1 653,3 billion up to the end of February 2019 (3,9% y/y at end-February 2018), with growth in total credit balances as well as secured and unsecured credit balances remaining unchanged from end-January.

Household secured credit balances (R1 251,8 billion and 75,7% of total household credit balances), which includes mortgage, leasing and instalment sales balances, showed growth of 4,8% y/y up to end-February. Mortgage balances growth was unchanged up to the end of February (see below), whereas growth in instalment sales balances (R282 billion and 22,5% of total household secured credit balances) came to 7,5% y/y at end-February (7,7% y/y at end-January).

Growth in household unsecured credit balances (R401,5 billion and 24,3% of total household credit balances) was 9,6% y/y at end-February. General loans and advances growth was unchanged at 10,7% y/y compared with end-January, with credit card balances rising by 8,9% y/y and overdraft balances increasing by 6,1% y/y.

Outstanding private sector mortgage balances (R1 424,1 billion and 38,4% of total private sector credit balances of R3 712,6 billion), which include both corporate and household mortgage balances, increased by 4,6% y/y up to end-February, unchanged from end-January. Growth in the value of outstanding household mortgage balances (R968,1 billion and 77,3% of total household secured credit balances and 68% of total private sector mortgage balances) came to 4,1% y/y at end-February, also unchanged from 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.

The Reserve Bank's Monetary Policy Committee kept the key monetary policy interest rate – the repo rate – unchanged at 6,75% per annum at the March meeting, with commercial bank's prime lending and variable mortgage interest rates remaining stable at 10,25% per annum. The forecast is for interest rates to be raised by 25 basis points later in the year to keep inflation under control. Macroeconomic factors and trends in household finances, consumer confidence and banks' risk appetites and lending criteria will be the main drivers of the demand for and growth in household credit, including mortgage advances. Against this background, credit balances growth is expected to remain much in line with recent trends.

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 2018	3 530.5	6.0	1 564.6	3.9	44.3	1 364.6	4.6	929.9	3.1	68.1	59.4
Apr 2018	3 493.2	5.1	1 566.8	4.1	44.9	1 368.7	4.8	932.1	3.3	68.1	59.5
May 2018	3 503.9	4.5	1 574.0	4.2	44.9	1 374.4	4.7	935.5	3.3	68.1	59.4
Jun 2018	3 538.5	5.7	1 579.8	4.5	44.6	1 379.0	4.8	939.7	3.6	68.1	59.5
Jul 2018	3 533.8	5.4	1 587.5	4.8	44.9	1 384.8	4.7	944.2	3.7	68.2	59.5
Aug 2018	3 593.0	6.7	1 593.2	4.8	44.3	1 385.9	4.4	946.7	3.7	68.3	59.4
Sep 2018	3 613.3	6.3	1 599.9	5.1	44.3	1 393.1	4.4	949.6	3.9	68.2	59.4
Oct 2018	3 592.0	5.8	1 610.2	5.2	44.8	1 398.6	4.4	953.4	3.8	68.2	59.2
Nov 2018	3 623.3	5.6	1 623.2	5.5	44.8	1 407.4	4.5	958.8	3.9	68.1	59.1
Dec 2018	3 647.4	5.1	1 630.3	5.7	44.7	1 411.7	4.7	960.0	4.0	68.0	58.9
Jan 2019	3 683.5	6.5	1 641.5	5.9	44.6	1 414.8	4.6	962.6	4.1	68.0	58.6
Feb 2019	3 712.6	6.0	1 653.3	5.9	44.5	1 424.1	4.6	968.1	4.1	68.0	58.6

¹End of period

²Comprising corporate and household credit

³Comprising commercial and residential mortgages

Source: SARB





