



Debt Index | Q3 2025

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Overview - Benay Sager, Executive Head of DebtBusters

In Q3 2025, consumers continued to be proactive in managing their credit, albeit interest in debt counselling was a bit muted compared to previous years. We believe the financial relief of successive interest rate reductions has helped consumers with their finances; however, vehicle debt continues to put pressure on individuals. Overall, **there was increased demand from consumers for debt management, with online debt management subscriptions up by 47% compared to the same period last year**. We anticipate increased demand for the rest of 2025 as the above factors continue to play out against a set of regulatory price increases, such as electricity and municipal rates.

While consumers' financial confidence may have improved in 2025, income growth is still significantly behind expense growth: since 2016, electricity tariffs have increased by 165%, the petrol price by 80%, and inflation's (CPI) compounded impact is 51%. As a result, it is perhaps not surprising that consumers who applied for debt counselling in Q3 2025 needed 70% of their take-home pay to service their debt. 95% of these consumers had a personal loan – a new record. A further 57% of consumers had a one-month (payday) loan – another record – indicating that consumers continue to supplement their income with short-term unsecured credit, and personal loans, especially one-month loans, have become a lifeline for many. Compared to 2016 cohorts, those consumers who applied for debt counselling in Q3 2025 had:

- **48% less purchasing power:** Nominal net income for the incoming cohort was 3% higher than the 2016 level, however when cumulative inflation (CPI) growth of 51% is factored in for the same nine-year period, incoming consumers' purchasing power was 48% less than 2016 cohorts. Those taking home R35k or more p.m. had better news: the nominal incomes for this band have increased by 10% since 2016 – the first such significant increase for a long time. While the inflation impact has subsided, on average, consumers are taking home 48% less today in real terms than they did in 2016.
- **High debt service burden with 70% of net incomes going towards paying debt:** Consumers need to spend around 70% of their take-home pay to service their debt before entering debt counselling, which is up sharply compared to the last several quarters and **is the highest recorded level since 2017**. Those taking home R35k or more p.m. need to use 78% of their income towards debt repayments, and their total debt to annual net income ratio is 189% - a record high. Those taking home R5k or less p.m., who are our most vulnerable group, need to use 92% of their income towards debt repayments. **These ratios are at their highest-ever levels.**
- **To spend ~20% of their disposable income (after debt repayments) on utilities and transport:** Most income bands have had to use ~20% of their disposable income (after debt repayments) to pay for electricity, water, rates, and transport. In addition, because of food inflation, **those taking home R10k-R20k p.m., the backbone of our economy, had to spend more than 34% of their disposable income on food**, leaving little room for insurance and assurance expenditure.
- **Unsustainably high levels of unsecured debt for top earners:** Unsecured debt levels were on average 32% higher than 2016 levels. While this is lower than inflation (CPI) growth, it needs to be viewed in the context of disposable income. **For those taking home R35k or more, unsecured debt levels were 61% higher.** In the context of small salary increases, it signals that consumers still need to supplement their incomes with unsecured credit.

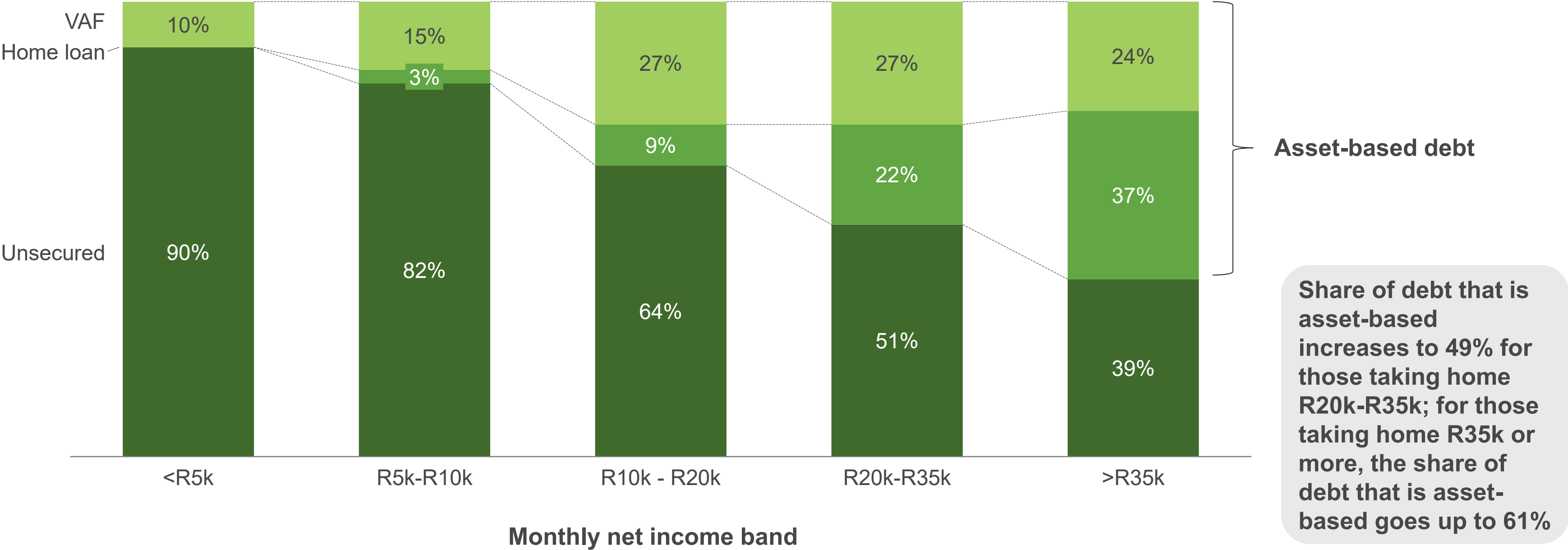
In some good news, **the average interest rate for unsecured debt – while still very high - continues to come down and is now 22.3% p.a. To deal with it, debt counselling is the best tool to help consumers restructure their debt, so that:**

- Unsecured debt interest rates can be **reduced from an average of 22.3% p.a. to ~2.5% p.a.**, allowing consumers to **pay back expensive debt quicker**.
- **Vehicle debt and balloon payments can be paid over a meaningful period** by getting the average financed vehicle interest rate of 14.3% p.a. negotiated down to a more manageable level.
- Consumers can get back on their feet and creditors can get back their money: **The number of consumers who successfully completed debt counselling has increased 12-fold since 2016. Moreover, the consumers who successfully completed debt counselling in Q3 2025 paid back over R540m worth of debt to their creditors as part of the debt counselling process, allowing that money to circulate back to the economy for small business lending, investment, and growth.**

We continue to observe increasing levels of interest from consumers for free **online debt management on www.debtbusters.co.za**. In September 2025, DebtBusters launched MyMoneySaver to help consumers stretch their money by saving on everyday items such as groceries, retail purchases, entertainment, and dining out at national chains.

Nature of debt varies for each income group. Predictably, higher income earners have a larger proportion of secured debt but middle income earners feel the pressure of vehicle loans the most

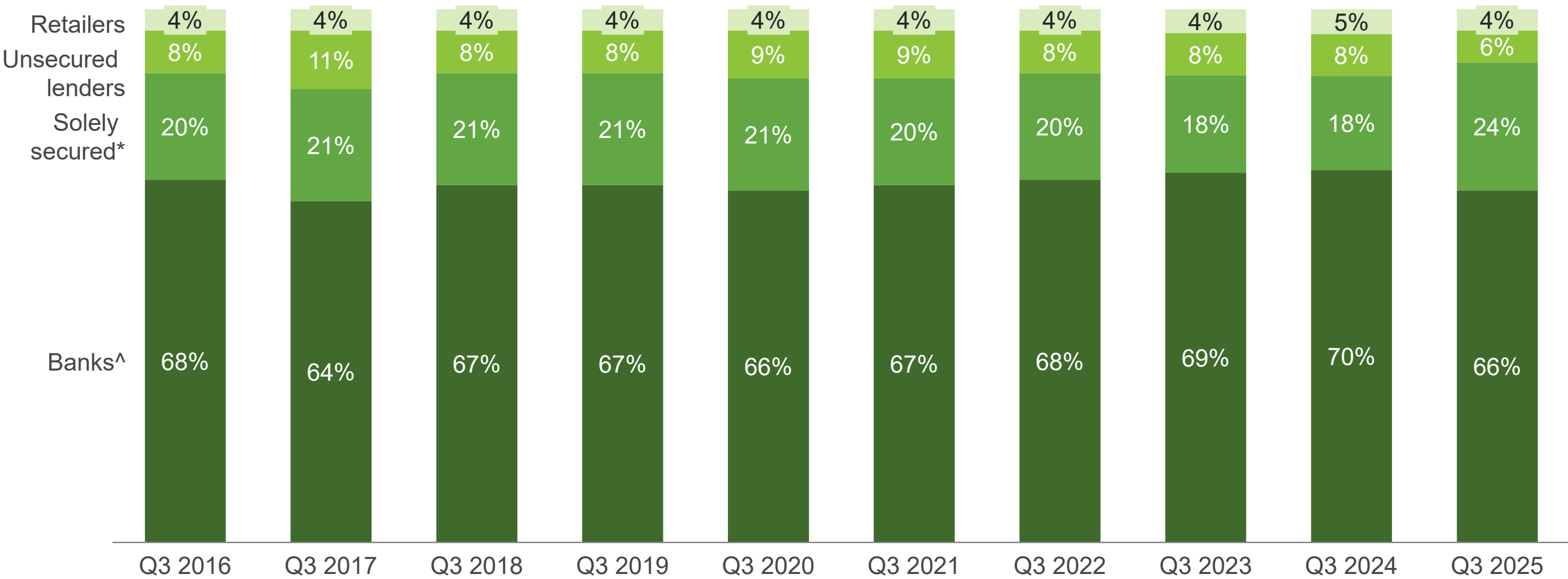
Breakdown of new applicants' debt
Percent by type



VAF refers to vehicle finance agreements.
 Unsecured debt refers to all debt other than vehicle finance and home loans. Therefore, it includes credit card debt, overdraft facilities, personal loans, retail cards, store cards and the like.
 Source: DebtBusters

Share of lending institutions is largely stable, but the pressure on vehicle loans is evident with the sharp increase of share of vehicle debt

Banks make up ~66% of credit (more so with affiliates); there is an increase in solely secured lending compared to a few years ago, driven mainly by increase in vehicle debt

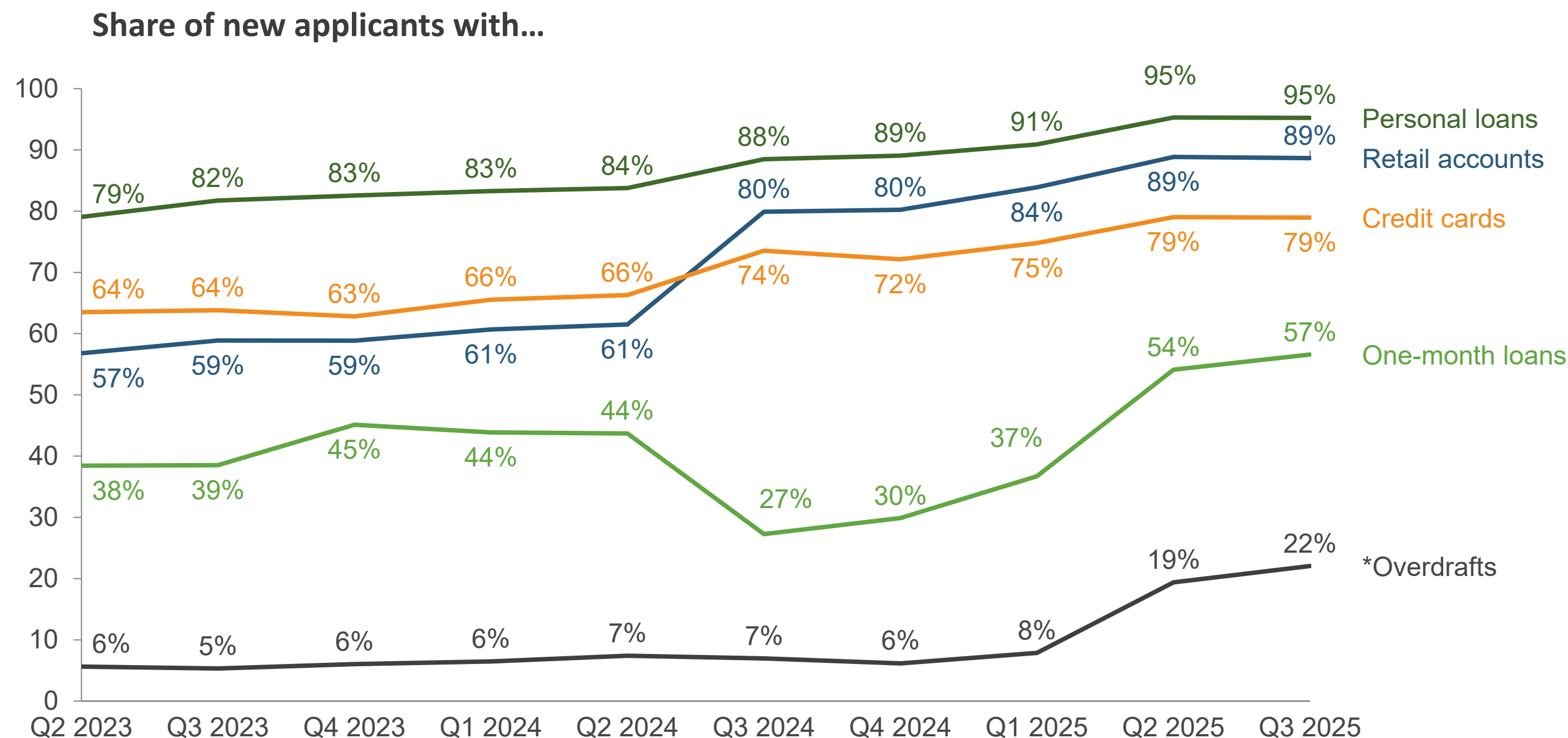


Breakdown of DebtBusters debt under management
Percent by type of lender, by value at end of Quarter

* Includes Marquis Finance, MFC, SA Homeloans, Wesbank, Mercedes, and BMW Finance which grant secured credit only (some of these institutions are linked to the banks)

^ Includes ABSA, African Bank, Capitec, FNB, Investec, Nedbank, and Standard Bank

Looking more closely at unsecured debt... 95% of new applicants have a personal loan (at the time they apply for debt counselling); 57% come with a one-month (payday) loan



- 95% of new applicants have a personal loan at time of application for debt counselling
- 57% have a one-month (payday) loan
- 79% of new applicants rely regularly on their credit cards
- The prevalence of personal loans, one-month loans, and credit cards indicates SA consumers continue to be under severe cash flow pressure

One-month loans refers to personal loans that have a repayment period of one month

Personal loans refers to all other personal loans that have a repayment term of more than one month. As a result of enhanced data granularity, as of Q2 2024 personal loans and one-month loans were reclassified

Retail refers to clothing accounts, store cards, furniture accounts, and similar

Credit cards refers to revolving credit facilities excluding those linked to stores or retail

*Overdraft data is available through credit bureaus as of March 2025. For previous quarters, overdraft accounts would only become identifiable after cheque accounts were “split” by lenders post-debt counselling application, resulting in different classifications by different lenders

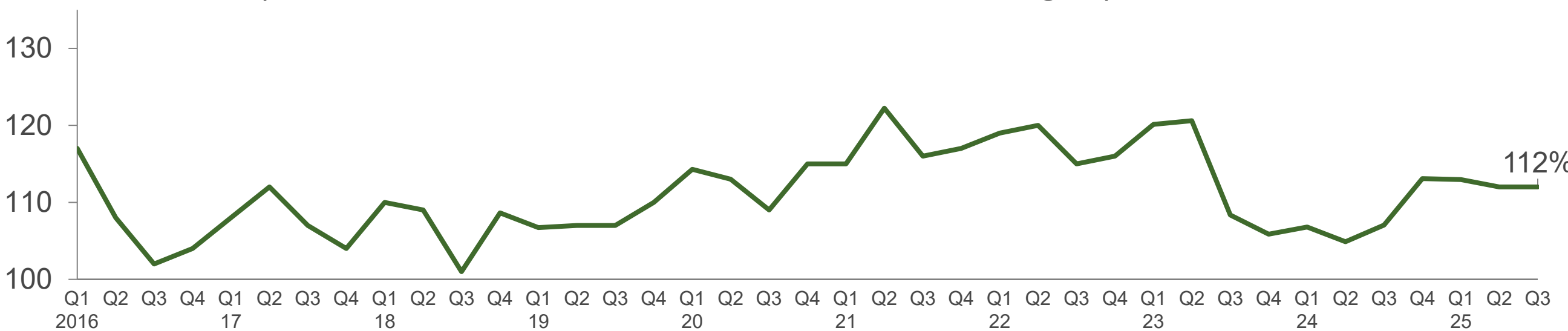
Source: DebtBusters

Compared to previous quarters, the debt service ratio is significantly higher. Consumers need 70% of their take-home pay to service debt – the highest level since 2017...

Original (median) monthly debt repayment to net income ratio¹ has increased...
Percent of net income that was required to pay debt before signing up with DebtBusters



...so have overall debt levels compared to previous year
Total debt exposure to annual net income ratio, when consumers sign up with DebtBusters



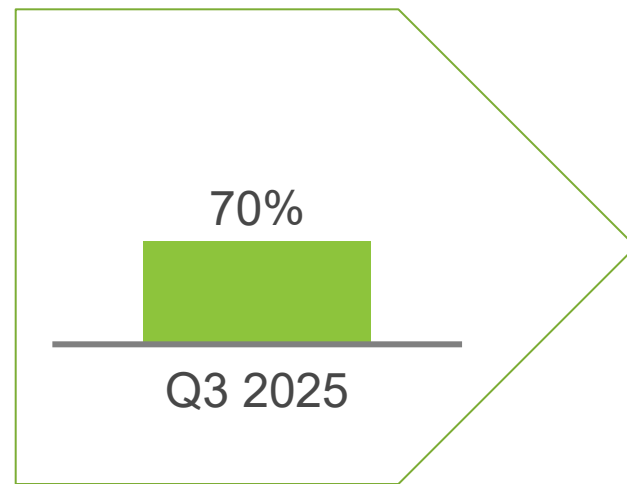
Comparable figures for other select countries (from OECD*):

- Mexico 27%
- USA 110%
- Poland 49%
- UK 137%
- Italy 82%
- Korea 187%
- Germany 90%
- Australia 217%

In many countries, debt is mostly home loan debt at very low interest rates

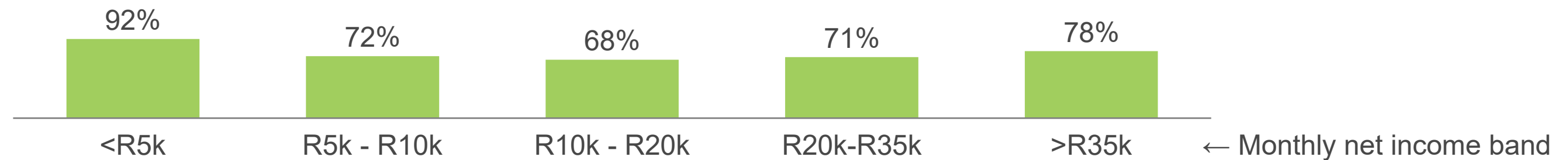
1 Median debt-to-net-income ratio for all new consumers signed up in that quarter Source: DebtBusters
* OECD (2024), "Household debt" (indicator), <https://doi.org/10.1787/f03b6469-en> (accessed in May 2025). For USA, figures are for 2022 (most recent year of reporting). For other countries, the figures are for 2023.

...for those taking home more than R35k per month the total debt to annual net income ratio is 189% and they need 78% of their take-home pay every month to service their debt repayments. Strikingly, those taking home less than R5k per month need 92% of their take-home pay to service debt repayments...



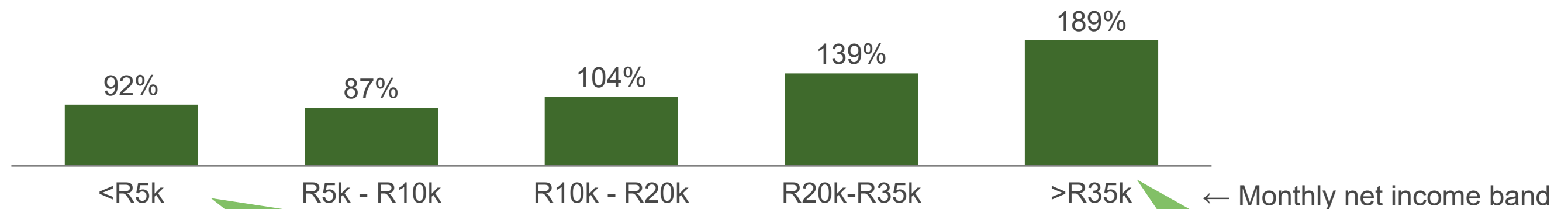
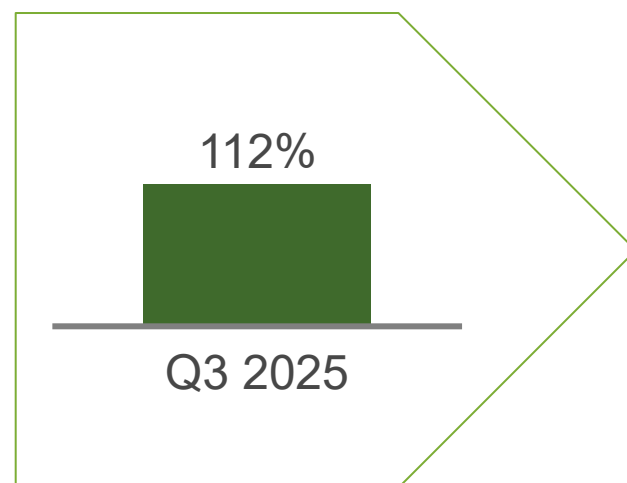
Original monthly debt repayment to net income ratio¹

Percent of net income that was required to pay debt before signing up with DebtBusters



Original overall debt to annual net income ratio¹

Debt exposure to net income ratio, when consumers sign up with DebtBusters



High debt ratio and require 92% of net income to pay debt each month, which means interest rates charged are highest

Highest debt-to-income ratio

¹ Debt-to-income ratio is calculated by looking at the median in each quarter

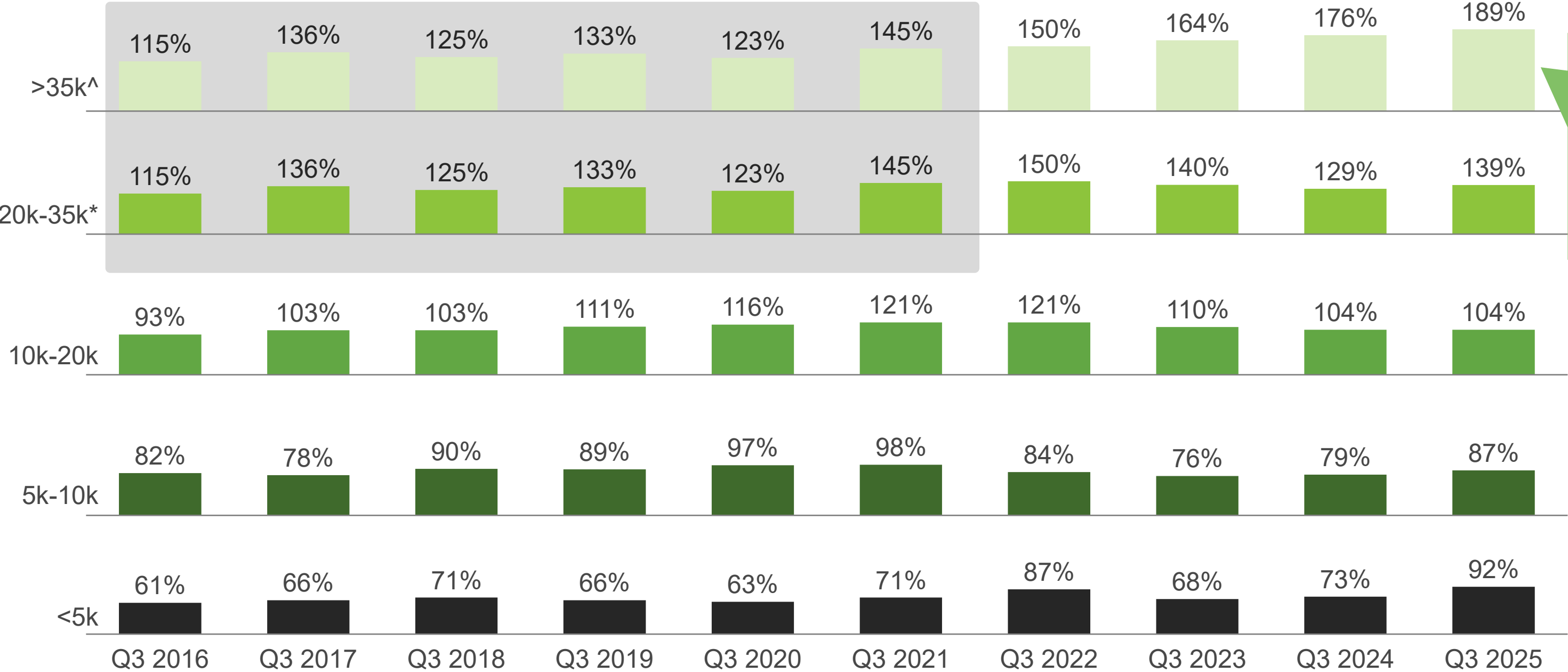
...the overall debt to annual net income ratio appears to have worsened for many income bands; those taking home R35k or more have an overall debt-to-income ratio of 189%, which is the highest level we have ever seen



Original overall debt to annual net income ratio¹
Debt exposure to net income ratio, when consumers sign up with DebtBusters

Ratios are the same for this period because these two income groups were tracked together until 2022

Monthly net income band (Rand)



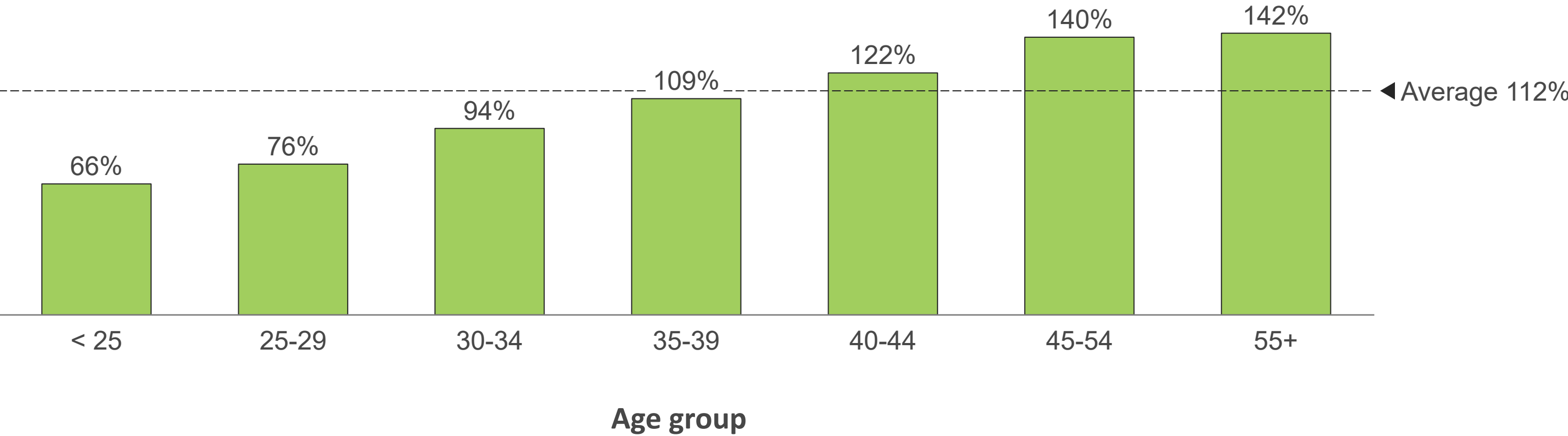
Highest ratio at 189% in the >R35k group. This is predominantly due to home loan and vehicle finance debt

¹ Debt-to-income ratio is calculated by looking at the median in each quarter
[^] New income band reported from Q1 2023 (split from a broader group of >R20k); previously was part of the >20k income band. Previous quarters' ratios are attributed to this group as well as R20k-35k income band
^{*} New income band reported from Q1 2023 (split from a broader group of >R20k); previously was part of the >20k income band. Previous quarters' ratios are attributed to this group as well as >R35k income band

Debt-to-income ratio varies with age group, indicating there is an opportunity for younger consumers to address their debt earlier in their professional lives



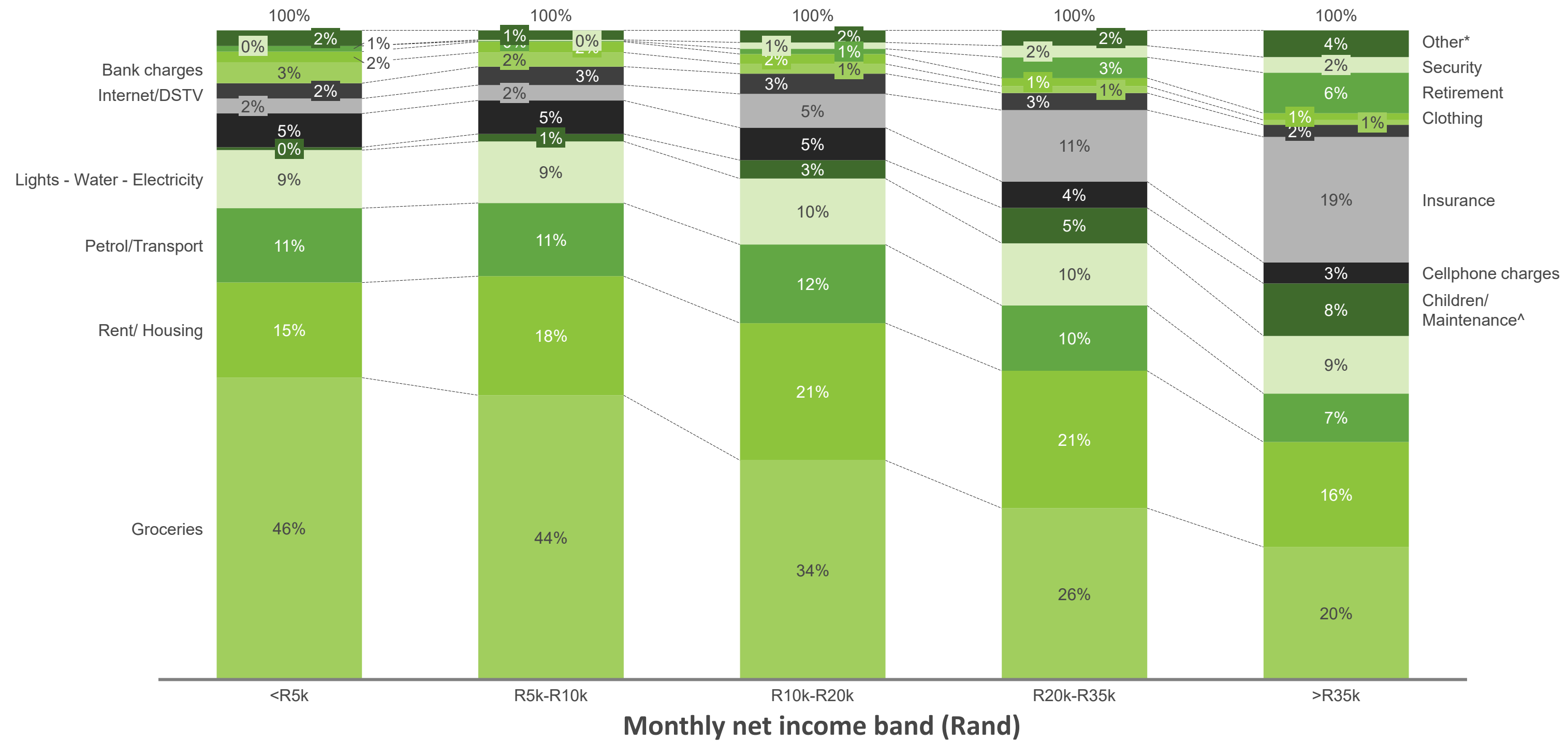
Original overall debt to annual net income ratio for most recently completed quarter¹
Debt exposure to net income ratio, when consumers sign up with DebtBusters



¹ Debt-to-income ratio is calculated by looking at the median for each age group; for most recently completed quarter
Source: DebtBusters

Debt repayments make up a sizeable portion of take-home pay. But what do the rest of consumers' budgets look like? Predictably, there are differences between income groups, particularly in food and housing expenditure. However, surprisingly, almost all consumers spend ~10% of their disposable income on transport, ~10% on utilities, and ~5% on cellphone charges...

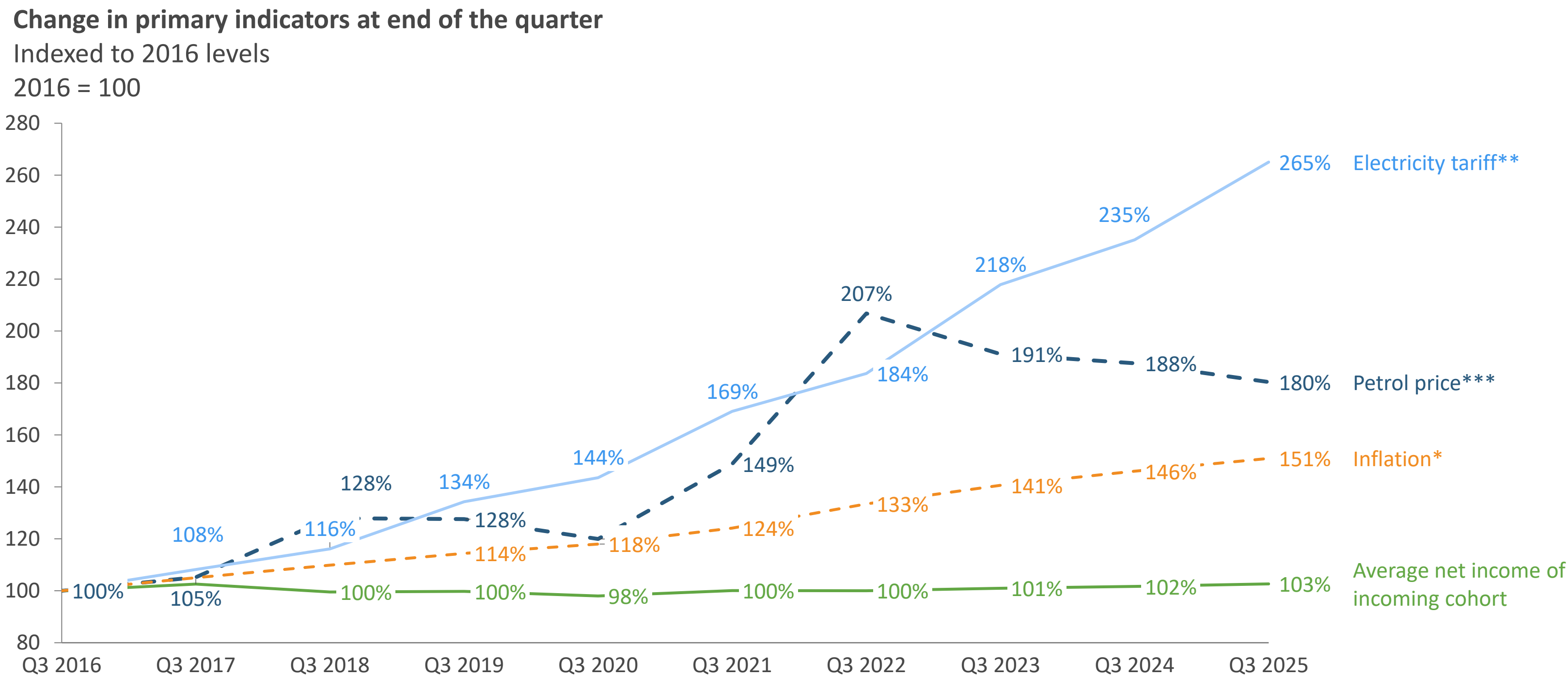
Share of disposable income (excluding debt repayments) spent on...
 Clients who applied for debt counselling in most recently completed quarter



*Other = Other sundry items such as home and vehicle maintenance, medical expenses, domestic worker, TV licence, etc

^Includes school fees

Since 2016, primary indicators of cost of living have moved substantially faster than income growth. Even though there has been improvement in CPI and petrol price in the last few quarters, since 2016 core inflation (CPI) increased by 51% and electricity tariffs by 165%, while average net income of incoming cohorts has barely changed...



Source: DebtBusters

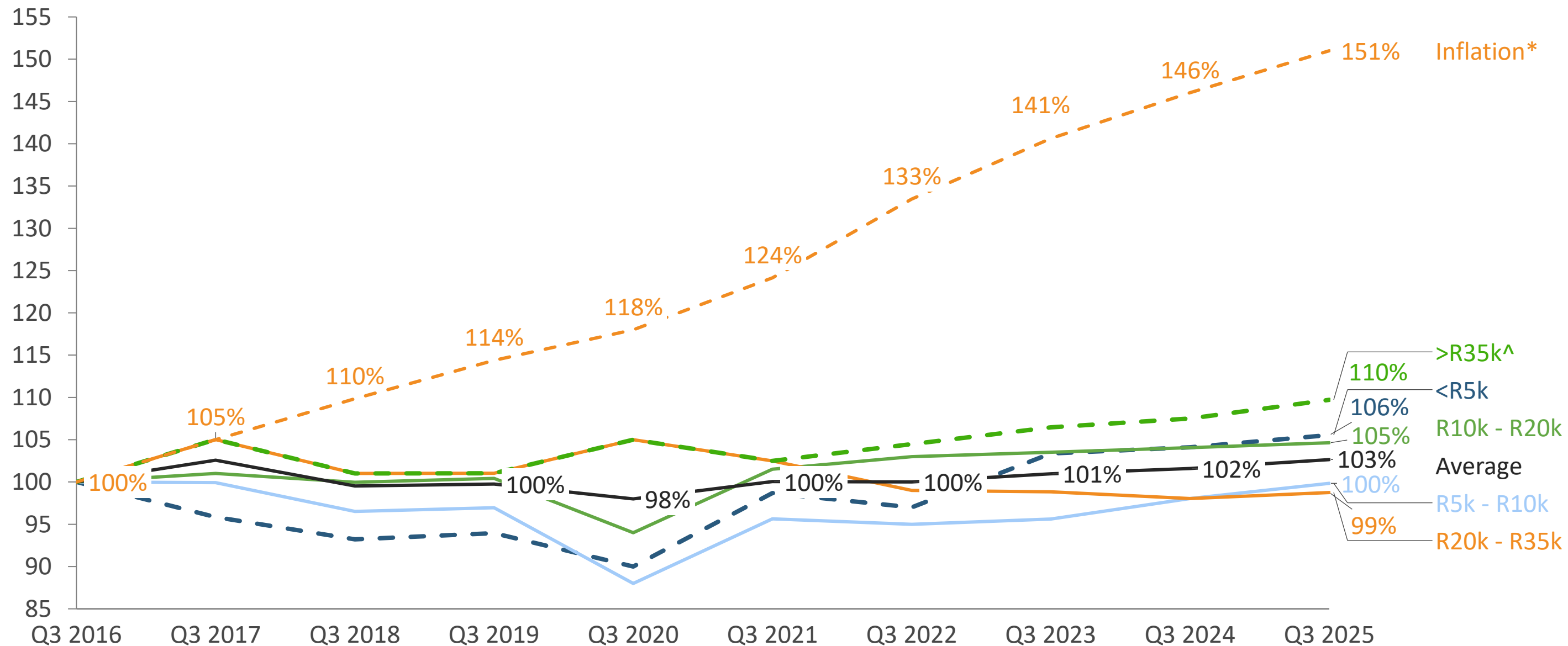
- Source: Stats SA CPI history; Stats SA report P0141; https://www.statssa.gov.za/?page_id=1854&PPN=P0141; last accessed on 22 Oct 2025
- ** Source: Eskom municipal rate increases ; <https://www.eskom.co.za/distribution/5189-2/>; last accessed on 23 April 2025
- *** Source: AA; inland price of Unleaded 93 petrol per litre; <https://aa.co.za/fuel-pricing/>; last accessed on 22 Oct 2025

The inflation shown here is CPI. Due to their mix of expenditure items, lower income groups have experienced a 2-4% higher inflation rate in the last few years

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In the last nine years, the average net income (take-home pay) of incoming debt counselling clients increased by 1% while inflation (CPI) went up by 51%. This means that in real terms most South Africans had 48% less disposable income in 2025 compared to 2016...

Change in net income levels per cohort of incoming consumers, per net income band
Indexed to 2016 levels
2016 = 100



- On average, net income of incoming cohorts increased by ~3% in the last nine years; during the same period compounded increase in inflation (CPI) was 51%
- This means disposable incomes shrank by almost 48% during the past nine years

Source: DebtBusters

* Source: Stats SA CPI history; Stats SA report P0141; https://www.statssa.gov.za/?page_id=1854&PPN=P0141&SCH=73984; last accessed on 22 October 2025

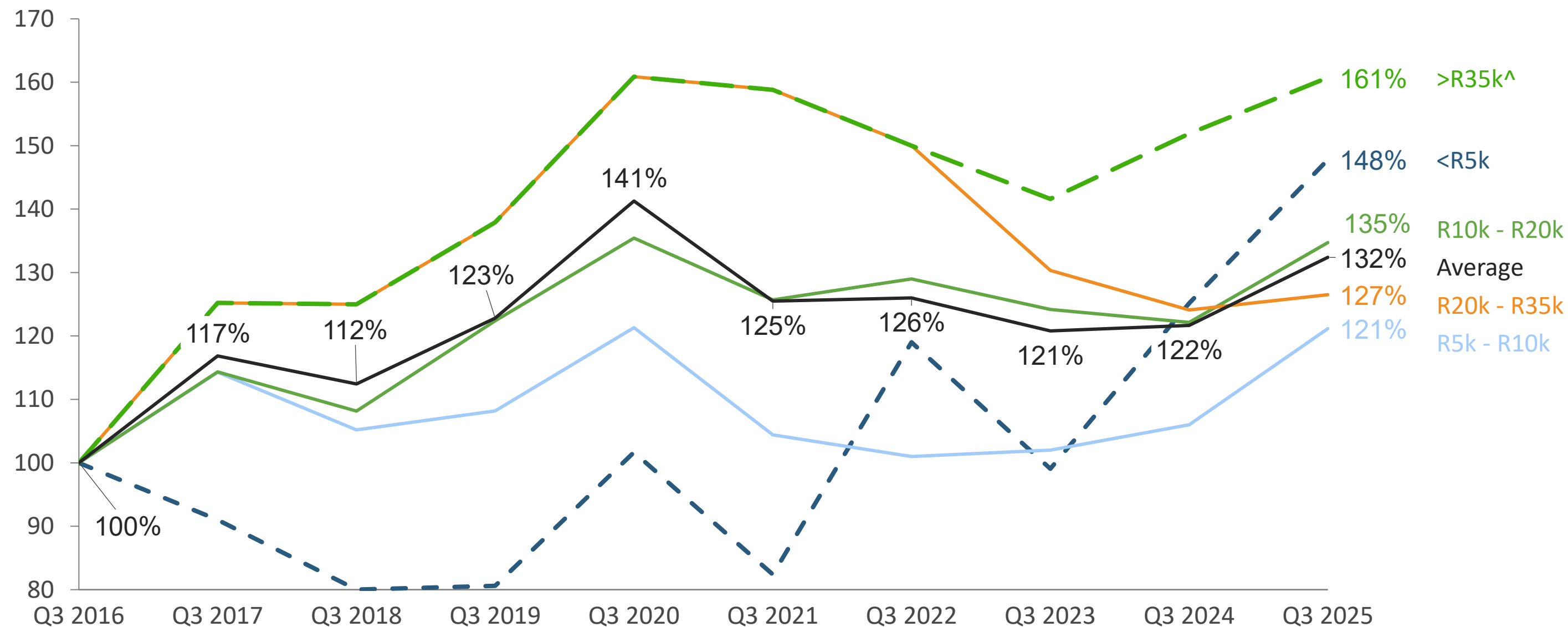
^ New income band reported from Q1 2023; previously was part of the >20k income band

... On average, consumers have 32% more unsecured debt in 2025 compared to 2016. Those taking home R35k or more have 61% more unsecured debt than in 2016. This outpaces inflation (CPI) growth of 51% and is much higher than salary growth of 10% during the same period for the top earners

Change in unsecured debt levels per income band of consumers signed up in the quarter

Indexed to 2016 levels

2016 = 100



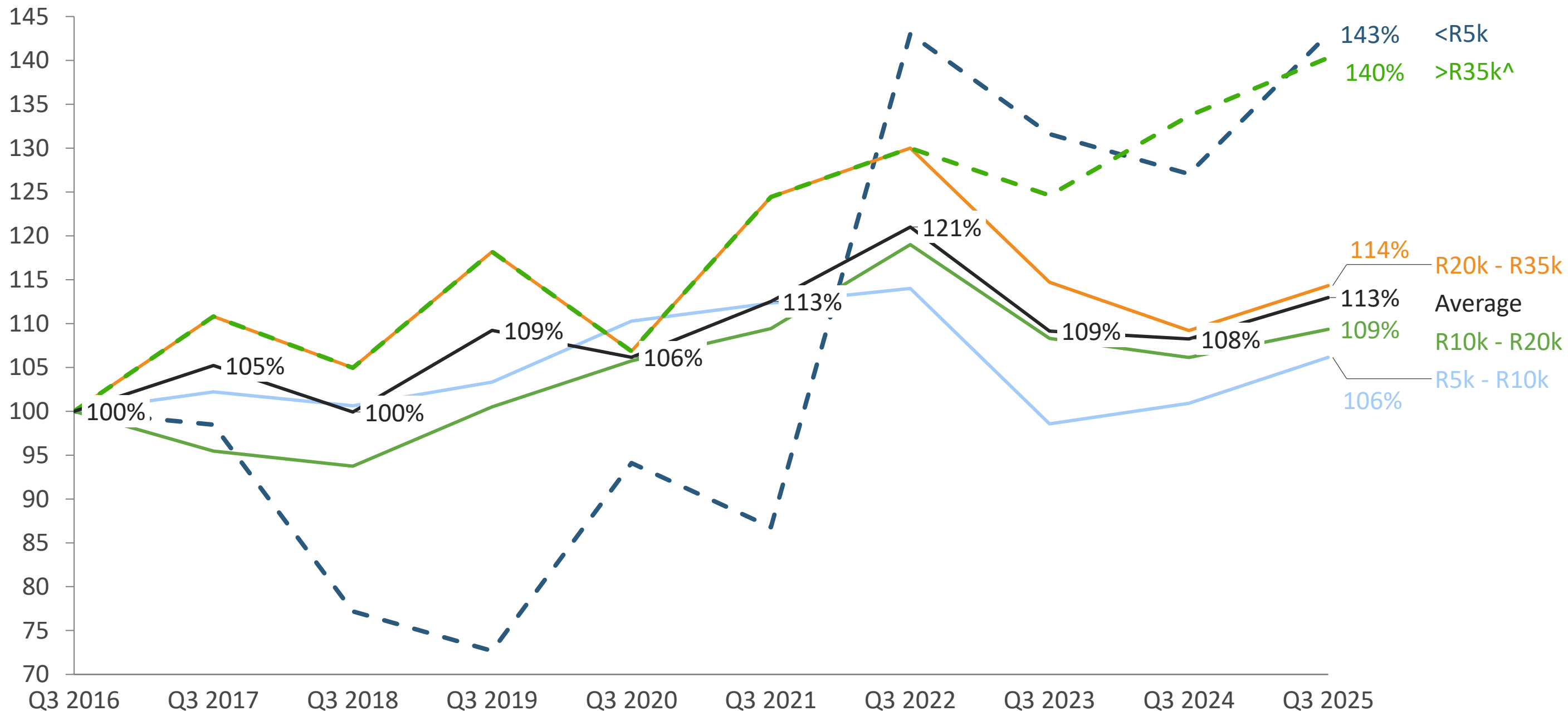
- Unsecured debt for the average consumer is 32% higher than 2016 levels; for top earners, the figure is 61%
- For top earners, growth in unsecured debt outpaces inflation (CPI) growth of 51% and salary increase of 10% over the same period, indicating this group is under a lot of financial pressure

Total debt levels (secured and unsecured debt) are 13% higher than in 2016. While this looks healthy overall and is lower than the CPI increase over the same period, for top income earners, overall debt levels are 40% higher than 2016 levels

Change in total debt levels per income band of consumers signed up in the quarter

Indexed to 2016 levels

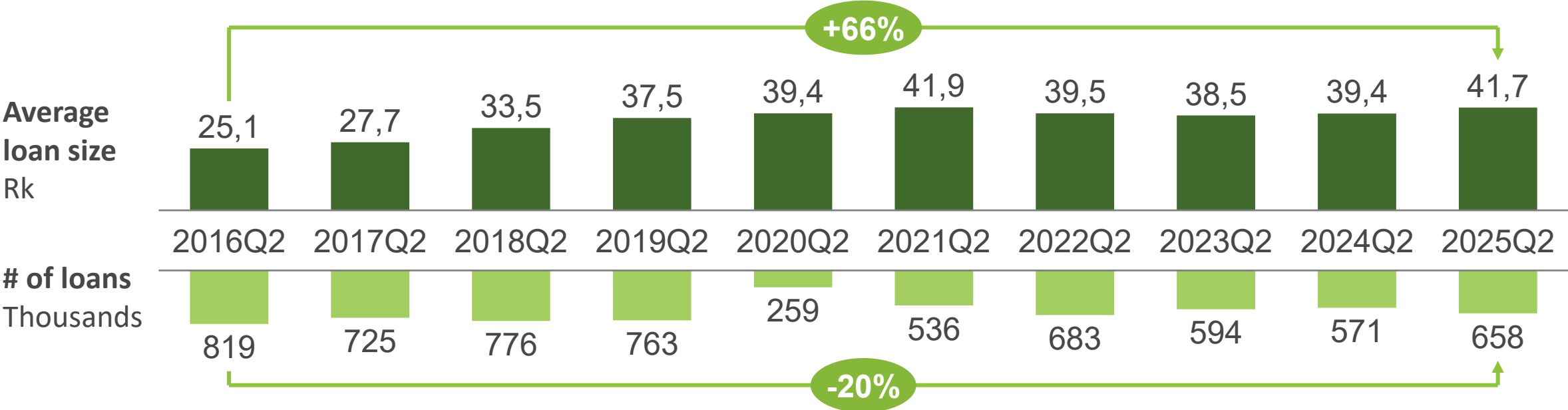
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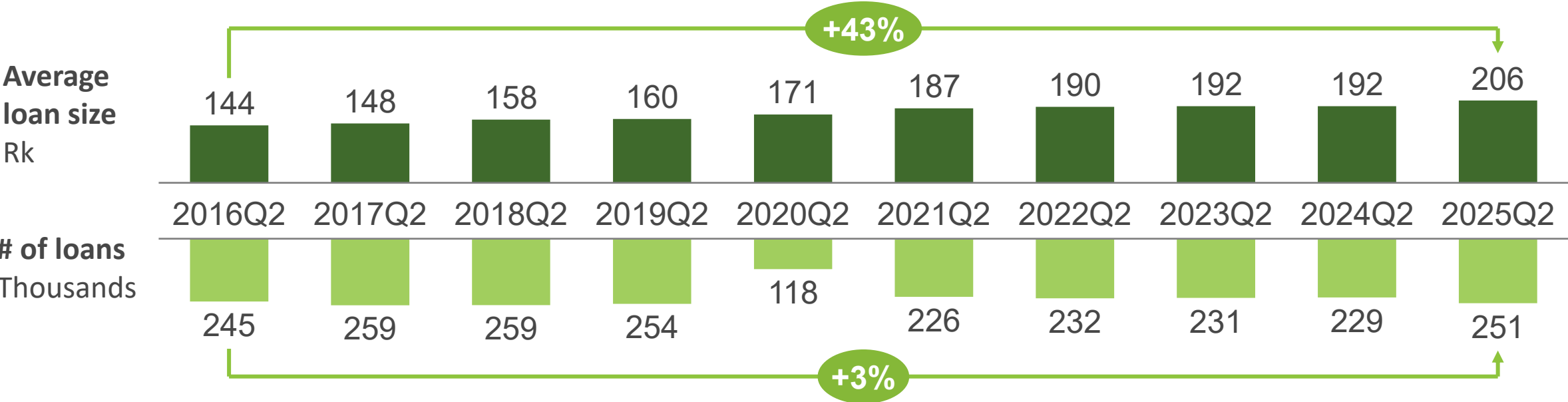
- Compared to 2016, total debt levels are higher, but the increase has been below the CPI
- The debt level of those taking home more than R35k has increased by 40% since 2016, which is still below CPI

Since 2016, average unsecured loan size increased by 66% whereas the volume of new unsecured loans declined by 20%. This means larger unsecured (personal) loans are being granted to a smaller number of consumers, highlighting that risk is being concentrated on an ever-smaller group of consumers

Unsecured loans granted^



Secured loans granted^



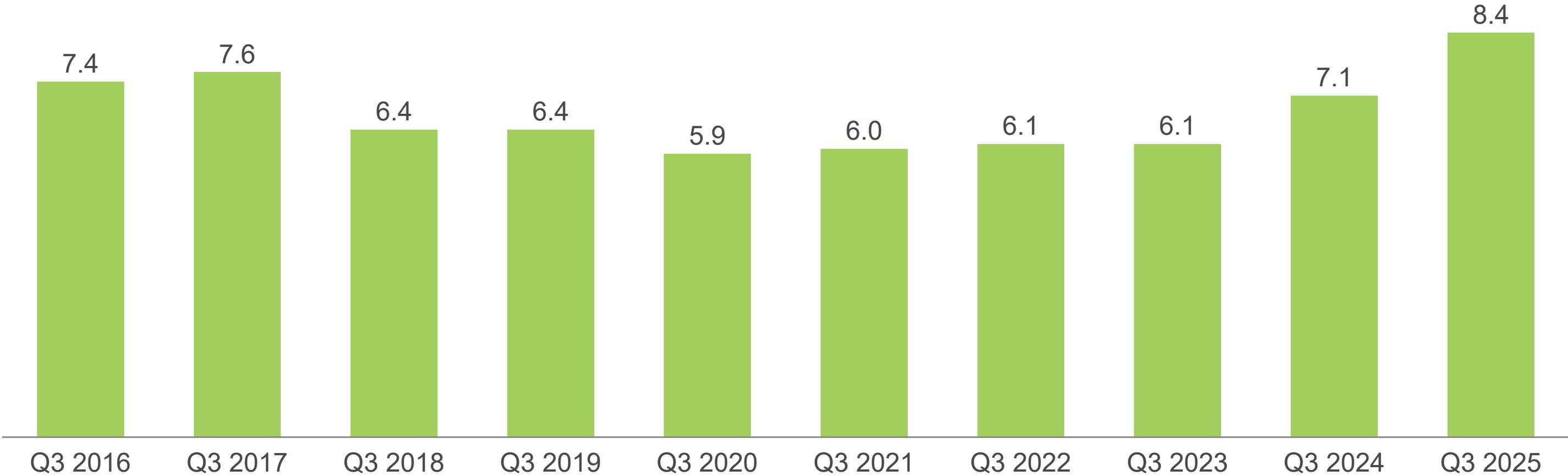
- Since 2016, the average unsecured loan size increased by 66%, whereas the number of new loans decreased by 20%. This indicates that unsecured lending is extended largely to a smaller pool of consumers
- For secured loans, in contrast, the number of new loans was largely unchanged, but the average loan size increased by 43%

^ Q1 2025 was the most recent quarter available at time of publication
 Source: NCR Consumer Credit Market Report Data Q4 2007 – Q2 2025

The average number of credit agreements (open trades) per consumer has increased in the last few years and is at its highest level since 2016. When factoring in higher debt levels, this indicates consumers’ multi-lender borrowing relationships have expanded in the last two years



Credit agreements (open trades) per new consumer
Number, when consumers sign up with DebtBusters



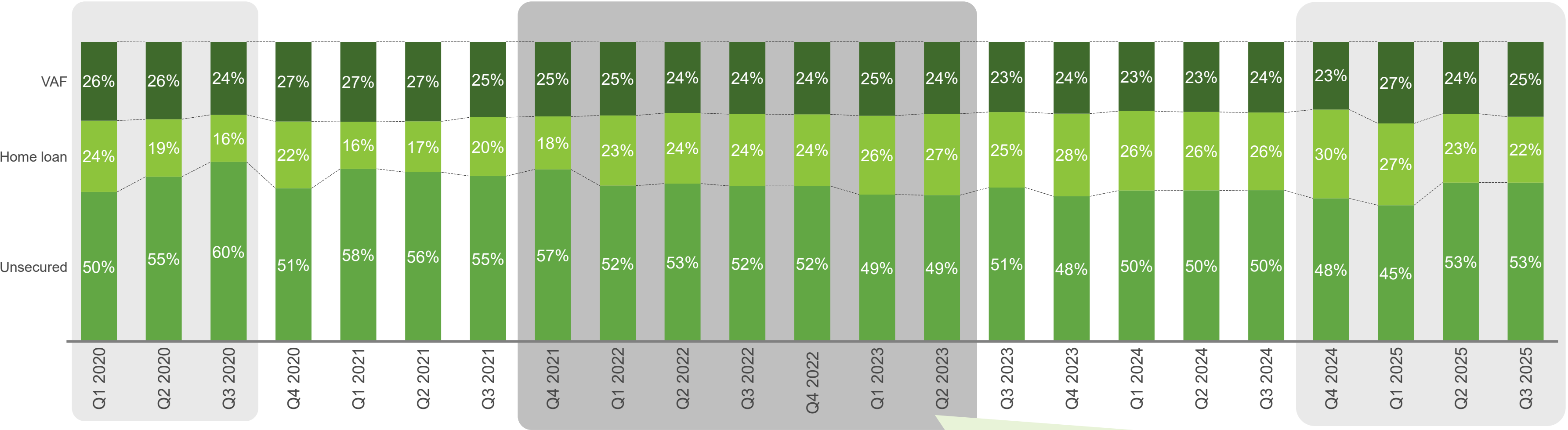
The debt mix for new applicants has shifted over the last few years, driven by change in interest rates. Between 2022 and late 2024, the share of home loan debt has increased; with recent reductions in interest rates, this share has come down

Breakdown of new applicants' debt
Percent by type

Repurchase rate decisions by SARB

Multiple increases

Multiple decreases



- Interest rate reduction combined with bank payment holidays in first three quarters of 2020 resulted in dip in asset debt share
- With interest rates increasing from November 2021 till May 2023, we have seen an increase in the home loan share from Q1 2022 onwards, reaching 30% in Q4 2024
- Recent interest rate reductions have again resulted in dip in asset debt share

VAF refers to vehicle finance agreements
 Unsecured debt refers to all debt other than vehicle finance and home loans. Therefore, it includes credit card debt, overdraft facilities, personal loans, retail cards, store cards and the like
 Source: DebtBusters

In line with recent SARB repurchase rate decreases, average interest rates continued to decrease in Q3 2025. Average (pre-debt counselling) interest rate for unsecured debt is still elevated at ~22.3% p.a.

Average interest rate for new applicants (before debt counselling)
Percent, per annum

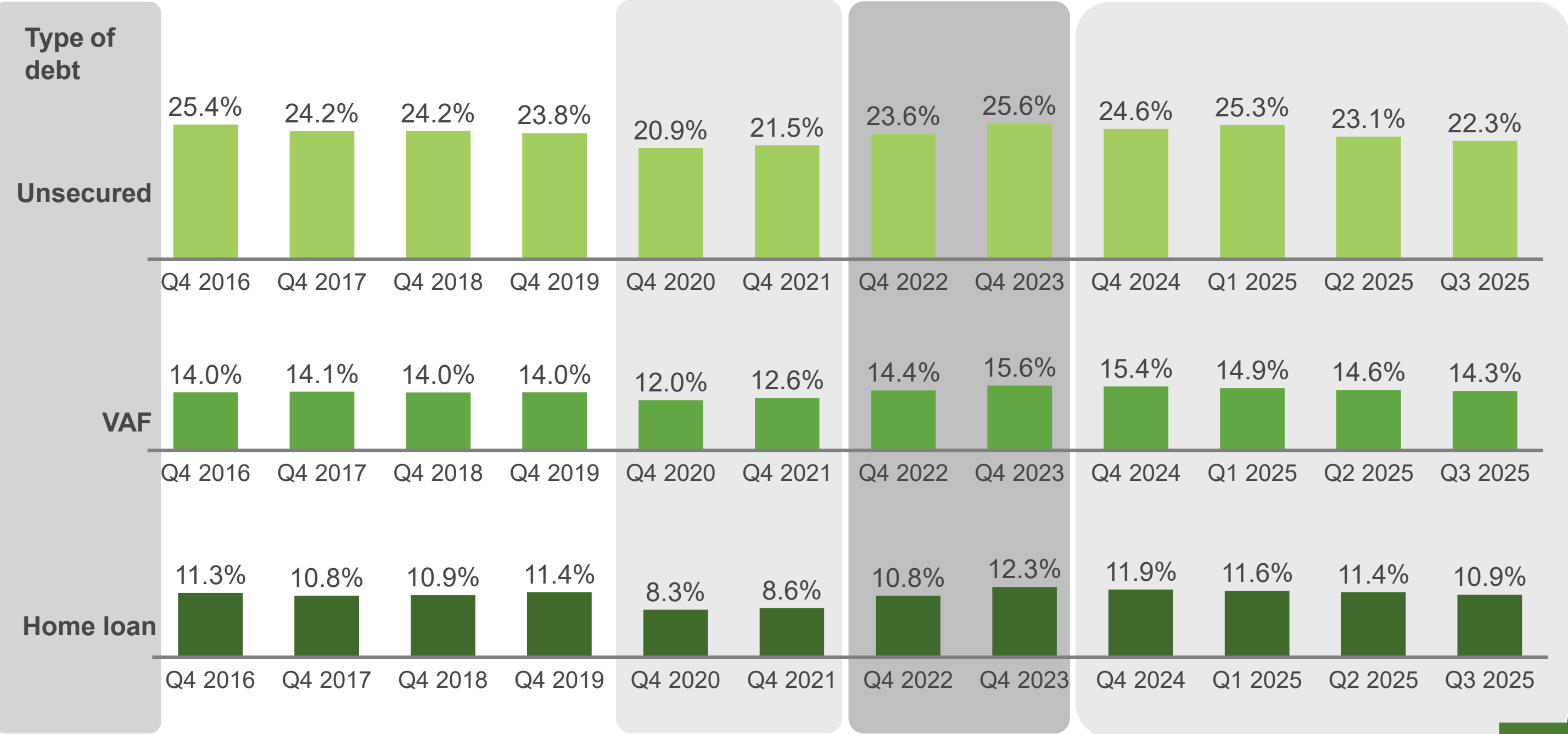
Repurchase rate decisions by SARB

- Multiple increases
- Multiple decreases

- Unsecured debt interest rate continued to decrease in the last few quarters from its decade-high levels in 2023 and 2024
- Unsecured debt interest rate has a big impact on the share of take-home pay required to service debt
- Home loans also very sensitive to changes in interest rates – big swing from 2020 onwards

Max. allowed at end of quarter*:

- Unsecured: 28.00% p.a.
- VAF: 24.00% p.a.
- Home loan: 19.00% p.a.

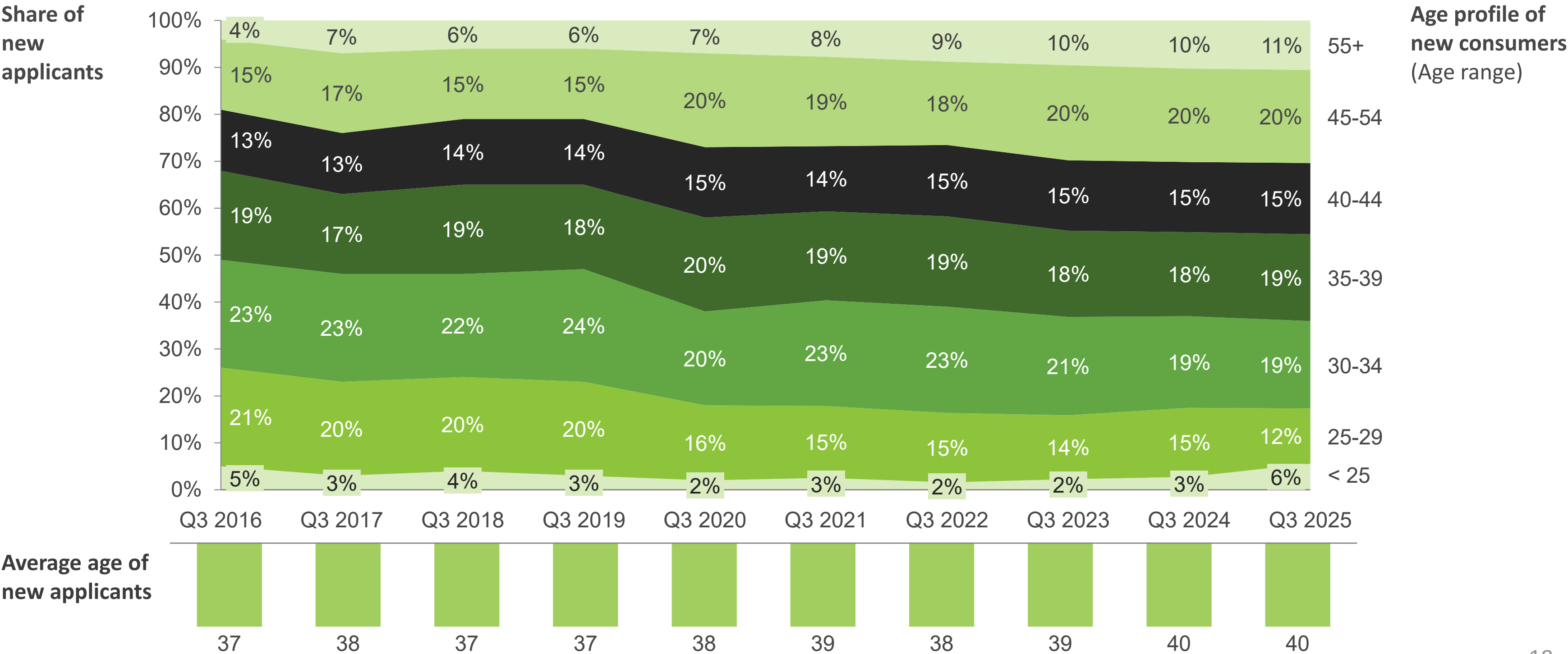


VAF refers to vehicle finance agreements
 Unsecured debt refers to all debt other than vehicle finance and home loans: credit card debt, overdraft facilities, personal loans, retail cards, store cards and the like
 * Maximum rate allowed for newly originated credit agreements in that quarter per DTIC guidelines
 Source: DebtBusters

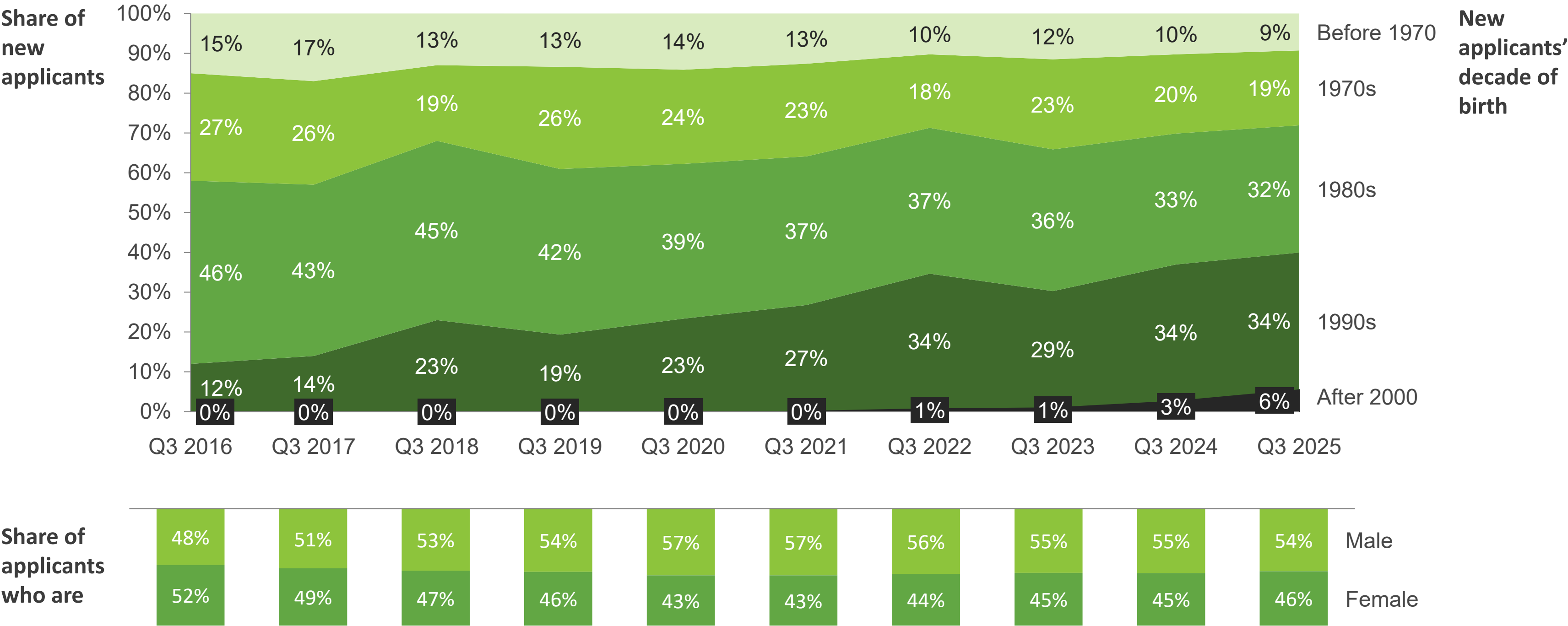
Consumer age profile indicates increasing financial stress in 45+ age group, which now makes up ~31% of new applicants. Average age of applicants is now 40, up from 27 in 2016



Average age of new applicants has increased to 40 in the last few years. In addition, the share of applicants who are 45 or older has increased from 19% in 2016 to 31% in 2025, indicating financial stress is becoming more prevalent in this age category



The ratio of male applicants is consistently above 50%, indicating that men are not only the primary applicants, but are also becoming more proactive about addressing financial distress. During the most recent quarter, 54% of applicants were male

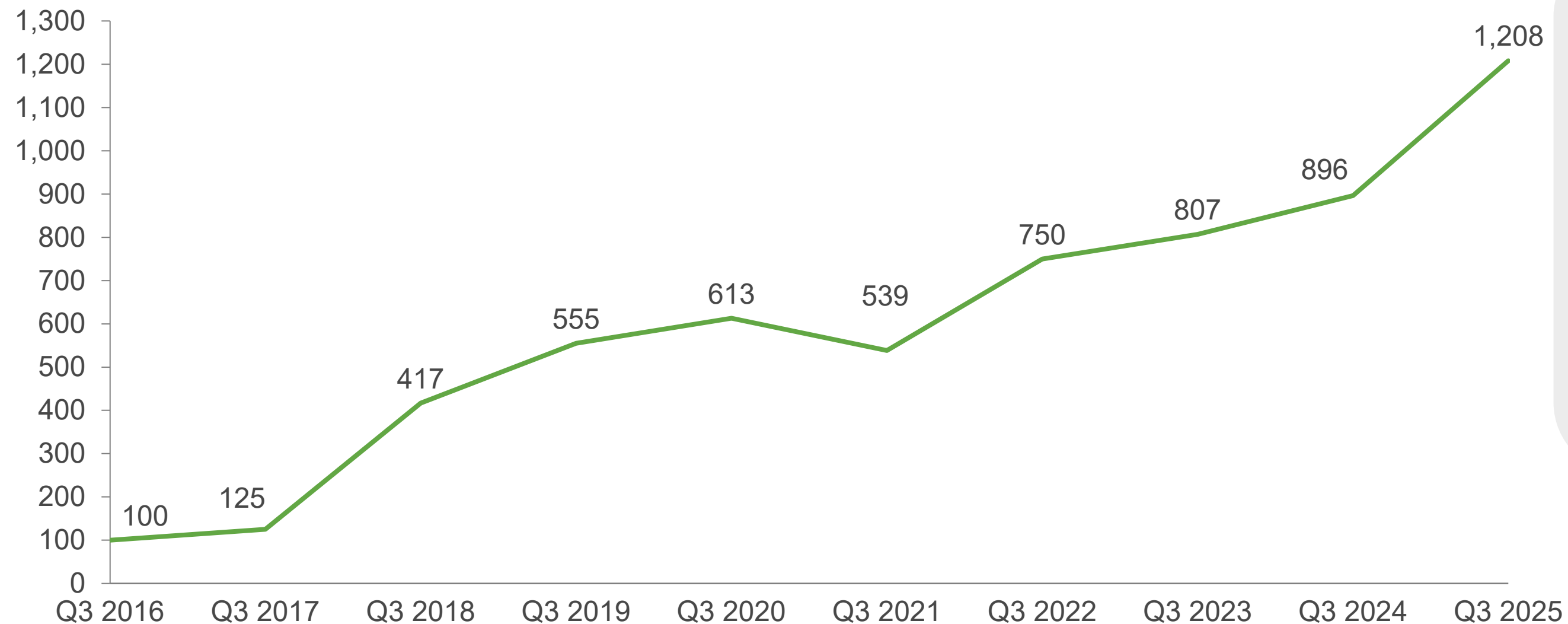


In the most recent quarter, the number of consumers graduating from debt counselling (successfully receiving their clearance certificate) was 12 times higher than the same period in 2016. Consumers who graduated in Q3 2025 paid more than R540m to their creditors while in debt counselling

Clearance certificates issued

Indexed to 2016 levels

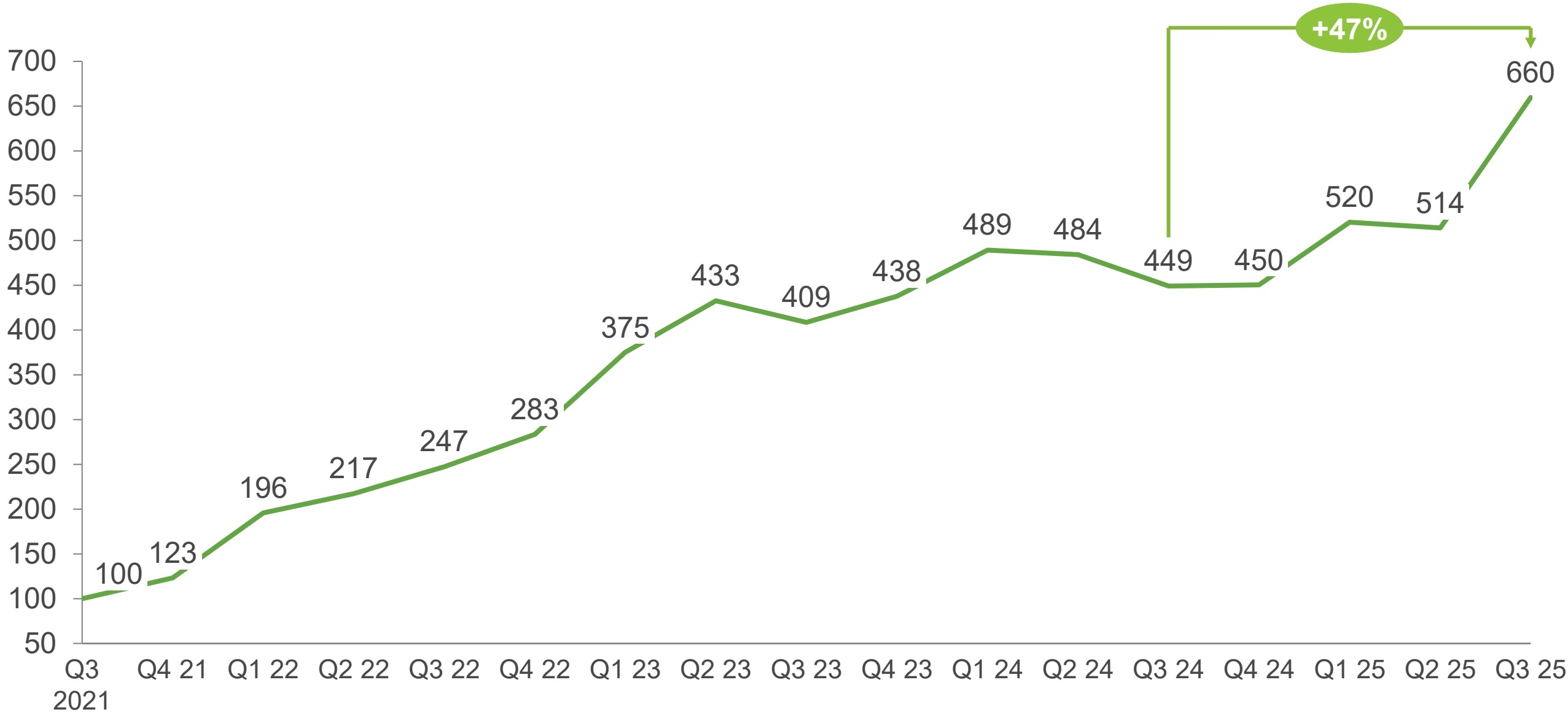
2016 = 100



- In Q3 2025, there were 12 times more consumers “graduating” or getting clearance certificates compared to 2016 levels
- Consumers who received clearance certificates in the most recent quarter paid ~R540m to their creditors while in debt counselling

Consumers’ interest in online debt management continues to be high. We have observed that the non-debt counselling userbase for the DebtBusters website has grown 47% over the past year

Number of new non-debt counselling subscribers to DebtBusters website
 Indexed to Q3 2021 levels; Q3 2021 = 100



- 47% increase in last year in new subscribers for online debt management on DebtBusters website
- Consumers enjoy the freedom of managing their debt profile at their own pace, and have access to debt management tools such as the Debt Sustainability Indicator, Debt Radar, and others