Debt Index | Q2 2026

Executive summary - Benay Sager, Executive Head of DebtBusters

2026 marks 10 years of the Debt Index and five years of the Money-Stress Tracker, providing a robust long-term view of South African consumer financial health.

South African consumers continue to face significant financial pressure, with debt burdens elevated and income growth failing to keep pace with the cost of living. **In Q2 2026, consumers who applied for debt counselling needed 64% of their take-home pay to service debt** – an improvement on the Q1 2021 peak of 73%, but still extremely elevated. **For top earners (those taking home more than R50k a month), this figure rises to 103%, an upward trend that puts them on the backfoot financially, before the month has commenced. Their total debt to annual net income ratio is now 307%, the highest of any income group.**

Since 2021, income growth has broadly kept pace with CPI growth of 29% on average — but many income bands have seen little to no real improvement. **Individual cost-of-living components have moved even faster than CPI: petrol prices are up 52% since 2021 and electricity tariffs are up 101%,** both far outpacing the 23% average income growth over the same period.

Against this backdrop, consumers have increasingly turned to unsecured credit to bridge the gap: **96% of new applicants have a personal loan at the time of application, while 63% now carry a one-month (payday) loan – a record.** The average number of credit agreements per new applicant has reached **8.7, its highest level since 2016,** pointing to a renewed wave of multi-lender borrowing.

Unsecured debt levels are on average 27% higher than in 2021. For those taking home R50k or more, this figure is 84% higher, far outpacing both inflation (29%) and salary growth (7%) for that group. Total debt tells a tale of two halves: top earners’ total debt has grown 82% since same period in 2021, exceeding inflation, while lower income earners have seen their total debt shrink by up to 23% — a reflection of reduced access to credit rather than improved financial health.

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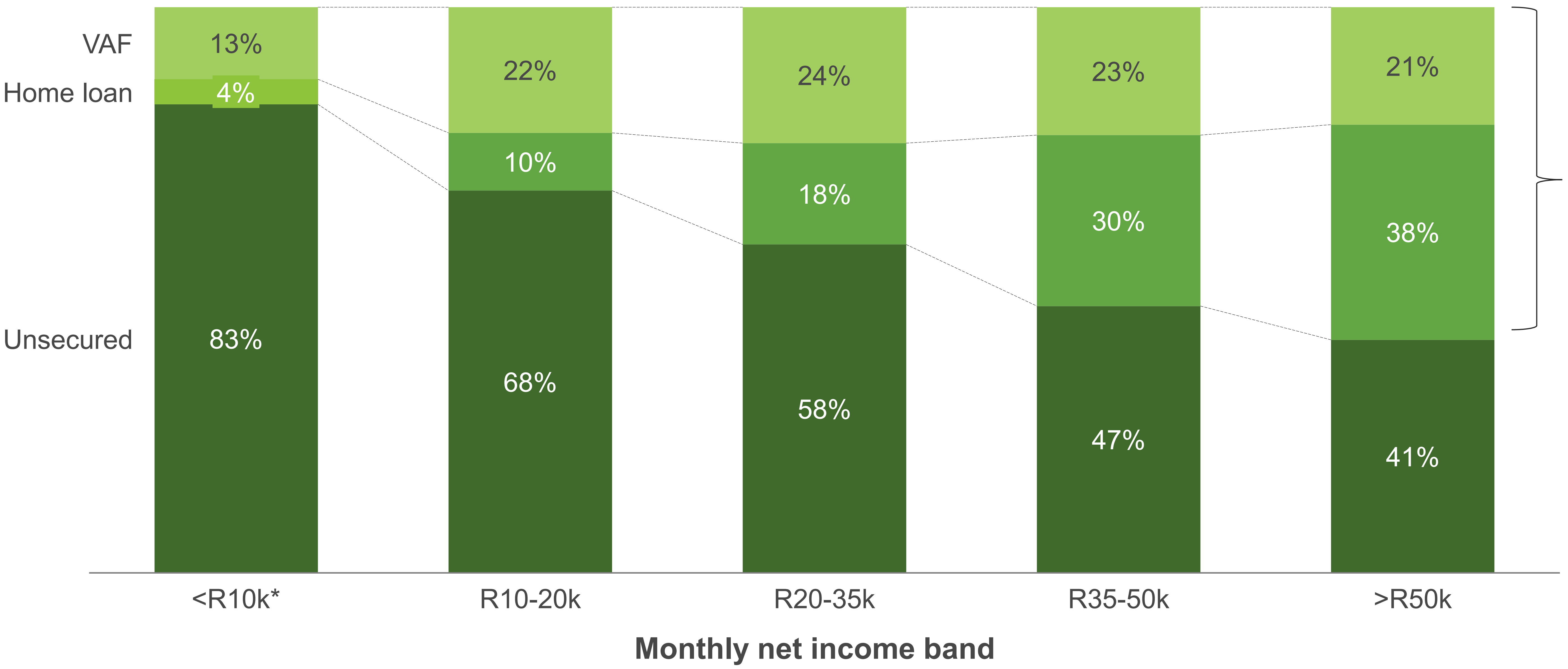
On a more positive note, **interest rates on incoming clients' credit agreements have continued to ease in line with SARB repo rate cuts. The average unsecured debt interest rate stands at 19.6% p.a. – a slight increase but still below its peak** – vehicle finance averages 14% p.a. and home loans 10.4% p.a. **The share of home loan debt in the applicant pool has remained at 20%, down from 30% in Q2 2023, reflecting the impact of rate cuts through Q3 2024 to Q4 2025**. For the R10-20k income group — the backbone of South Africa's working population — almost a third of disposable income still goes to food alone, leaving almost nothing for insurance, savings or emergencies.

The growth in the share of young applicants (those born after 2000) and over 45s signals that financial stress is beginning to affect South Africans earlier and later in their adult lives than ever before. This sentiment was also supported by some of the Money-Stress Tracker findings, **with younger generations among those who felt most acute financial stress.**

Debt counselling itself continues to prove its worth: **in Q2 2026, the number of consumers successfully completing the programme was around 14 times the 2016 level, with graduates paying back roughly R570 million to their creditors while under debt counselling** — a powerful demonstration of what the process can achieve. Online interest in debt management also remains strong, with non-debt-counselling subscriptions growing over the past year – driven largely by the younger generation.

The 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



Share of debt that is asset-based increases to 42% for those taking home R20k-R35k; while for those taking home R50k or more, the share of debt that is asset-based goes up to 59%

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.

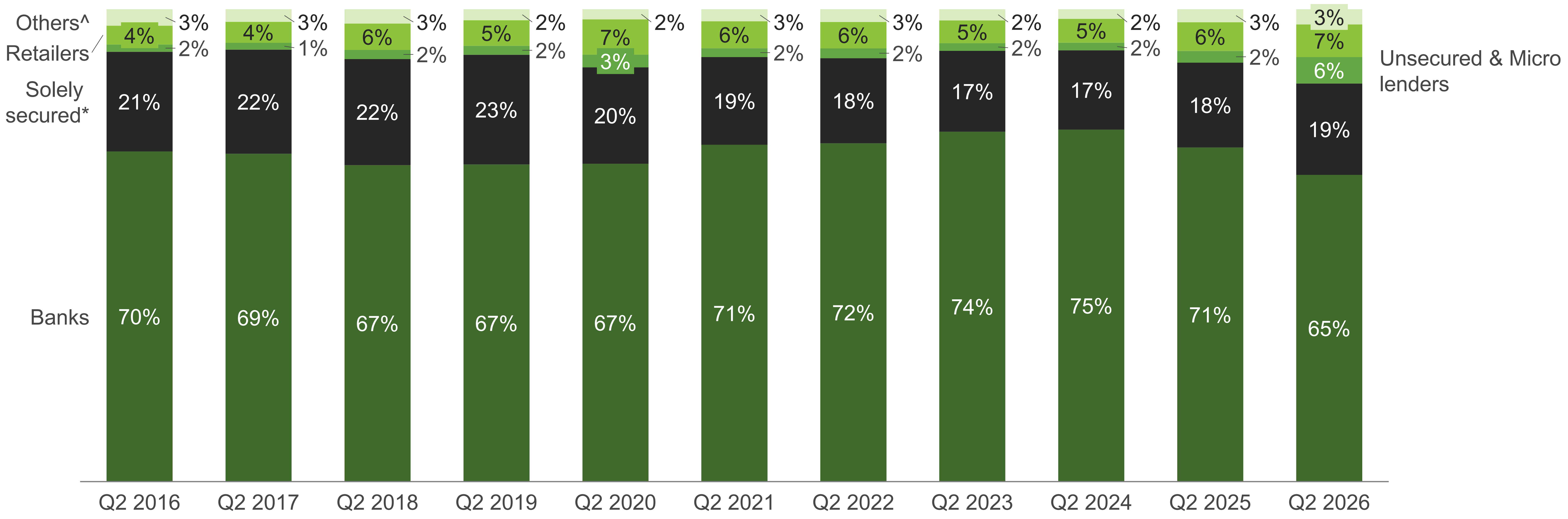
* New income band reported from Q1 2026 (combining <R5k + R5-R10k income bands)
Source: DebtBusters

Share of lending institutions has largely been stable, with banks leading the way, but the recent pressure on finances is evident with increased borrowing from unsecured and micro lenders

Banks make up ~65% of credit (more so with affiliates); there is an increase in unsecured lending compared to a few years ago

Breakdown of new applicants' debt

Percent by type of lender



* 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 debt collection agencies

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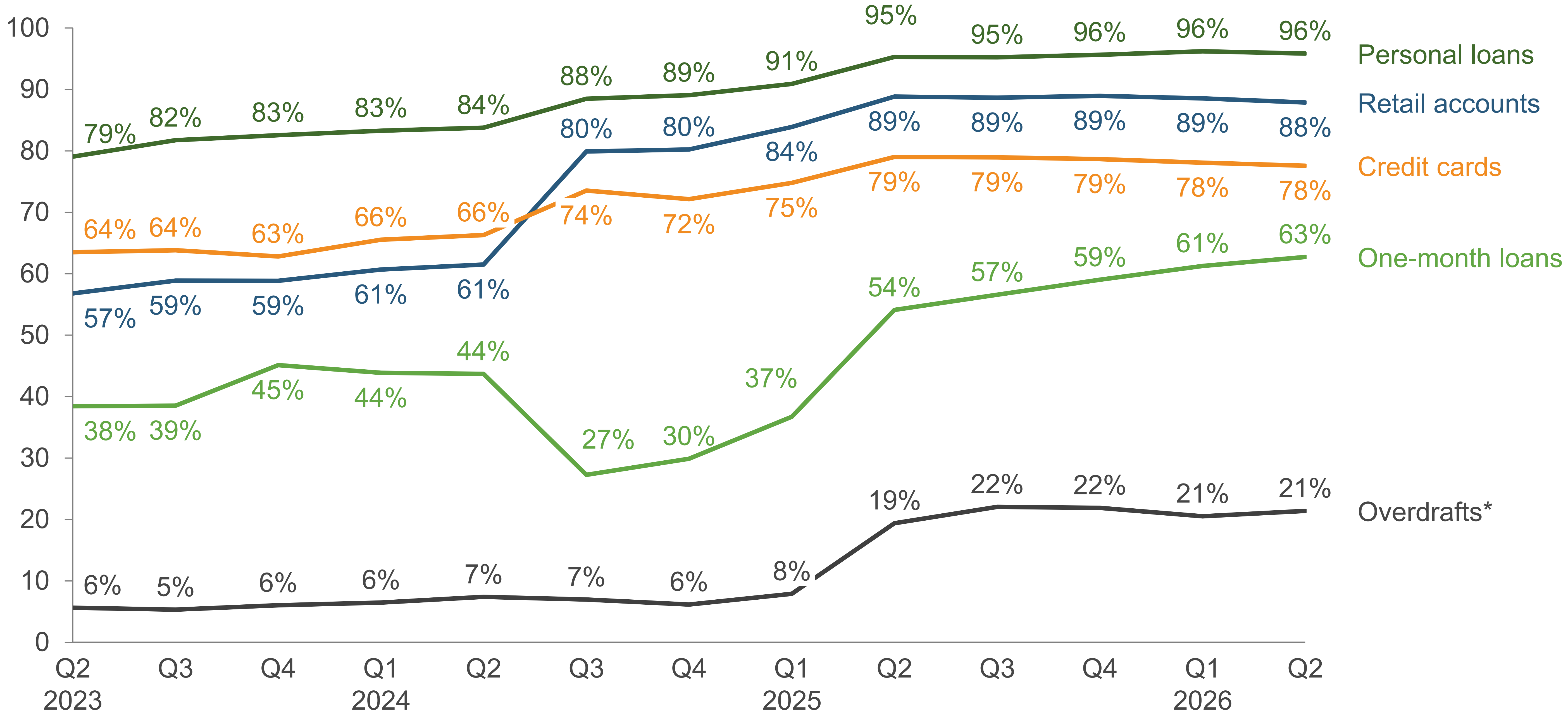
Source: DebtBusters

Looking more closely at unsecured debt… 96% of new applicants have a personal loan (at the time they apply for debt counselling); 63% have a one-month (payday) loan

Share of new applicants with…



- 96% of new applicants have a personal loan at time of applying for debt counselling
- 63% have a one-month (payday) loan
- 78% 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

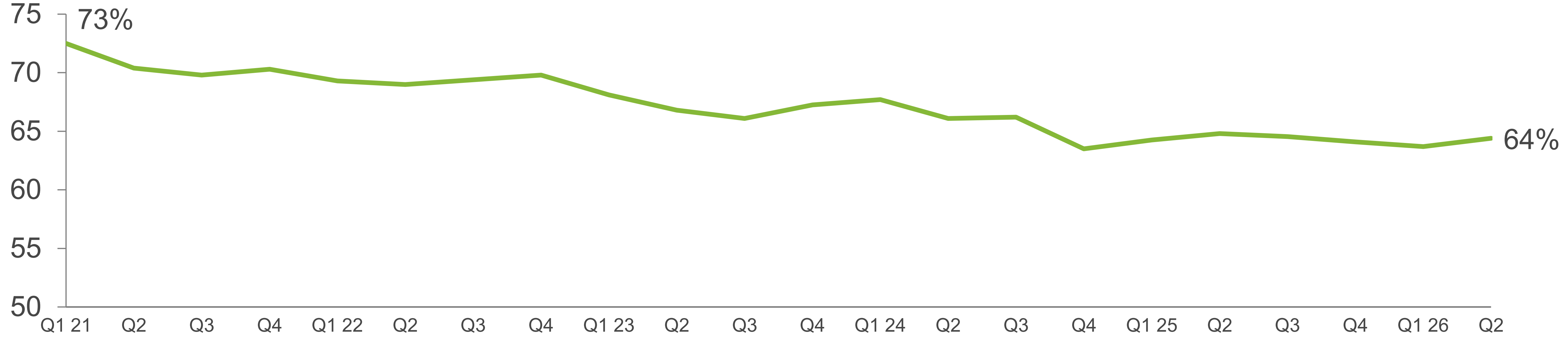
*Overdraft data is available via credit bureaus as of March 2025. For previous quarters, overdraft accounts would only become identifiable after cheque accounts were "split" by lenders post-debt counselling application, resulting in different classifications by different lenders

Source: DebtBusters

Compared to previous years, the debt service ratio has improved. Consumers now need 64% of their take-home pay to service debt, and the overall debt to annual net income ratio is trending downwards…

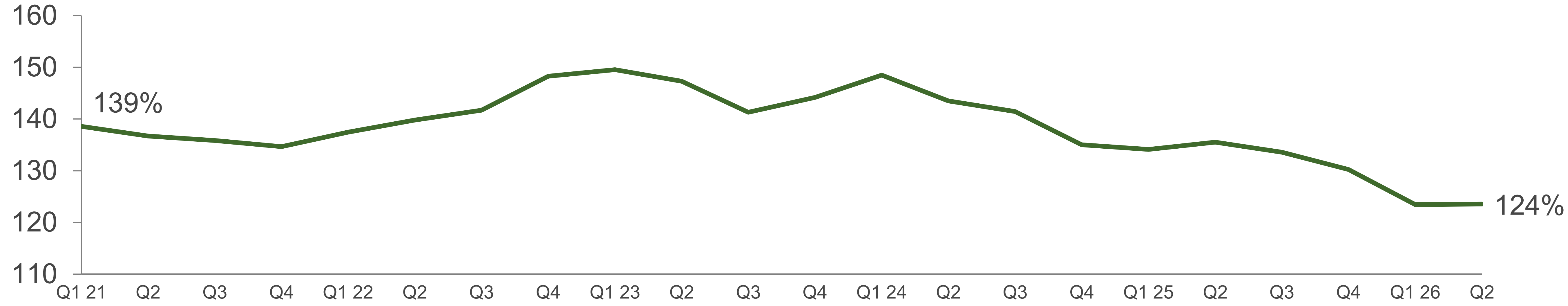
Original monthly debt repayment to net income ratio[1] has improved...

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



…and overall debt to annual net income ratio is also trending downwards

Total debt exposure to annual net income ratio, when consumers sign up with DebtBusters



Comparable 2024 figures for select countries (OECD*):
Mexico 28%
Poland 39%
Italy 80%
Germany 86%
USA 99%
UK 131%
Korea 174%
Australia 210%

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

1 Median debt repayment to net income ratio all new applicants signed up in that quarter

* OECD (2024), "Household debt" (indicator), https://doi.org/10.1787/f03b6469-en (accessed in July 2026). Figures are for 2024.

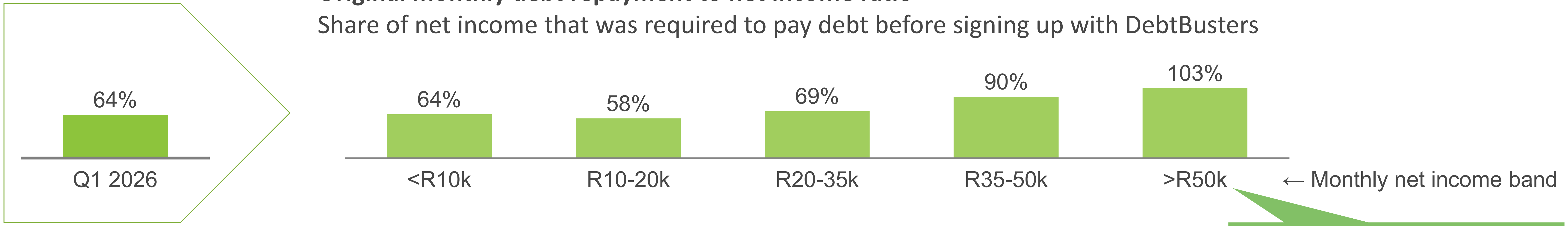
From Q1 2026, figures reflect enriched data, including credit bureau and internal data. Data from former Consumer Debt Help business (now part of DebtBusters) has also been incorporated for previous years. We believe this provides greater granularity and insights on a wider range of consumer, credit agreement, and credit provider data. It also has an impact on consumer debt profile and creditor classifications. Therefore, historical figures have been restated accordingly, and new metrics have been introduced.

Source: DebtBusters

…for those taking home more than R50k per month, the total debt to annual net income ratio is 307%, and they need 103% of their take-home pay every month to service their debt repayments…

Original monthly debt repayment to net income ratio[1]

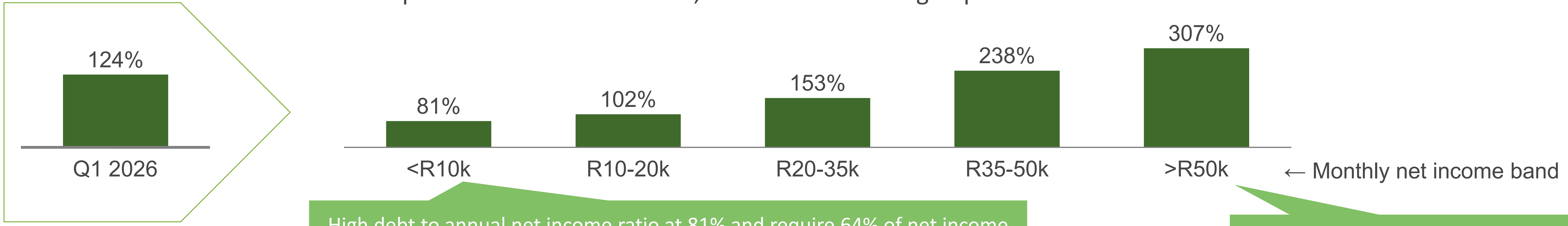
Share of net income that was required to pay debt before signing up with DebtBusters



Need more than their full salary to service debt, starting each month financially on the back foot

Original overall debt to annual net income ratio

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



High debt to annual net income ratio at 81% and require 64% of net income to pay debt each month, which means interest rates charged are highest (generally ~3-4% p.a. higher compared to highest income groups)

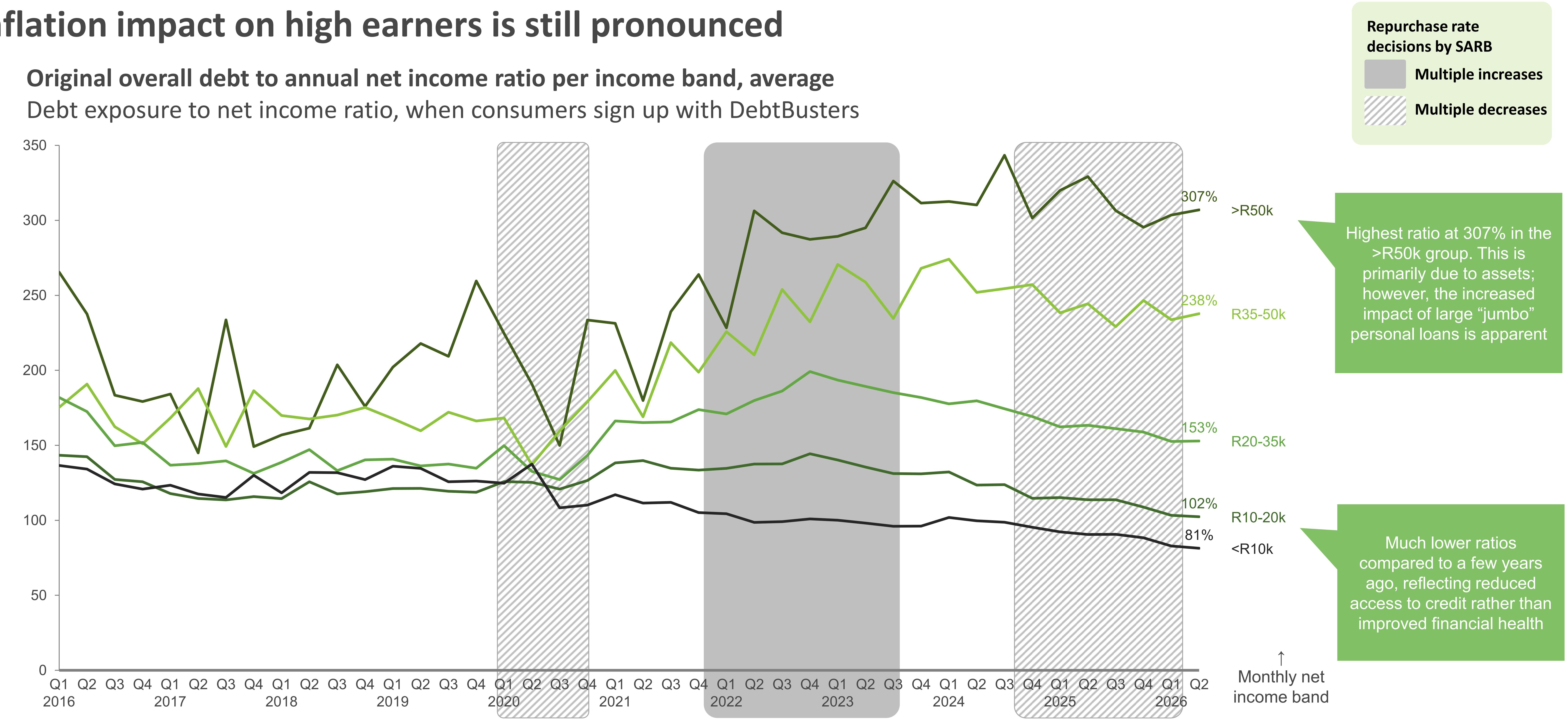
Highest debt to annual net income ratio

1 Median debt repayment to net income ratio for all new applicants signed up in that quarter

Source: DebtBusters

…the overall debt to annual net income ratio appears to have improved for many income bands compared to a few years ago, but the post-covid demand for credit and inflation impact on high earners is still pronounced

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



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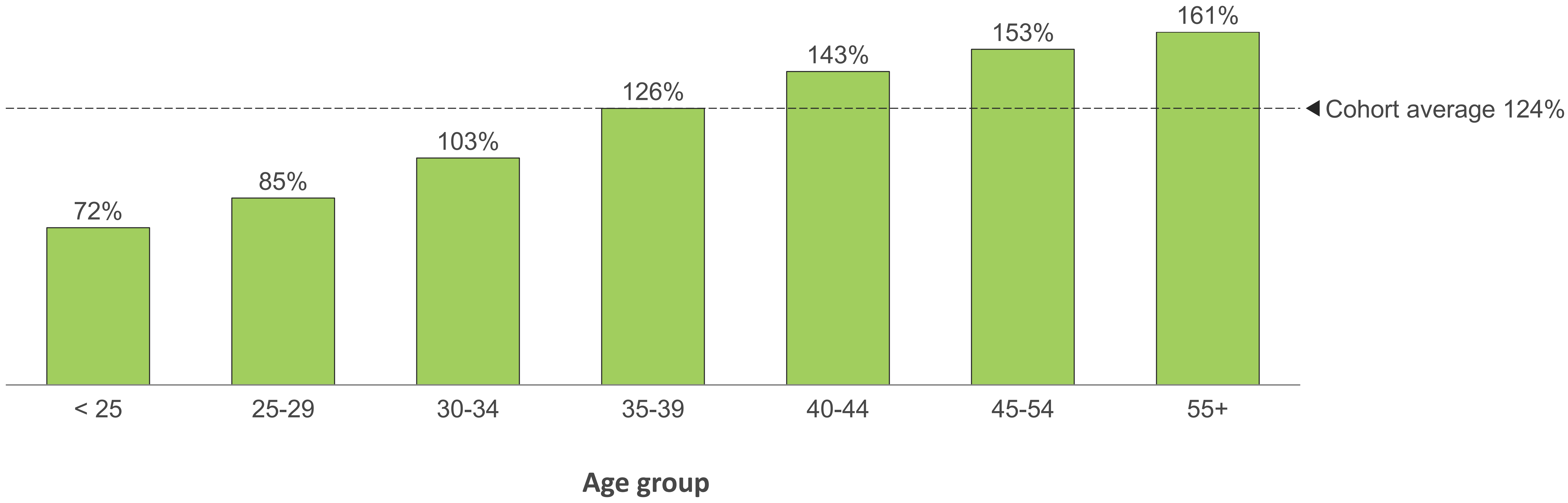
Source: DebtBusters

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

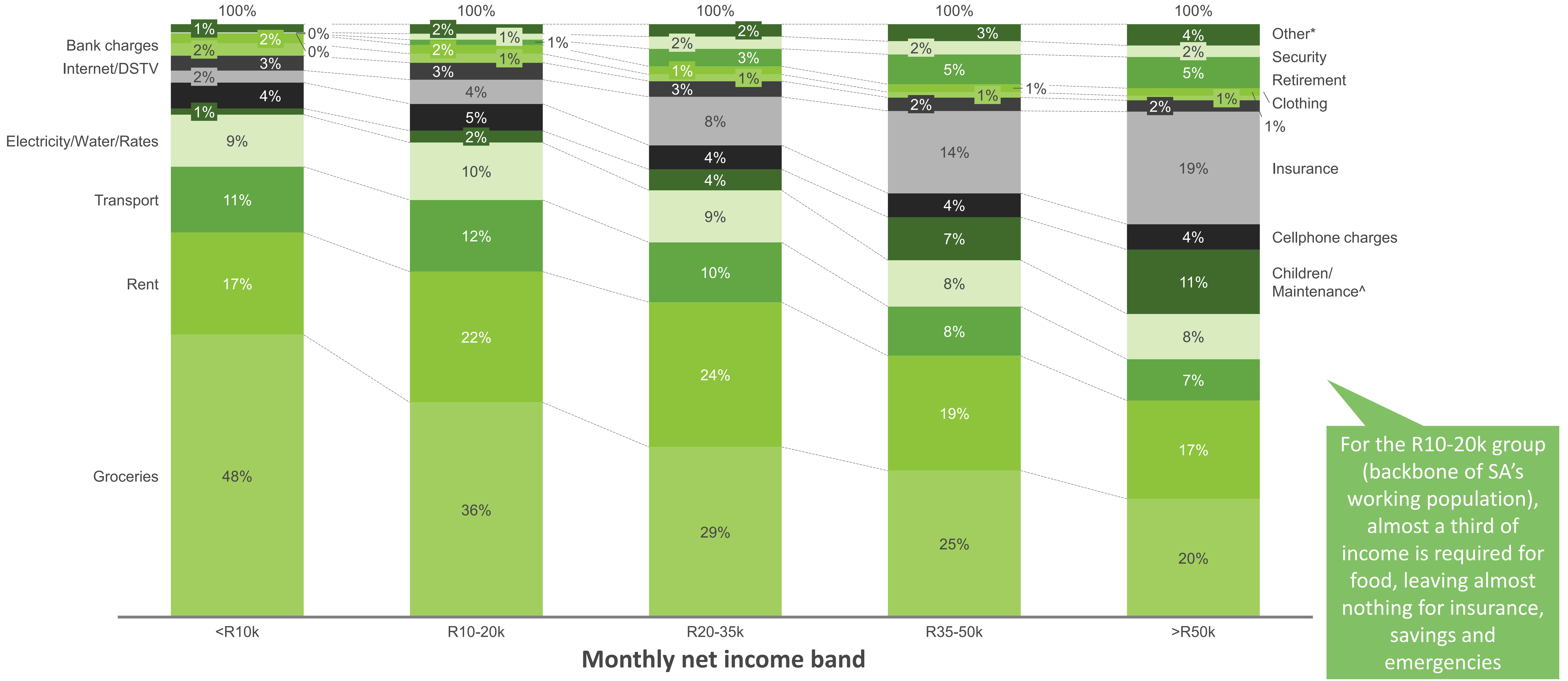


Source: DebtBusters

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, ~9% on utilities, and ~4% on cellphone charges…

Share of disposable income (excluding debt repayments) spent on…

Clients who applied for debt counselling in most recently completed quarter



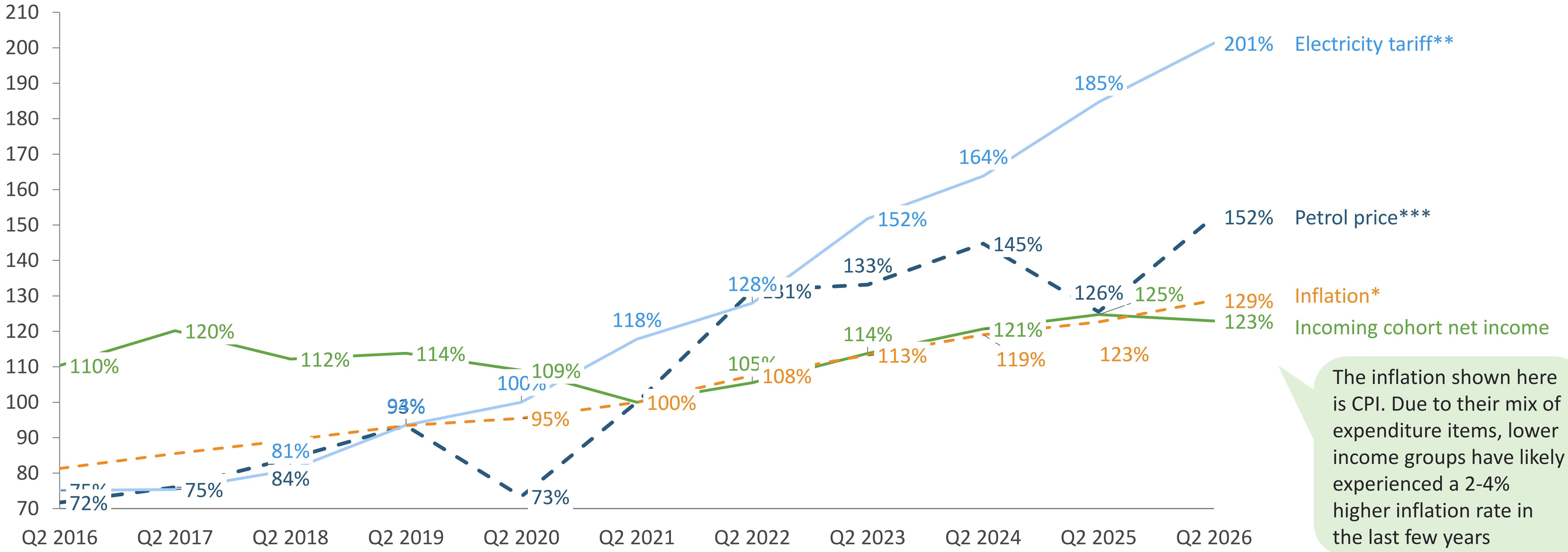
*Other = Other sundry items such as home and vehicle maintenance, medical expenses, domestic worker, TV licence, etc

^Includes school fees

Source: DebtBusters

Since 2021, primary indicators of cost of living increased substantially faster than incomes. Core inflation (CPI) increased by 29%, petrol price by 52%, and electricity tariffs by 101%. During the same period, average net income of incoming cohorts increased by 23%; however, income levels that were already suppressed in 2021 have only recently recovered to pre-covid levels…

Change in primary indicators at end of the quarter
Indexed to 2021 levels | 2021 = 100



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

* Source: Stats SA CPI history; Stats SA report P0141; https://www.statssa.gov.za/?page_id=1854&PPN=P0141; last accessed July 2026
** Source: Eskom municipal rate increases; https://www.eskom.co.za/distribution/5189-2/; last accessed July 2026
*** Source: AA; inland price of Unleaded 93 petrol per litre; https://aa.co.za/fuel-pricing/; last accessed July 2026

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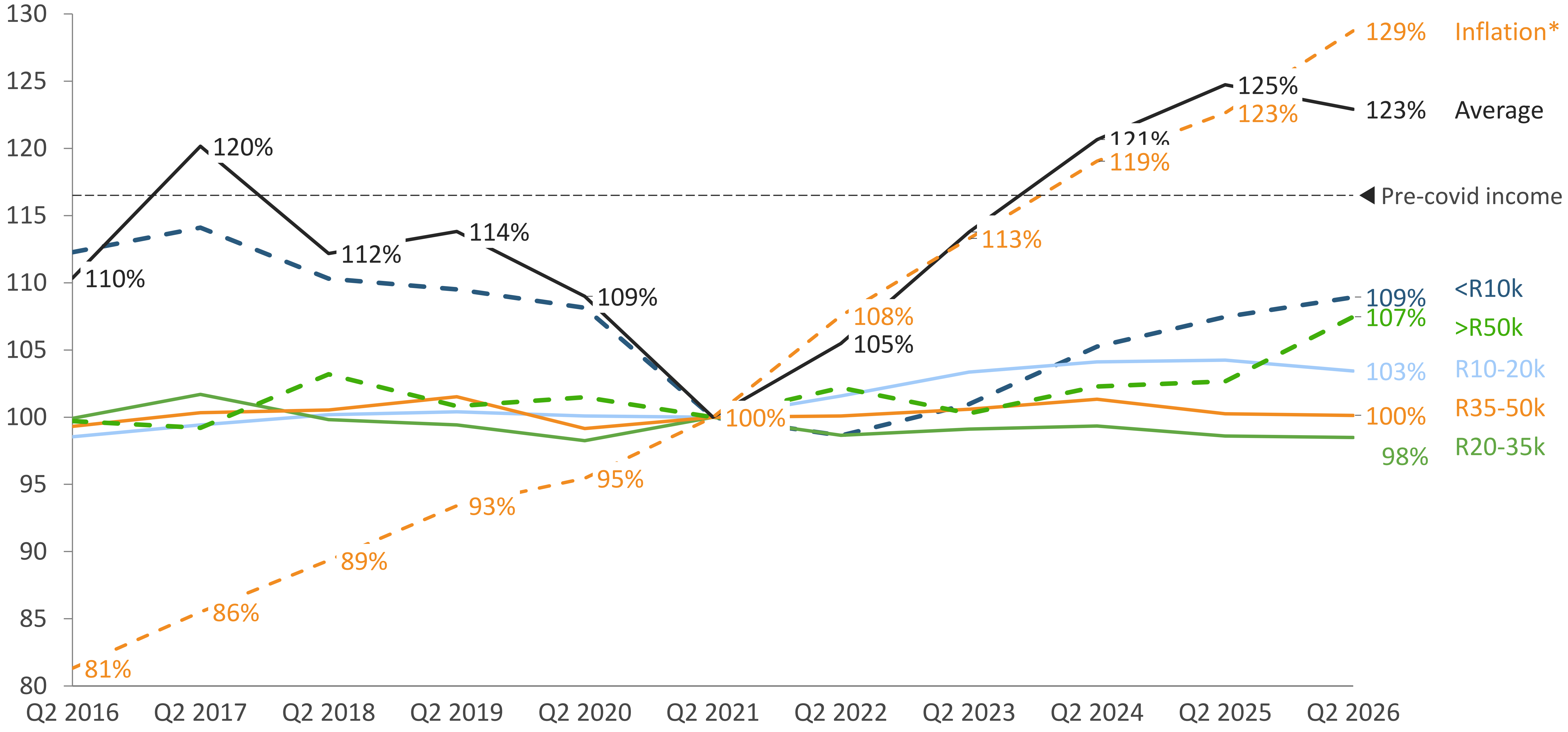
Source: DebtBusters

Since 2021, the average net income (take-home pay) of incoming debt counselling clients increased by 23% while inflation (CPI) went up by 29%. At first glance, it appears that income growth has kept up with core inflation. However, when analysed more carefully by income band, it is clear that income levels have not changed meaningfully for many income bands over the same period, particularly compared to pre-covid income levels

Change in net income levels per cohort of incoming consumers, per net income band

Indexed to 2021 levels | 2021 = 100



- On average, it appears net incomes have kept up with core inflation since 2021
- However, average net income increase is led by the highest and lowest earners
- For many income bands, average net income growth still lags behind inflation

* 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 July 2026

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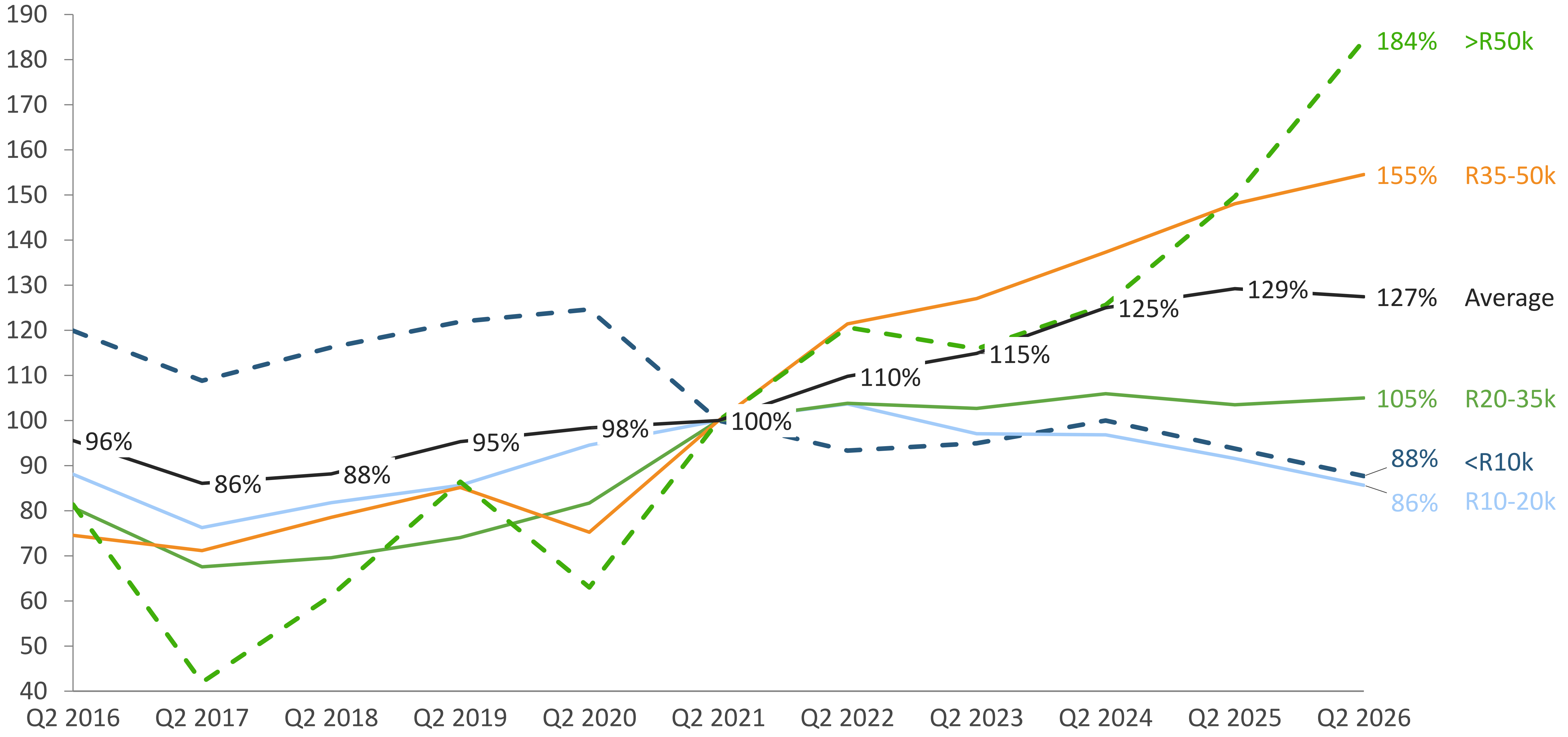
Source: DebtBusters

…On average, consumers have 27% more unsecured debt in 2026 compared to 2021. Those taking home R35-50k have 55%, and those taking home R50k or more have 84% more unsecured debt than they did in 2021. This outpaces inflation (CPI) growth of 29% and is much higher than the salary growth of 7% during the same period for the top earners, highlighting the pressure they are under…

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

Indexed to 2021 levels | 2021 = 100



- For top earners, the 84% increase in unsecured debt levels far outpaces inflation (CPI) growth of 29% and salary increase of 7% over the same period
- The gap between salary growth and unsecured debt growth for the top earner group may signal a structural issue
- Lending to lower income bands has shrunk significantly since 2021

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Source: DebtBusters

On average, total debt levels (secured and unsecured debt combined) are 24% higher compared to 2021. However, this is a tale of two halves: Top earners' total debt has outpaced inflation, whereas lower income groups have significantly lower levels of debt. This reflects reduced access to credit rather than improved financial health

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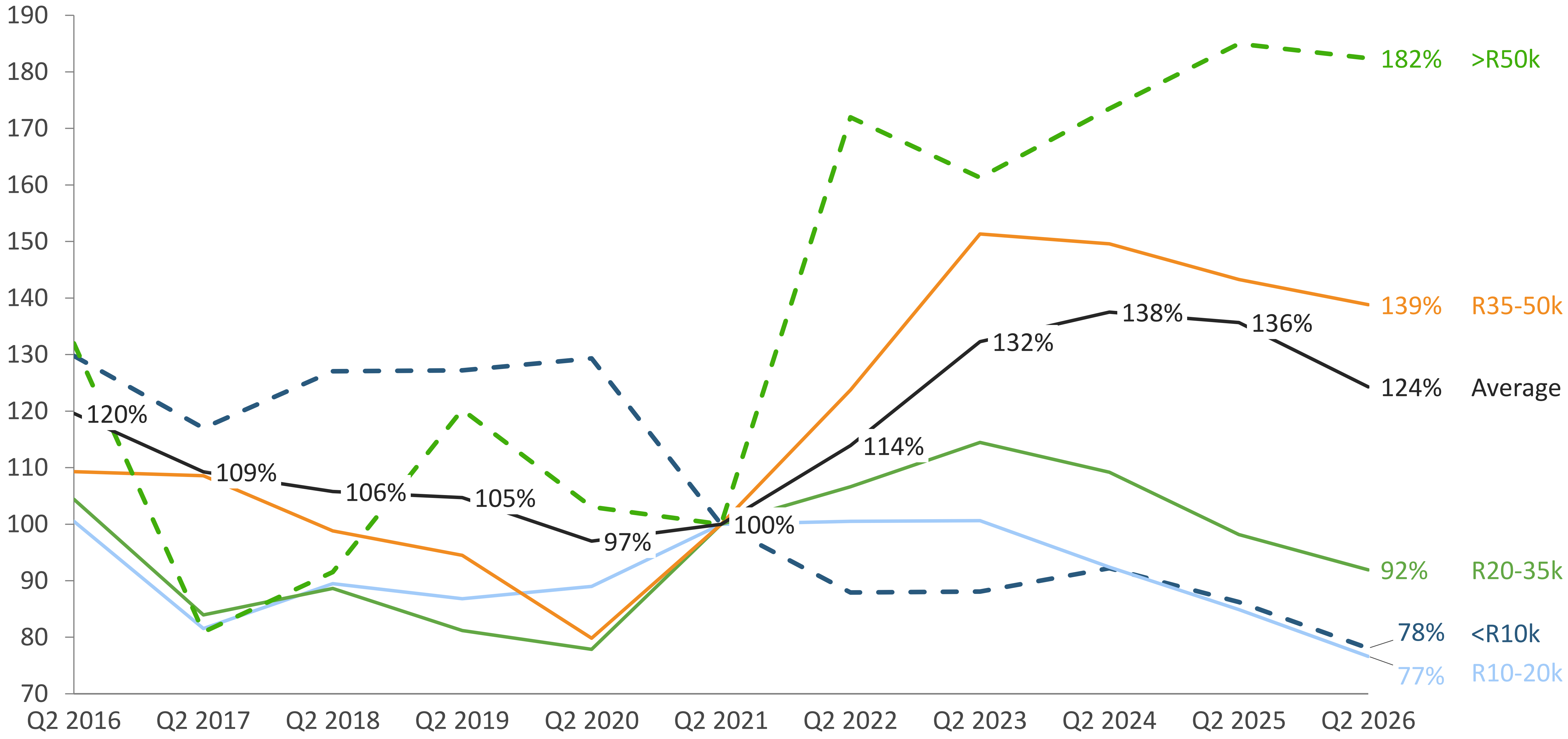
Change in total debt levels per income band of consumers signed up in the quarter
Indexed to 2021 levels | 2021 = 100



- Compared to 2021, the increase in total debt is 24%, yet interestingly, the total average debt level is similar to 2016
- There are big differences between income bands, highlighting the concentration of credit risk in top income bands

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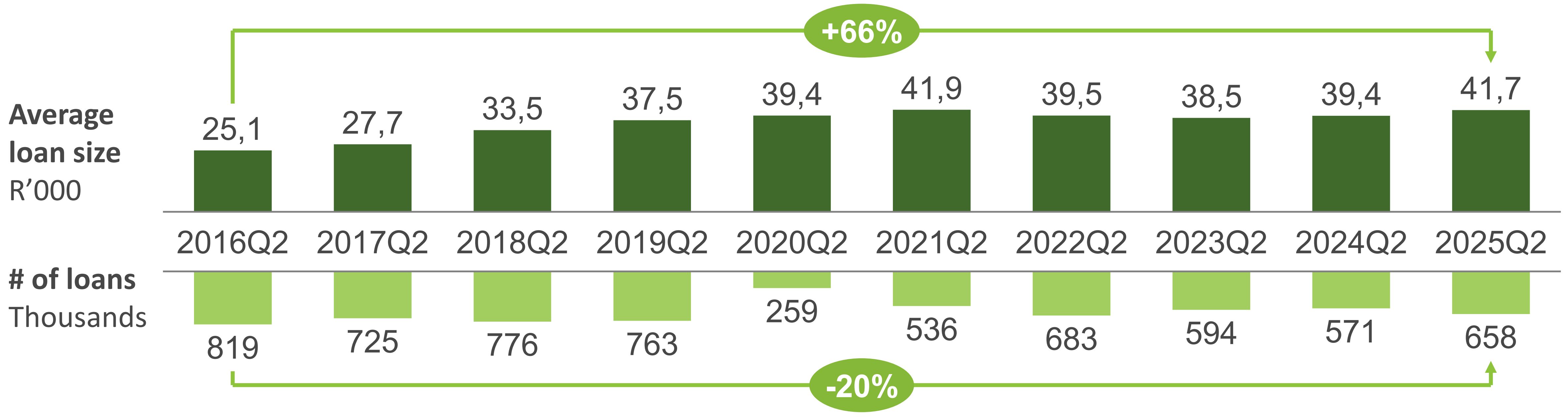
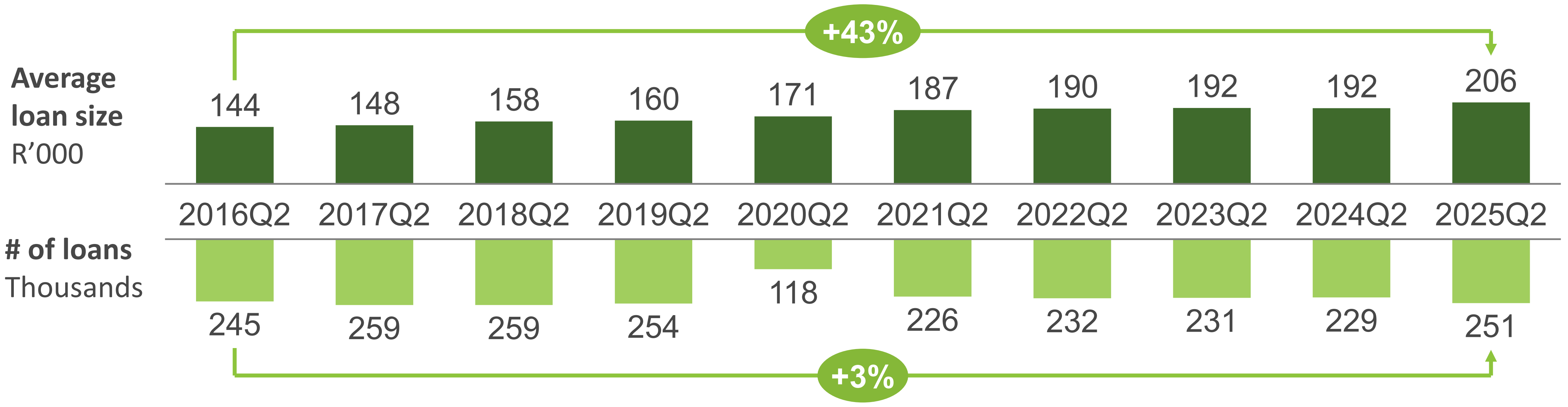
Source: DebtBusters

Since 2016, average unsecured loan size increased by 66%, while 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^

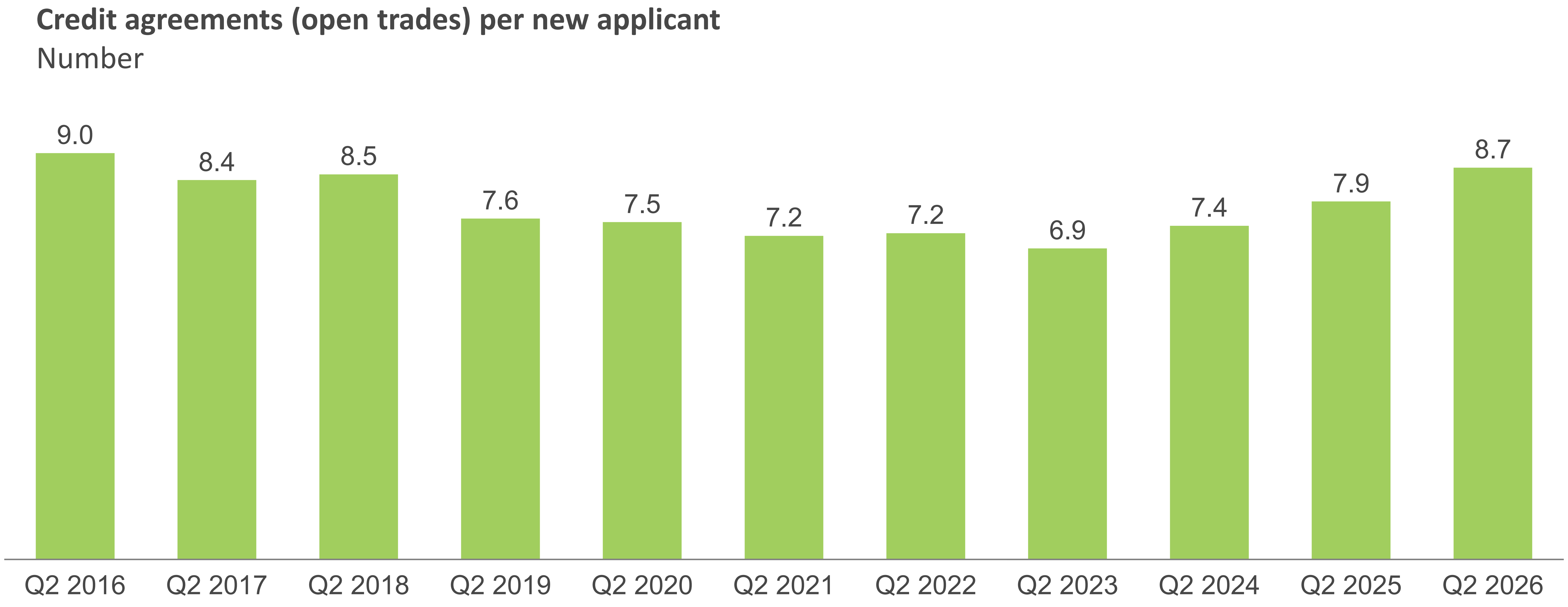


- Since 2016, the average unsecured loan size increased by 66%, whereas the number of new loans decreased by 20%. This indicates that unsecured lending is extended largely to a smaller pool of consumers, indicating a higher concentration of credit risk
- For secured loans, in contrast, the number of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

^ Q2 2025 was the most recent quarter available at time of publication

Source: NCR Consumer Credit Market Report Data Q4 2007 – Q2 2025

At 8.7, the number of credit agreements per applicant is at its highest level since 2016. After dipping to 6.9 in 2023, it has rebounded sharply, suggesting a new wave of multi-lender borrowing over the past few years



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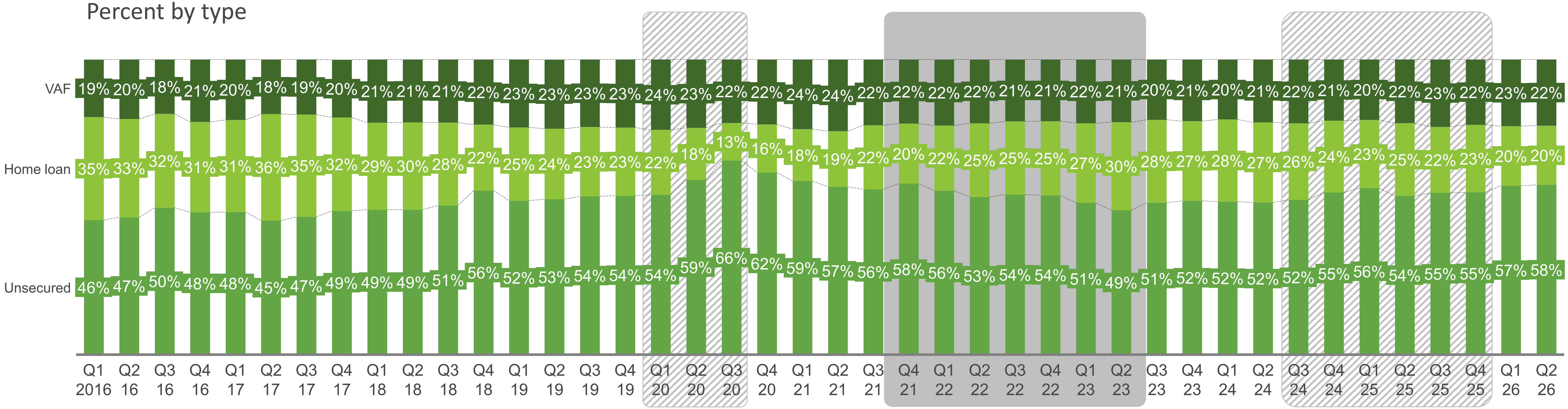
Source: DebtBusters

The debt mix for new applicants is sensitive to changes in interest rates. Between 2022 and mid 2023, the share of home loan debt increased and peaked at 30%. Due to reduction in interest rates since late 2024, this share has come down to 20%

Repurchase rate decisions by SARB
Multiple increases
Multiple decreases

Breakdown of new applicants' debt
Percent by type



- Interest rate reduction combined with bank payment holidays in first three quarters of 2020 resulted in dip in asset debt share
- Higher interest rates from November 2021 until May 2023 resulted in an increase in the home loan share from Q1 2022 onwards, reaching 30% in Q2 2023
- Interest rate reductions in 2024 and 2025 resulted in a reduction of 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

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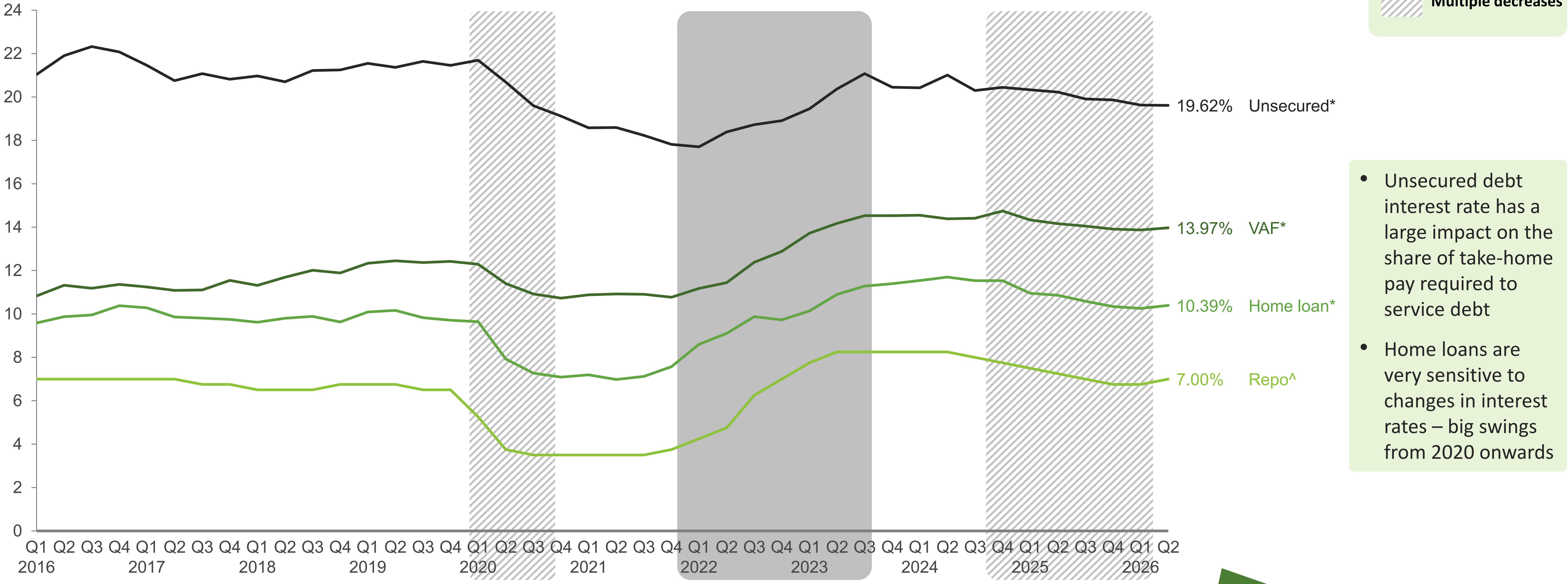
Source: DebtBusters

While the average (pre-debt counselling) interest rate for unsecured debt is lower than previous years, it remains elevated, mainly due to the prevalence of one-month loans with higher interest rates…

Average contractual interest rate of new applicants' credit agreements on date of application*

Percent, per annum



- Unsecured debt interest rate has a large impact on the share of take-home pay required to service debt
- Home loans are very sensitive to changes in interest rates – big swings from 2020 onwards

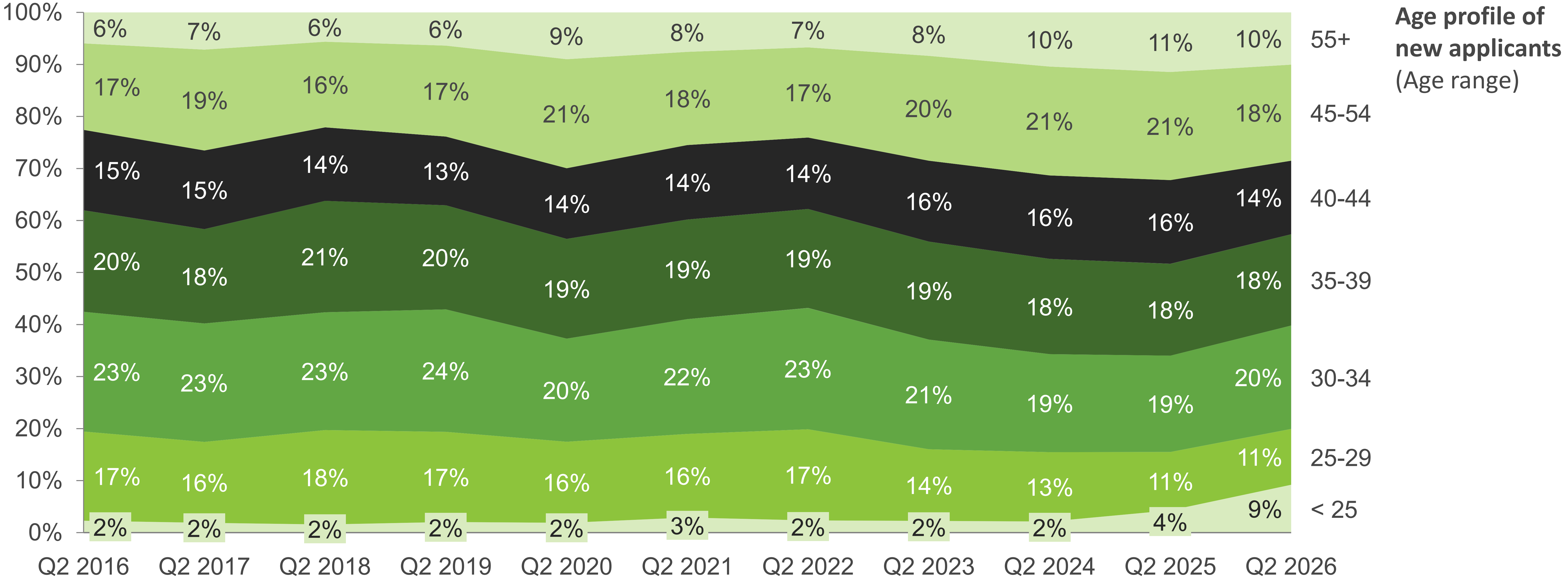
Max. allowed at end of quarter[1]:
- Unsecured: 28% p.a.
- VAF: 24% p.a.
- Home loan: 19% p.a.

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
* Weighted average interest rate for all credit agreements in that category, calculated based on agreement size mix and interest rate
^ SARB repo rate at the end of that quarter
1 Maximum rate allowed for newly originated credit agreements in that quarter per DTIC regulations
Source: DebtBusters

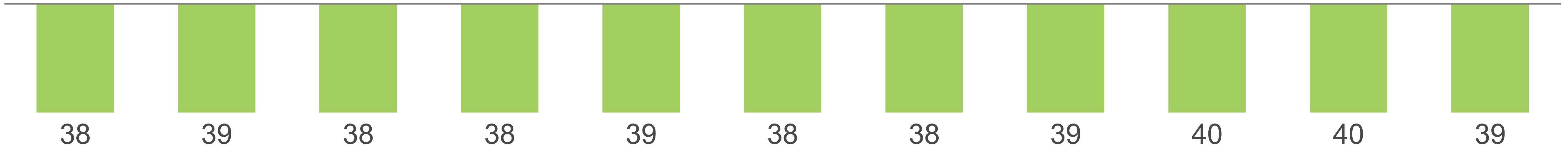
Consumer age profile indicates elevated financial stress in the 45+ and under 25 age groups. Average applicant age is 39

Average age of new applicants has dropped to 39 after an increase in the last few years, and the 45+ age cohort now makes up 28% of applicants, up from 23% in 2016. Under 25s make up 9% of applicants. Financial stress is increasingly an early- and late-career phenomenon

Share of new applicants



Average age of new applicants



Source: DebtBusters

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

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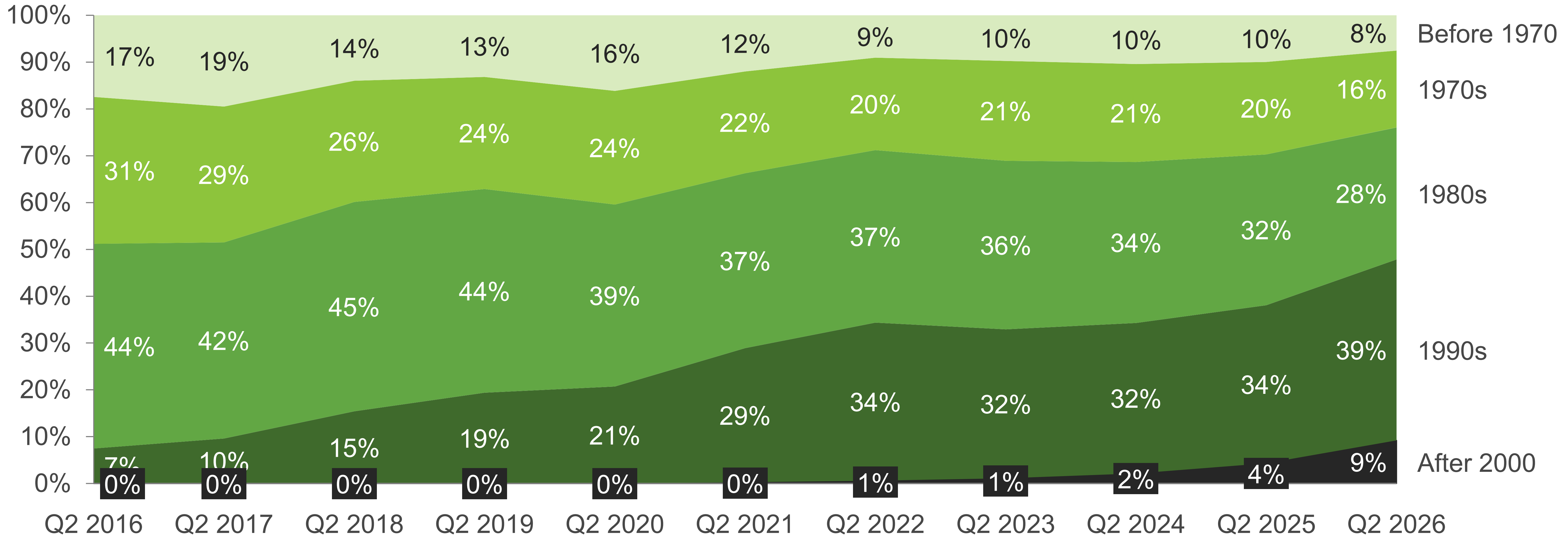
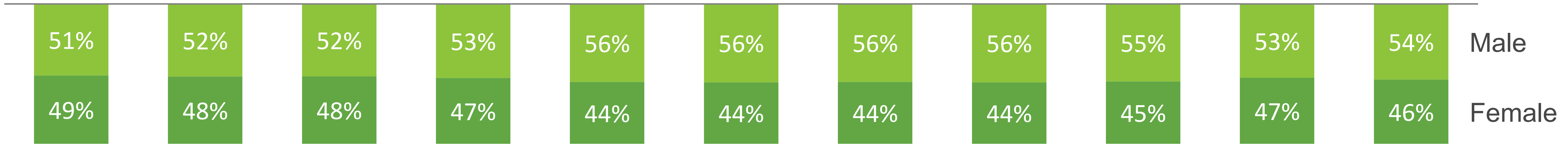
Share of new applicants

New applicants' decade of birth



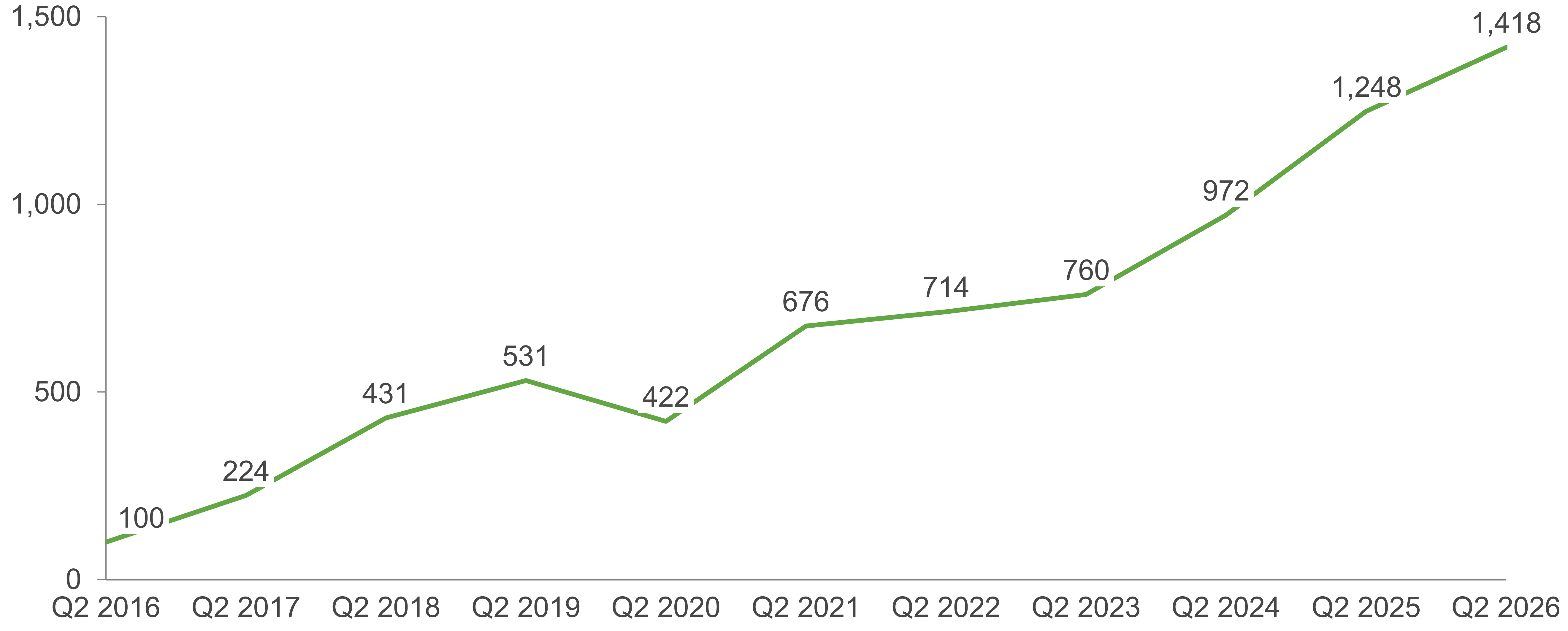
Share of applicants who are



Source: DebtBusters

In the most recent quarter, the number of consumers graduating from debt counselling (successfully receiving their clearance certificate) was ~14 times higher than the same period in 2016. Consumers who graduated in Q2 2026 paid ~R570m to their creditors while in debt counselling

Clearance certificates issued
Indexed to 2016 levels
2016 = 100



- In Q2 2026, there were around 14 times more consumers "graduating" or getting clearance certificates compared to 2016 levels
- Consumers who received clearance certificates in the most recent quarter paid ~R570m to their creditors while in debt counselling

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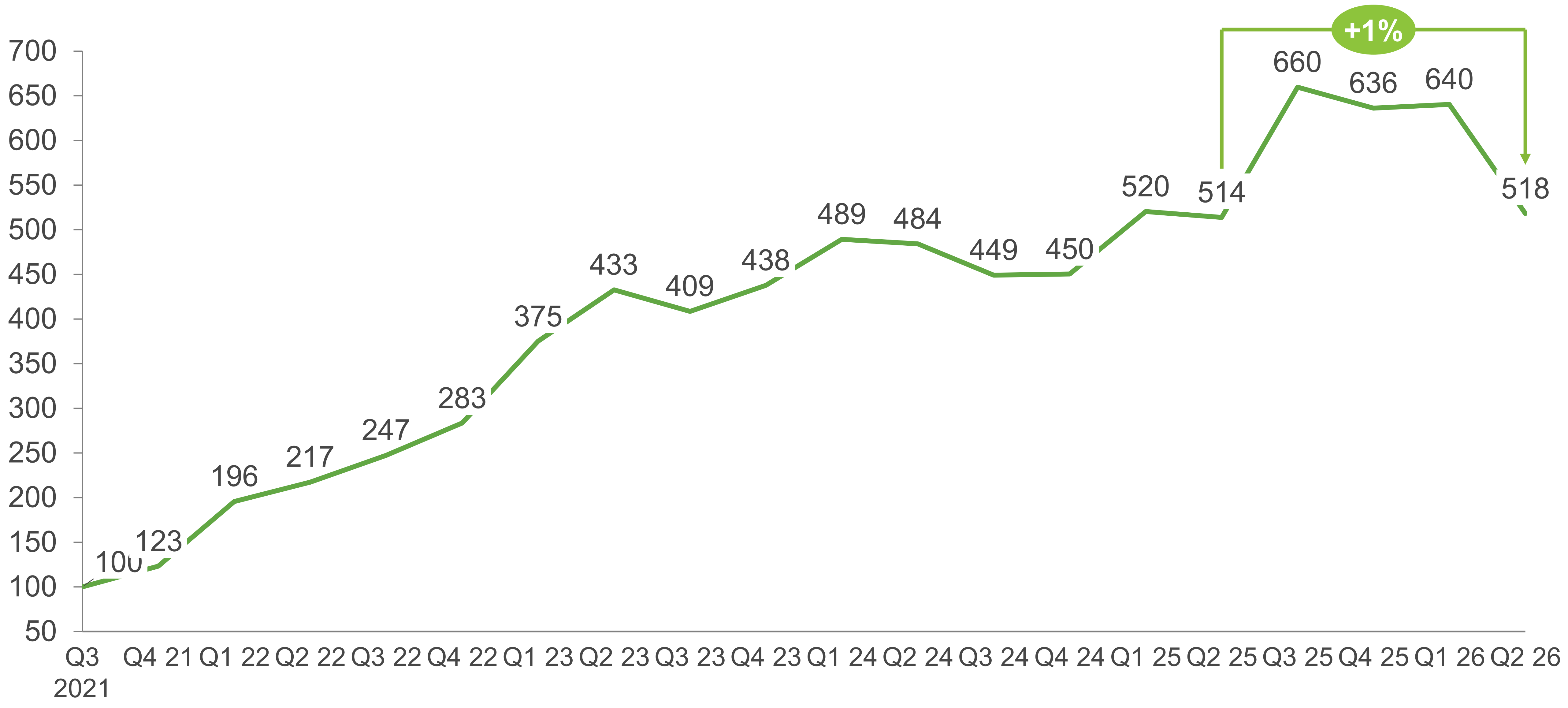
Source: DebtBusters

Consumers' interest in online debt management continues to be elevated, as evidenced by the non-debt counselling signups to the DebtBusters website

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



- Continuously high levels of new subscribers for online debt management on the 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

Source: DebtBusters