



Debt Index | Q1 2026

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Overview - Benay Sager, Executive Head of DebtBusters

In Q1 2026, 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 and access to two-pot retirement savings has helped consumers with their finances. With that said, **online debt management subscription was up by 23% compared to the same period last year, indicating that the underlying financial stress remains.** We anticipate demand for debt counselling will increase throughout 2026 as core inflation (and therefore interest rates) may increase, mainly due to global factors.

This edition of the Debt Index marks 10 years of data, providing a robust long-term view of South African consumer financial health. We have taken this opportunity to expand the data set and update the Debt Index baseline for most indicators to 2021. We also introduced a new income band (>R50k) to better reflect the financial situation of top earners, who are increasingly exhibiting signs of financial stress – particularly a lingering effect of the covid pandemic post-2021 – that warrant closer monitoring.

South African consumers continue to face significant financial pressure, with debt burdens remaining elevated and income growth failing to keep pace with rising costs. **In Q1 2026, consumers who applied for debt counselling needed 64% of their take-home pay to service debt — an improvement from the peak of 73% in Q1 2021, but still deeply elevated. For top earners (those taking home more than R50k per month), this figure rises to 101%, meaning they begin each month on the back foot financially, with a total debt to annual net income ratio of 303% — the highest of any income group.**

Since 2021, income growth has broadly kept pace with CPI growth of 27% on average — but this headline figure masks a deeply unequal picture: real income gains have been concentrated among highest earners, while lower income bands have seen little to no real improvement. Consumers in the <R10k band have effectively seen their incomes rise compared to 2021 levels, but in real terms are still behind 2016 income levels. 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 — a record — while 61% carry a one-month (payday) loan – also a record.** The average number of credit agreements per new applicant has reached 8.5, its highest level since 2017, indicating a sharp rebound in multi-lender borrowing after a trough of 7.1 in 2023.

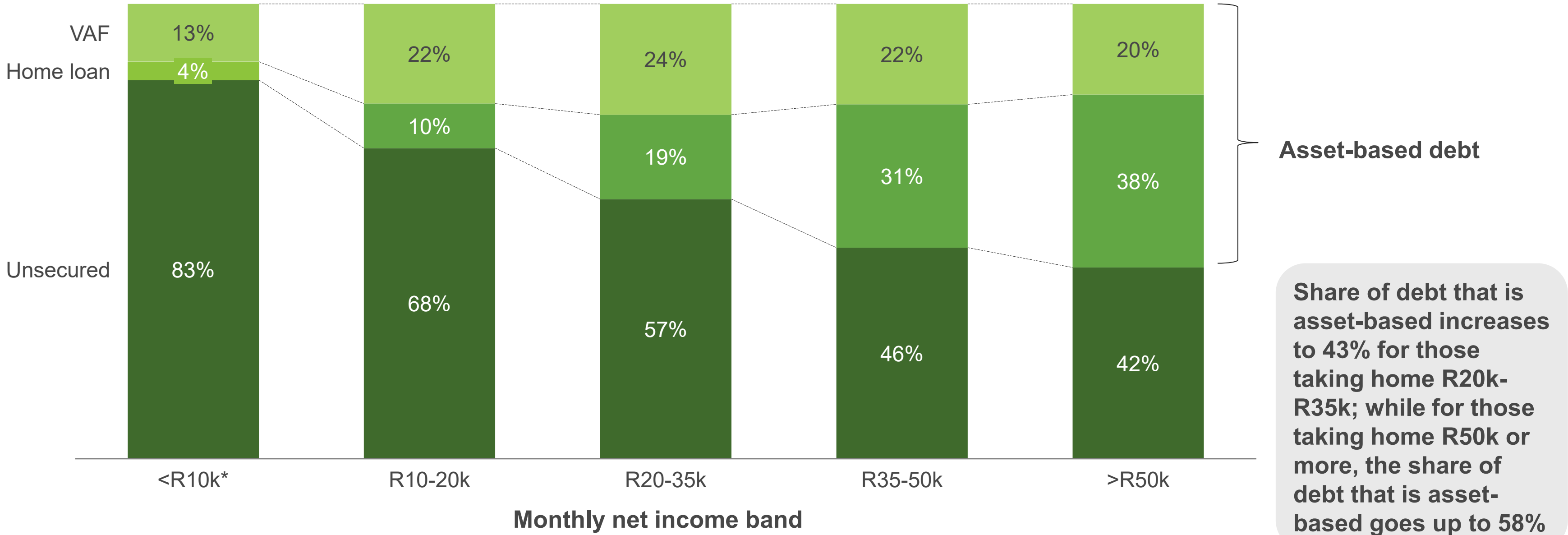
Unsecured debt levels are on average 23% higher than in 2021. **For those taking home R50k or more per month, this figure is 99% higher, or double 2021 levels: This far outpaces both inflation (27%) and salary growth (6%) for that group, pointing to acute financial stress in the top earning bracket.** Total debt also tells a tale of two halves: While top earners' total debt has grown by 42% since 2021 – exceeding inflation – lower income earners have seen their total debt shrink by up to 25%. However, this reflects reduced access to credit rather than improved financial health.

On a more positive note, the **average interest rates of incoming clients' credit agreements have continued to ease in line with SARB repo rate reductions. The average unsecured debt interest rate now stands at 17.9% p.a., down from its peak;** however, the median is 20.3% p.a., indicating the wide range of interest rates that consumers are charged when it comes to unsecured debt. The average interest rate for vehicle finance is at 13.6% p.a., and home loans at 10.2% p.a. **The share of home loan debt in the applicant pool has fallen from 30% in Q2 2023 to 20% in Q1 2026, reflecting the impact of rate cuts that took place from 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 number of consumers successfully **completing debt counselling in Q1 2026 reached approximately 14 times the 2016 level, with graduates paying ~R560m back to creditors during their debt counselling programme** — a powerful demonstration of what debt counselling can achieve. A growing share of young applicants – those born after 2000 now make up 9% of new applicants – signals that financial stress is beginning to affect South Africans earlier in their adult lives than ever before. Online interest in debt management also remains strong, with non-debt-counselling subscriptions growing 23% 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



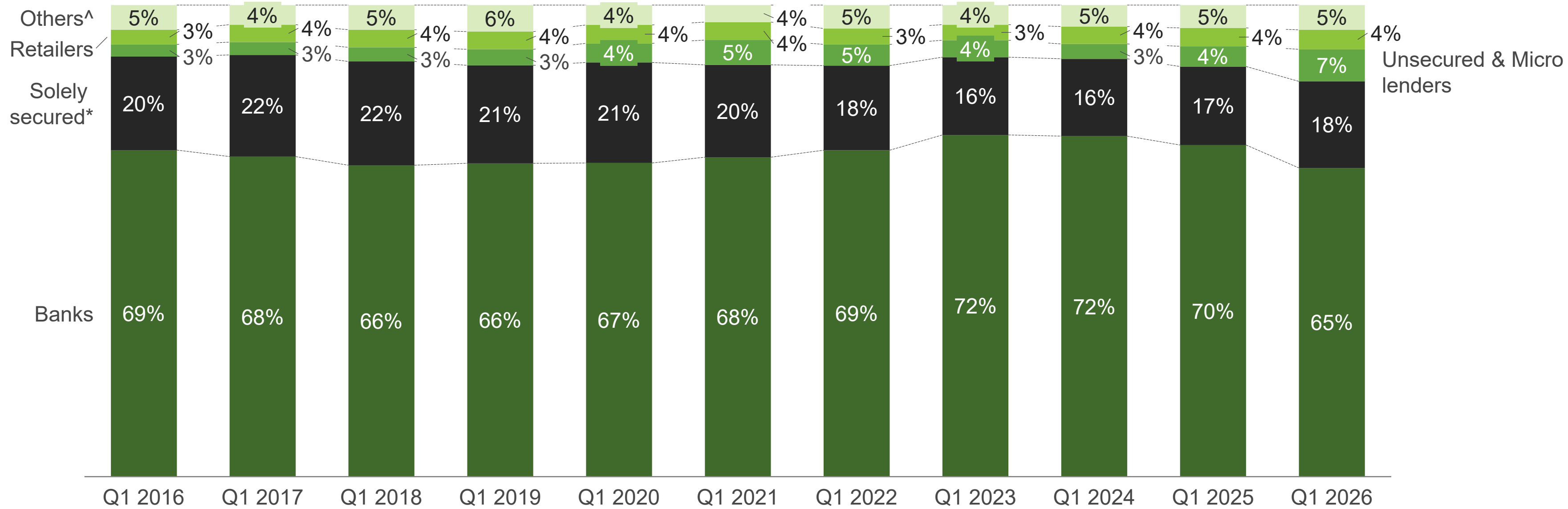
VAF refers to vehicle finance agreements.
Unsecured debt refers to all debt other than vehicle finance and home loans. Therefore, it includes credit card debt, overdraft facilities, personal loans, retail cards, store cards, and the like.

* 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

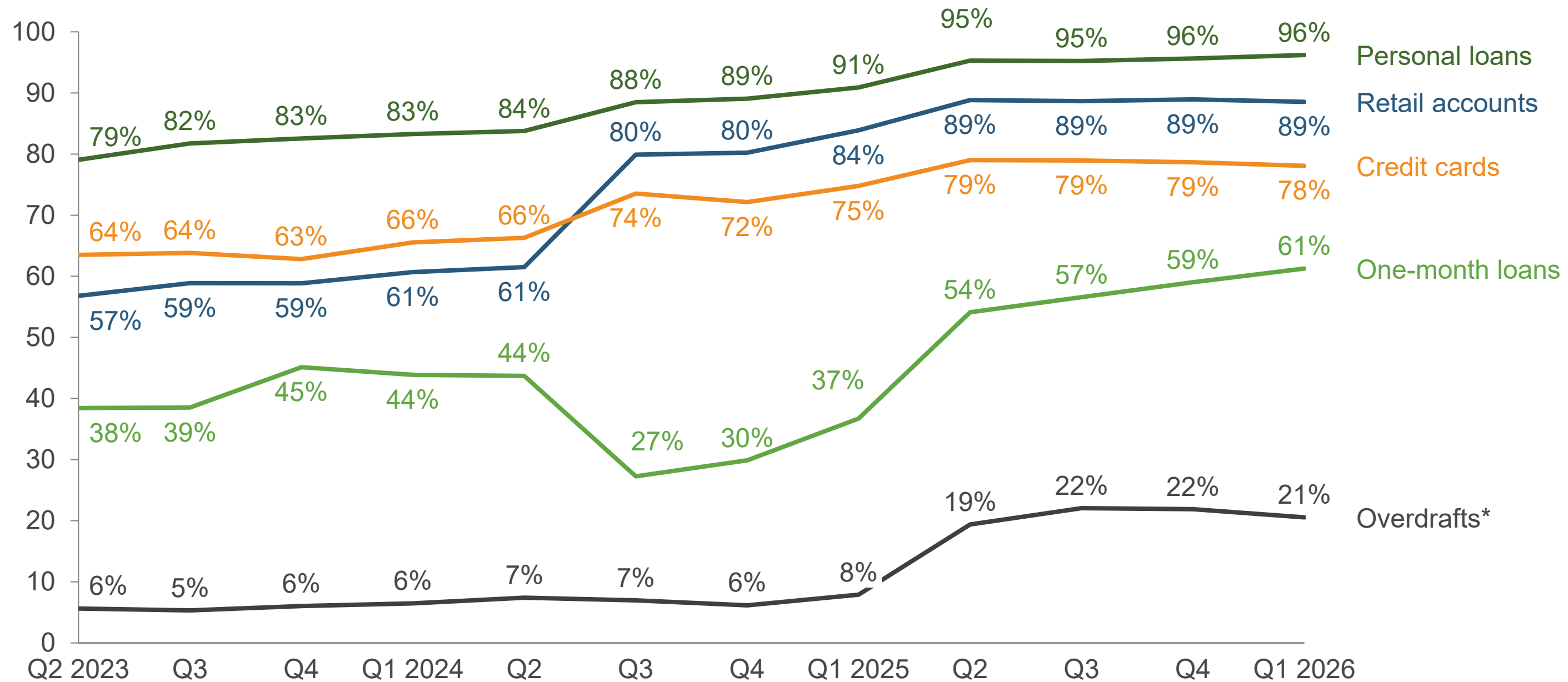
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Source: DebtBusters

Looking more closely at unsecured debt... 96% of new applicants have a personal loan (at the time they apply for debt counselling); 61% come with 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
- 61% 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

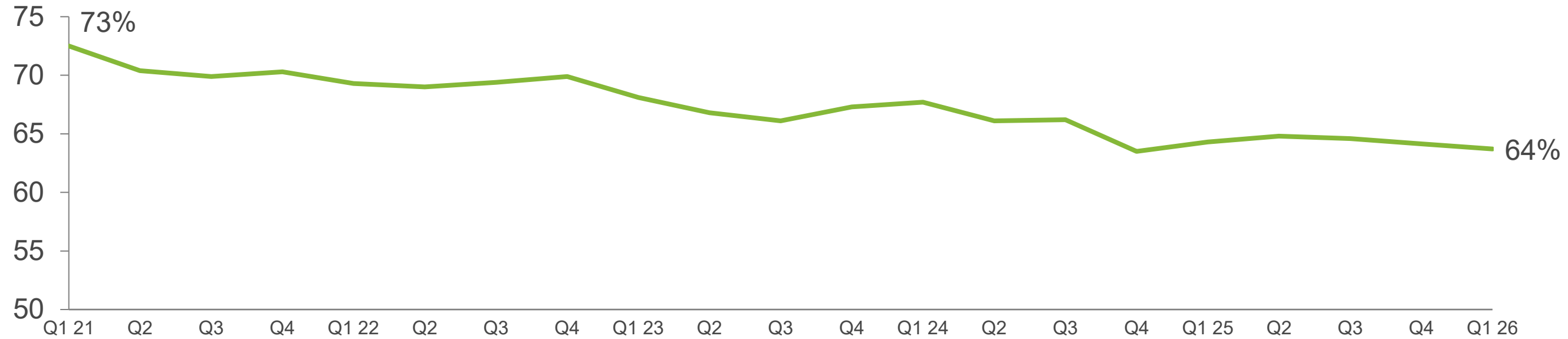
Source: DebtBusters

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



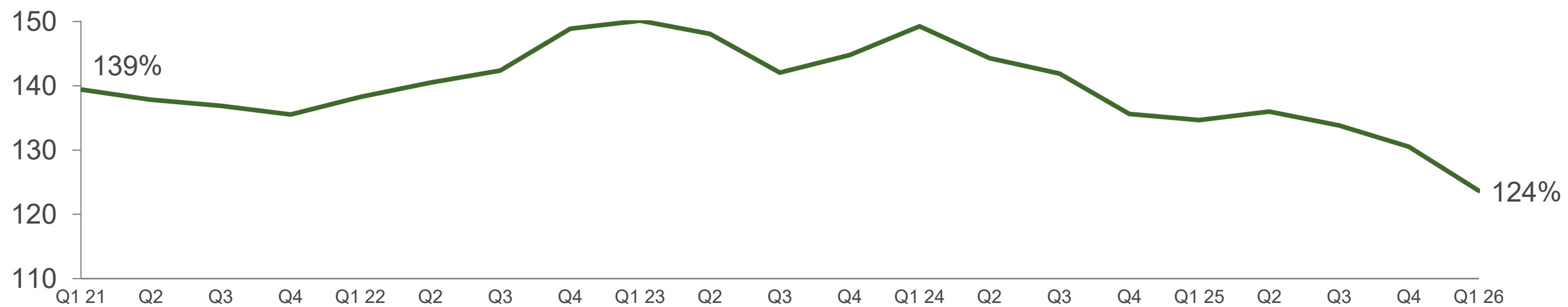
Original monthly debt repayment to net income ratio¹ has improved...

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 consumers signed up in that quarter

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

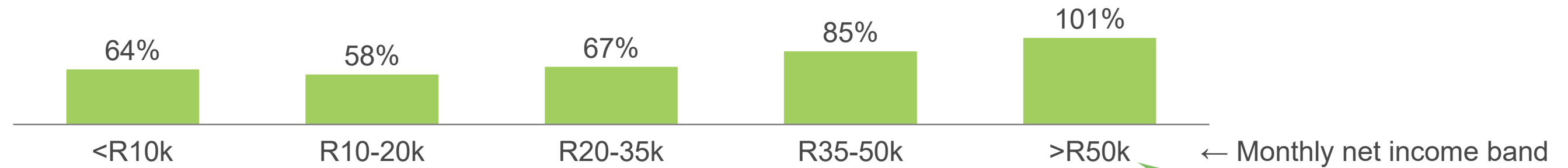
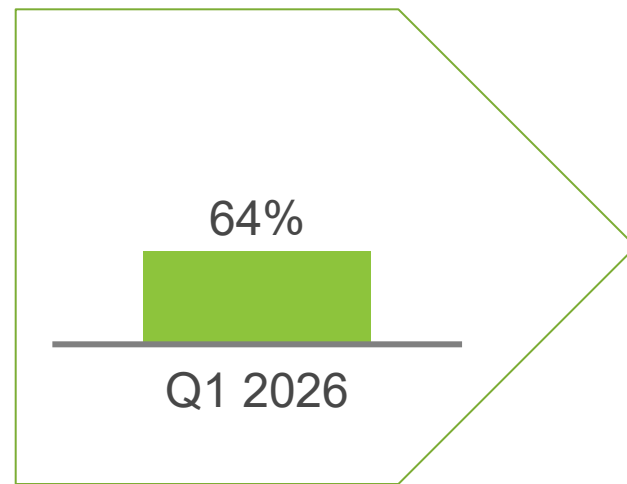
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Source: DebtBusters

...for those taking home more than R50k per month, the total debt to annual net income ratio is 303% and they need 101% of their take-home pay every month to service their debt repayments...

Original monthly debt repayment to net income ratio¹

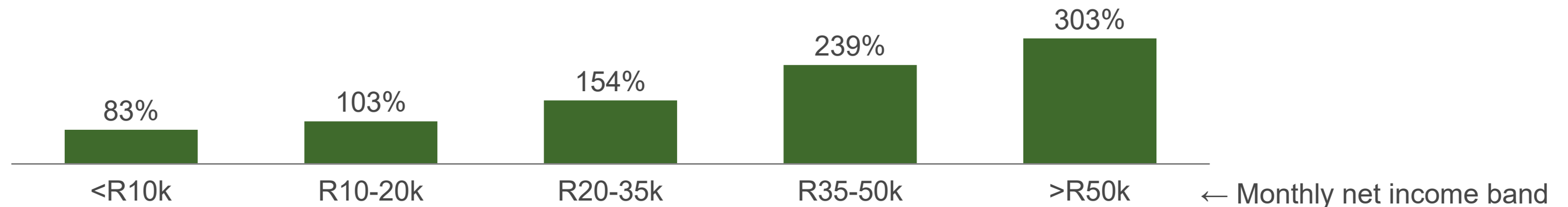
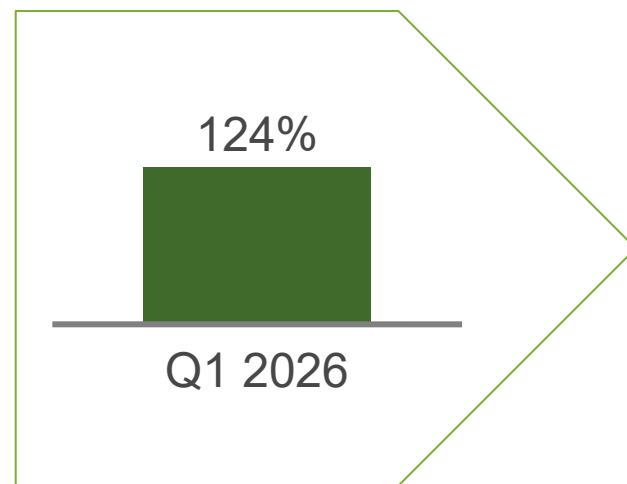
Share of net income that was required to pay debt before signing up with DebtBusters



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 83% and require 64% of net income to pay debt each month, which means interest rates charged are highest (generally ~4% p.a. higher compared to highest income groups)

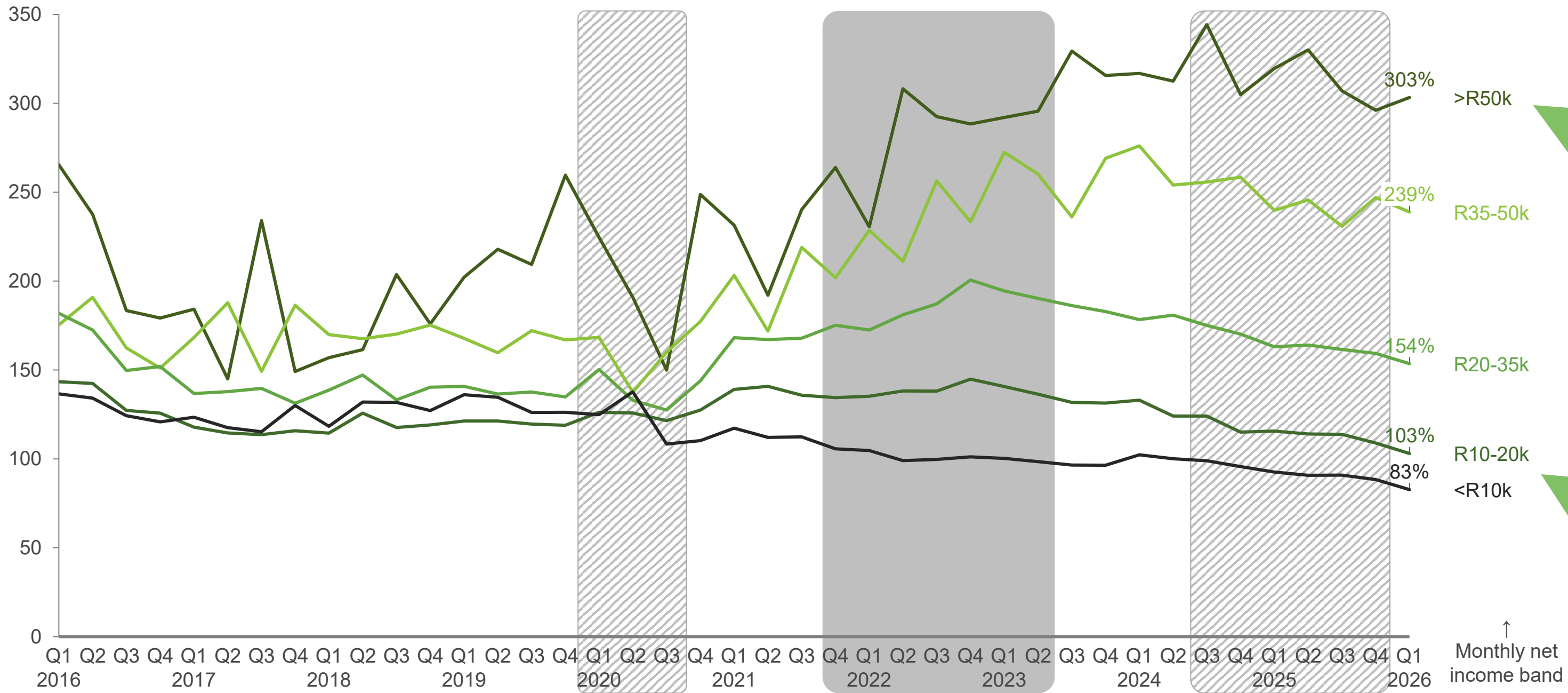
Highest debt to annual net income ratio

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

...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 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



Repurchase rate decisions by SARB

- Multiple increases
- Multiple decreases

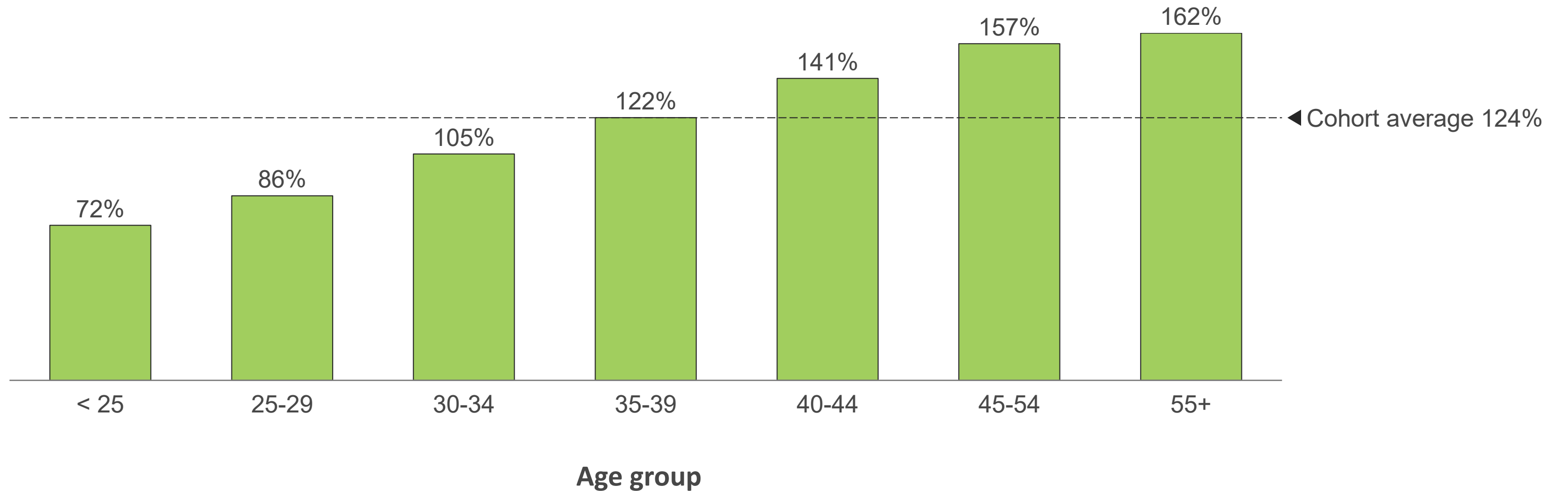
Highest ratio at 303% in the >R50k group. This is primarily due to assets, however the increased impact of large “jumbo” personal loans is apparent

Much lower ratios compared to a few years ago, reflecting reduced access to credit rather than improved financial health

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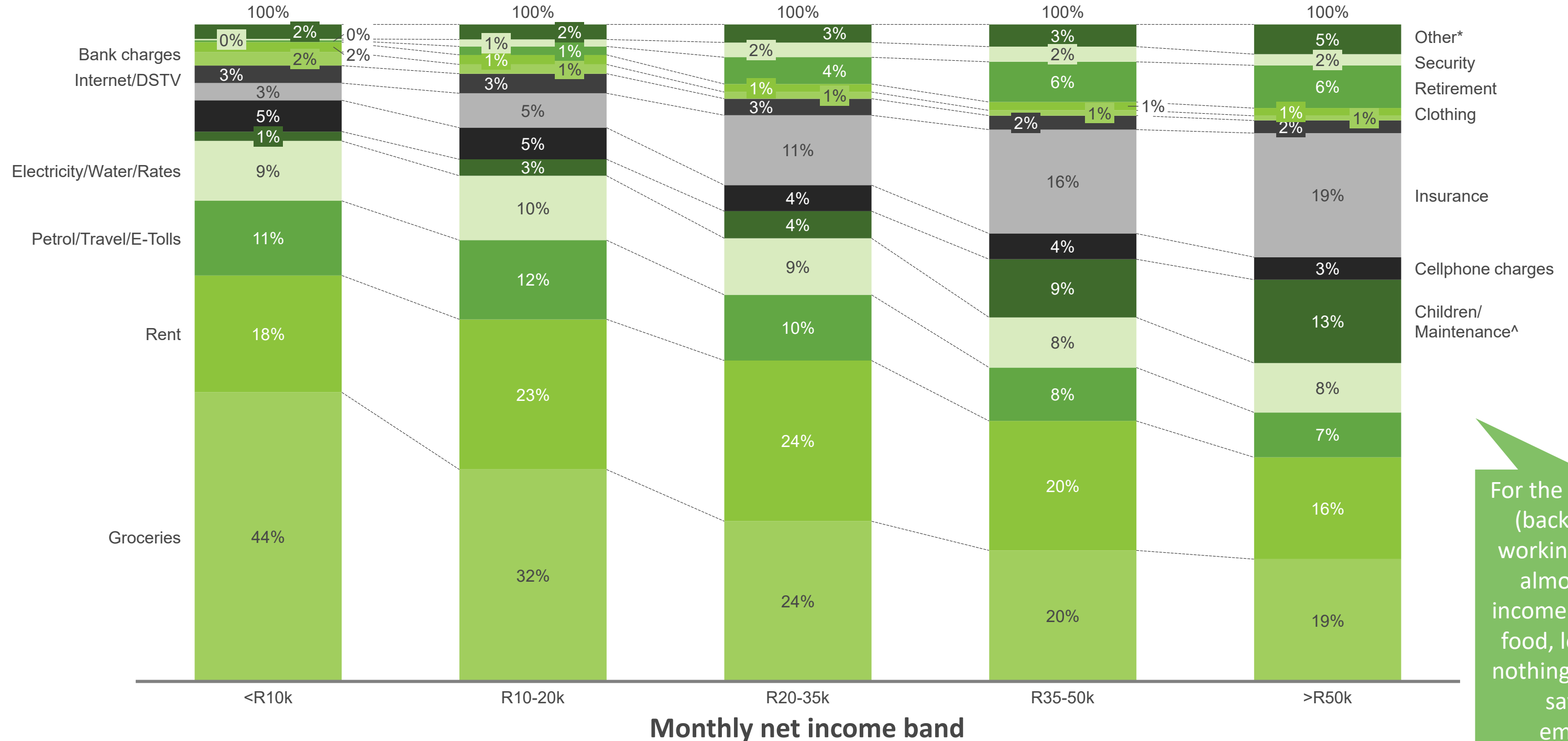
Debt to income ratio varies with age group, indicating there is an opportunity for younger consumers to address their debt earlier in their professional lives

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



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



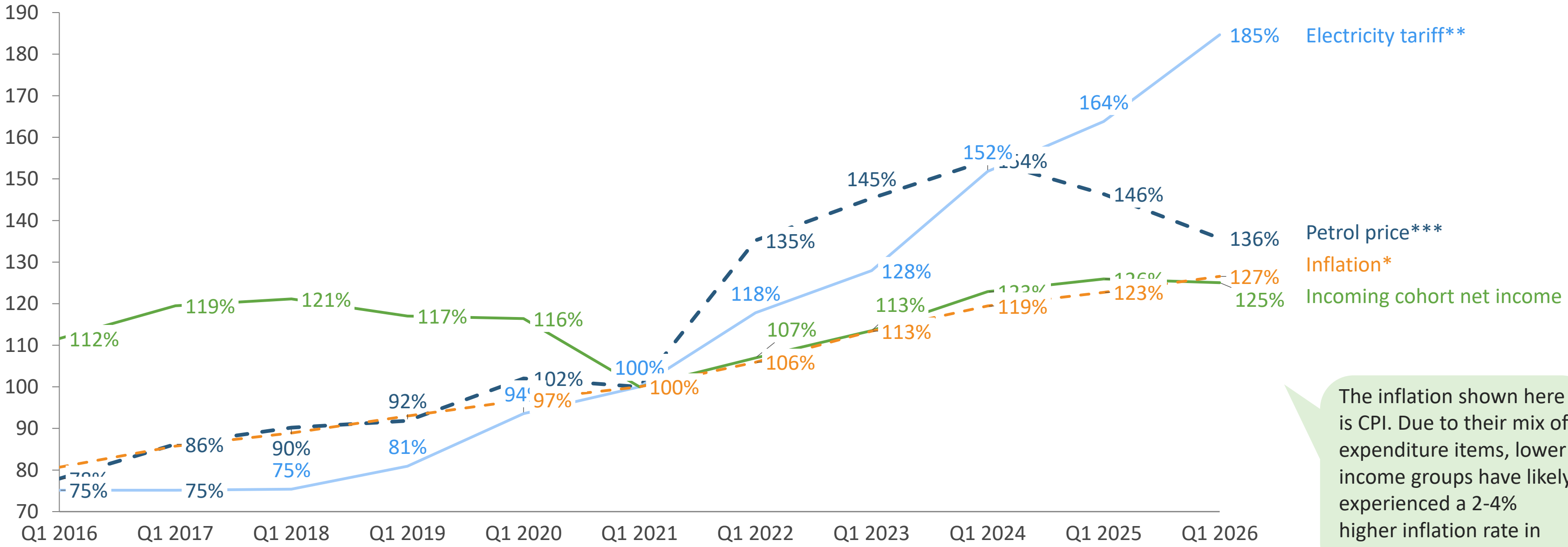
For the R10-20k group (backbone of SA's working population), almost a third of income is required for food, leaving almost nothing for insurance, savings and emergencies

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

^Includes school fees

Since 2021, primary indicators of cost of living increased substantially faster than incomes. Core inflation (CPI) increased by 27%, petrol price by 36%, and electricity tariffs by 85%. During the same period, average net income of incoming cohorts increased by 25%; 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



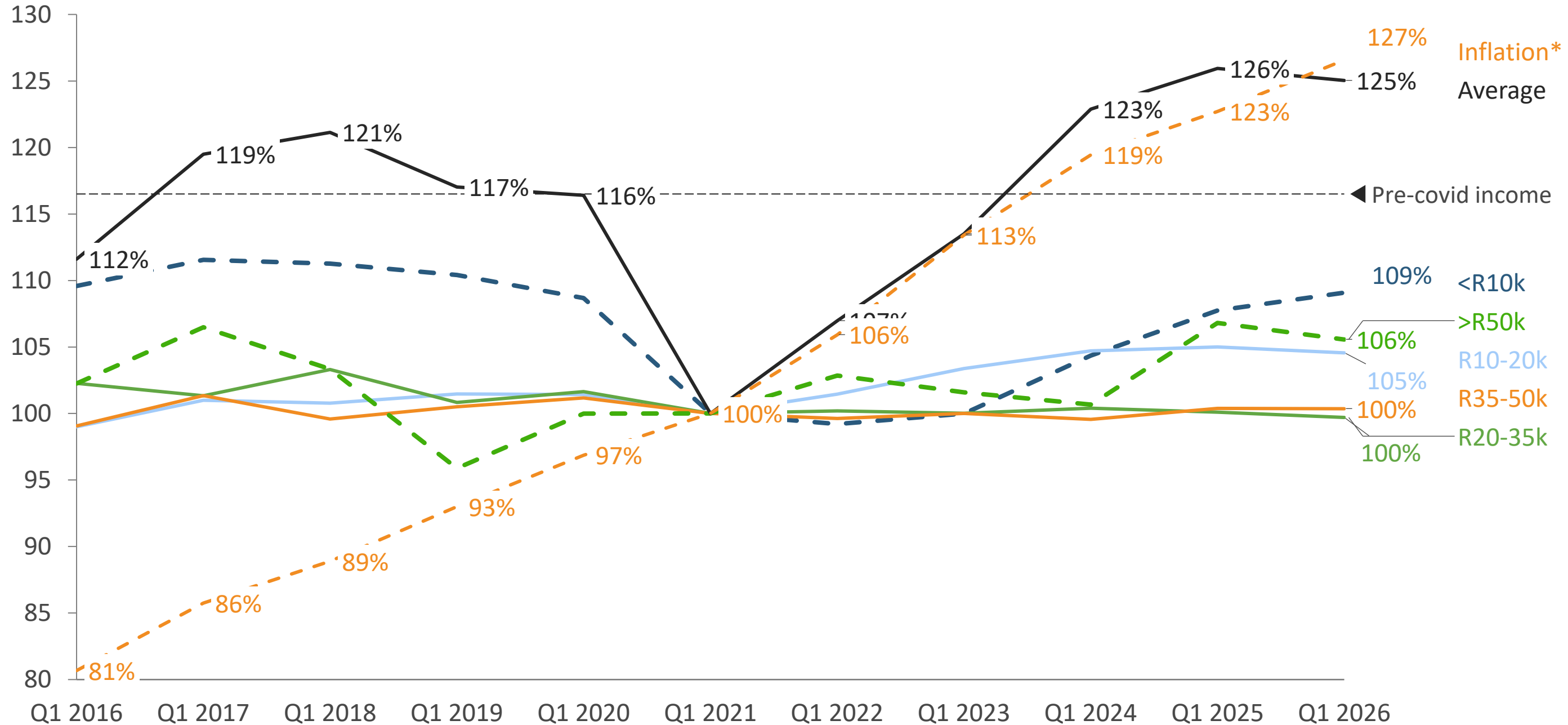
The inflation shown here is CPI. Due to their mix of expenditure items, lower income groups have likely experienced a 2-4% higher inflation rate in the last few years

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

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Since 2021, the average net income (take-home pay) of incoming debt counselling clients increased by 25% while inflation (CPI) went up by 27%. 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 April 2026

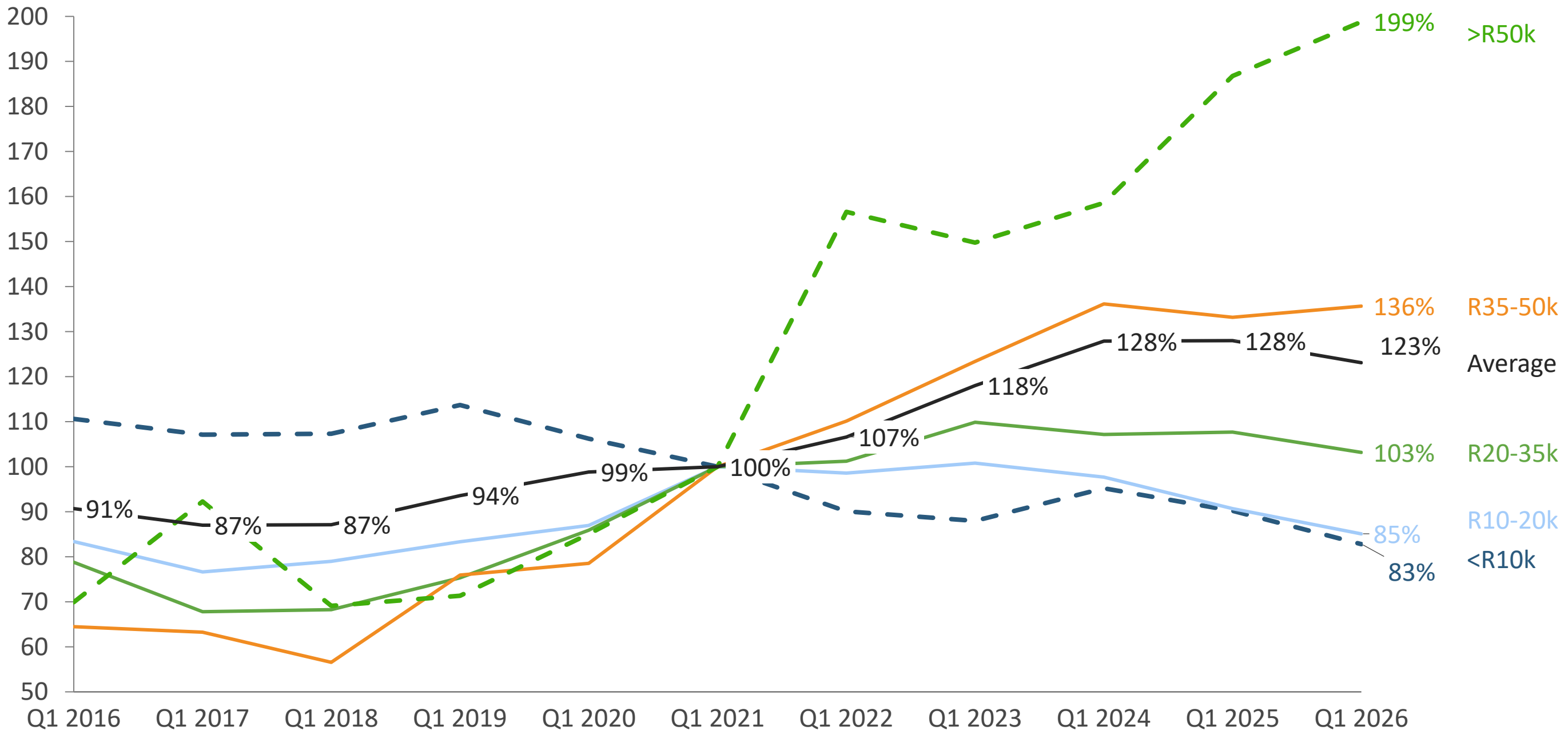
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...On average, consumers have 23% more unsecured debt in 2026 compared to 2021. Those taking home R35-50k have 36%, and those taking home R50k or more have 99% more unsecured debt than they did in 2021. This outpaces inflation (CPI) growth of 27% and is much higher than the salary growth of 6% 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 99% increase in unsecured debt levels far outpaces inflation (CPI) growth of 27% and salary increase of 6% 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

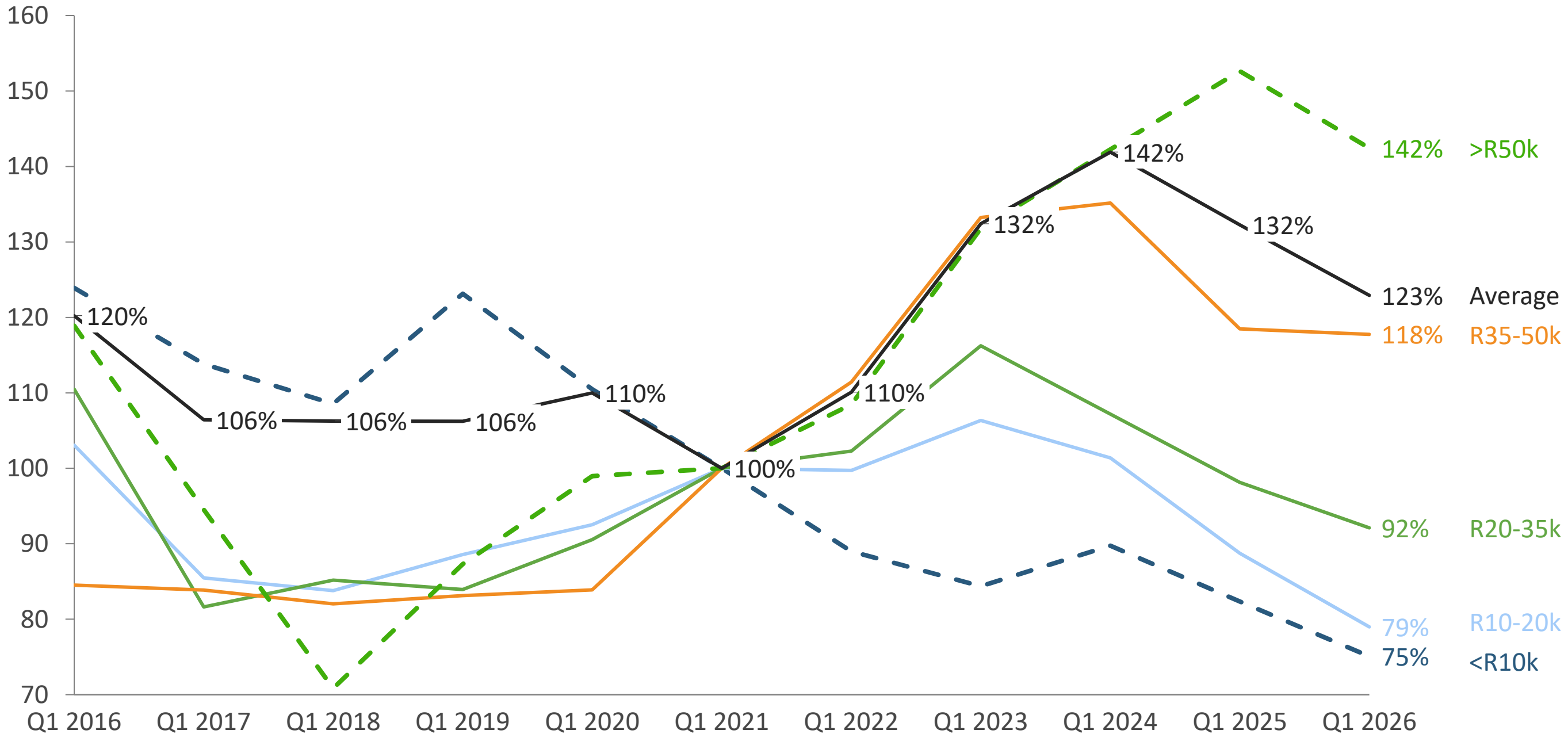
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On average, total debt levels (secured and unsecured debt combined) are 23% higher compared to 2021. However, this is a tale of two halves: Top earners' total debt has outpaced inflation, whereas lower income groups have significantly lower levels of debt. This reflects reduced access to credit rather than improved financial health

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

Indexed to 2021 levels

2021 = 100

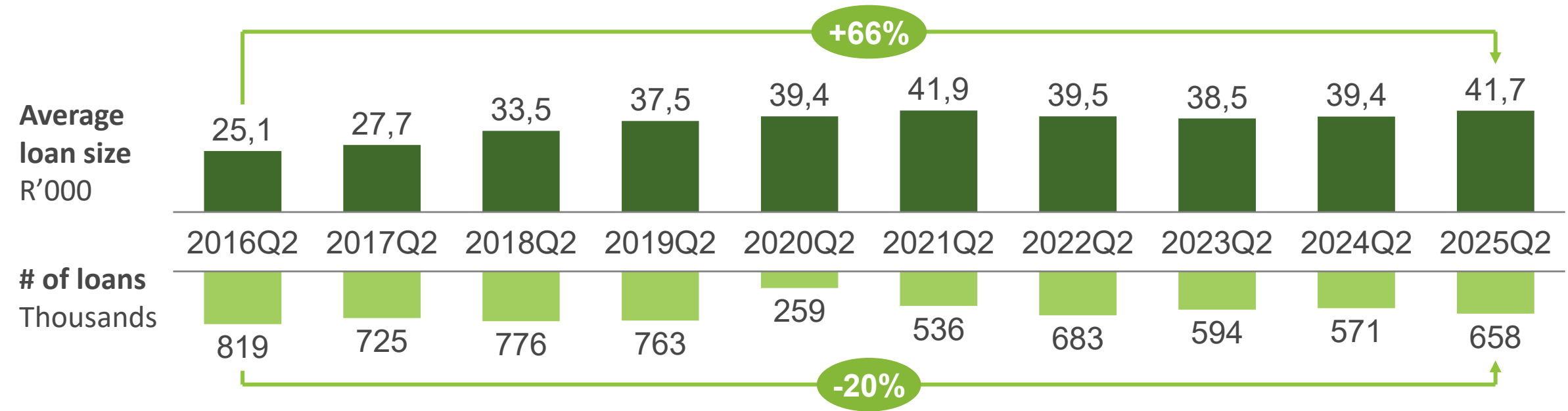


- Compared to 2021, the increase in total debt is 23%, yet interestingly, the total average debt level is similar to 2016
- There are big differences between income bands, highlighting the concentration of credit risk in top income bands

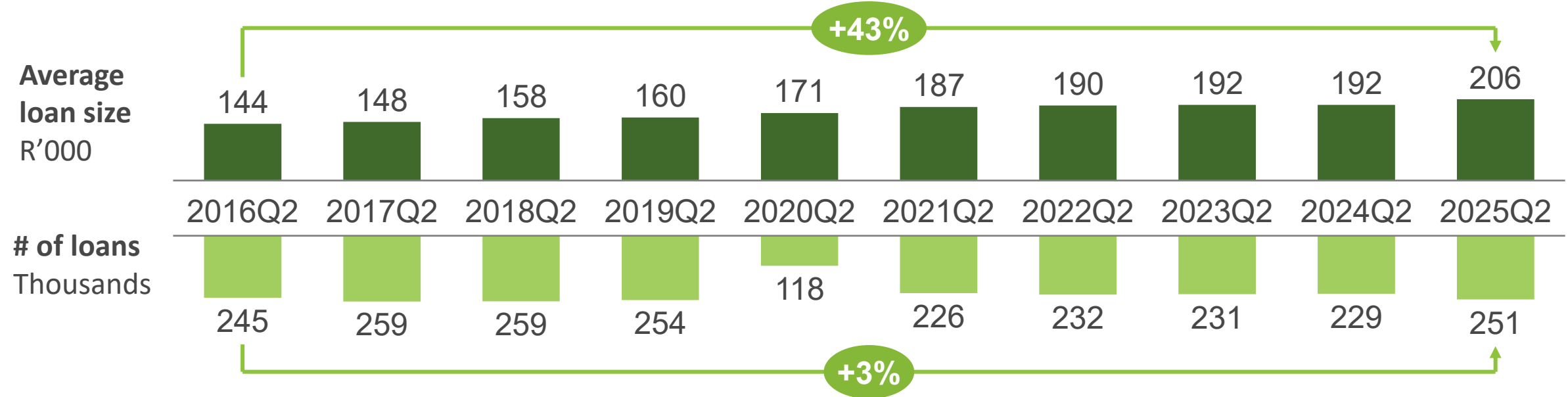
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Since 2016, average unsecured loan size increased by 66%, while the volume of new unsecured loans declined by 20%. This means larger unsecured (personal) loans are being granted to a smaller number of consumers, highlighting that risk is being concentrated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

Unsecured loans granted[^]



Secured loans granted[^]



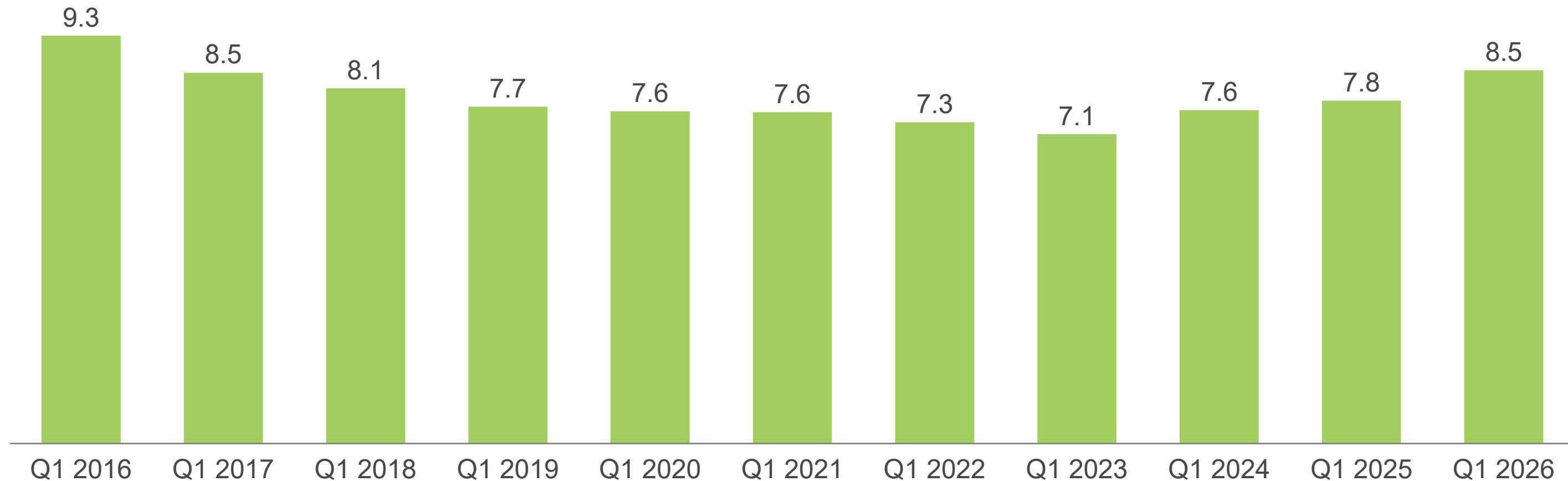
- Since 2016, the average unsecured loan size increased by 66%, whereas the number of new loans decreased by 20%. This indicates that unsecured lending is extended largely to a smaller pool of consumers, indicating a higher concentration of credit risk
- For secured loans, in contrast, the number of 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 8.5, the number of credit agreements per applicant is at its highest level since 2017. After dipping to 7.1 in 2023, it has rebounded sharply, suggesting a new wave of multi-lender borrowing over the past few years



Credit agreements (open trades) per new applicant
Number



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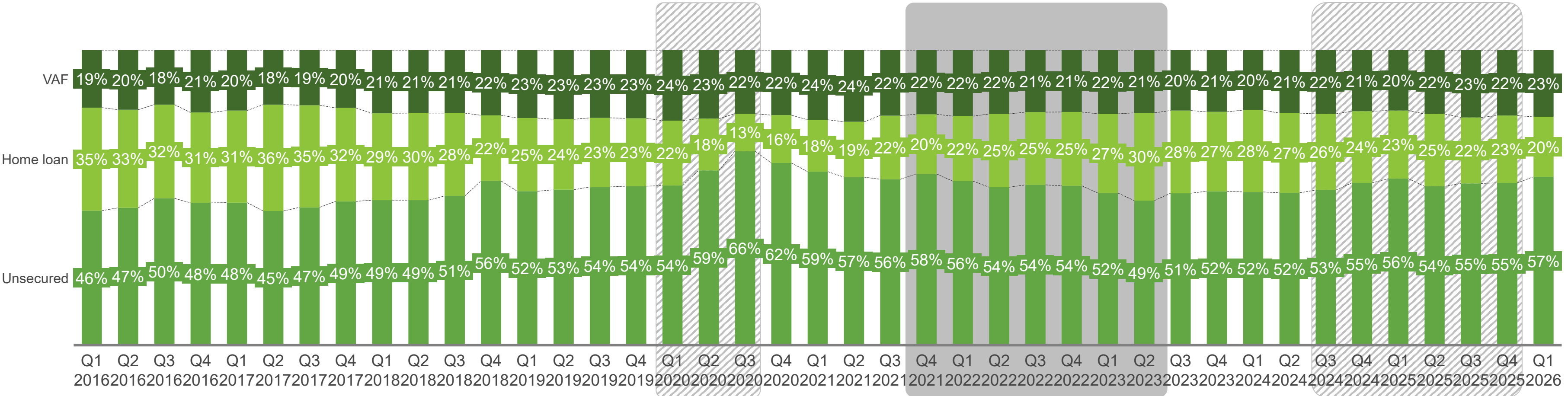
Source: DebtBusters

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%

Breakdown of new applicants' debt
Percent by type

Repurchase rate decisions by SARB

- Multiple increases
- Multiple decreases



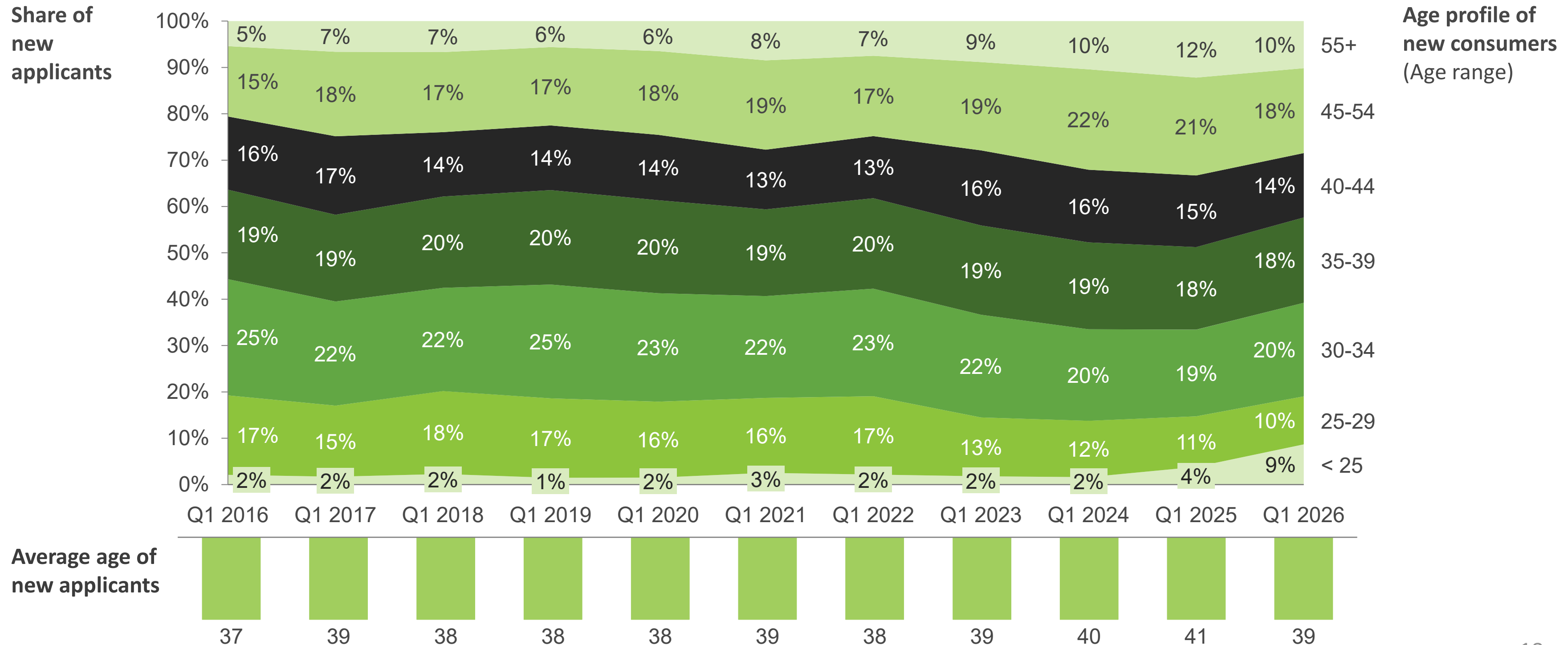
- Interest rate reduction combined with bank payment holidays in first three quarters of 2020 resulted in dip in asset debt share
- Higher interest rates from November 2021 until May 2023 resulted in an increase in the home loan share from Q1 2022 onwards, reaching 30% in Q2 2023
- Interest rate reductions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

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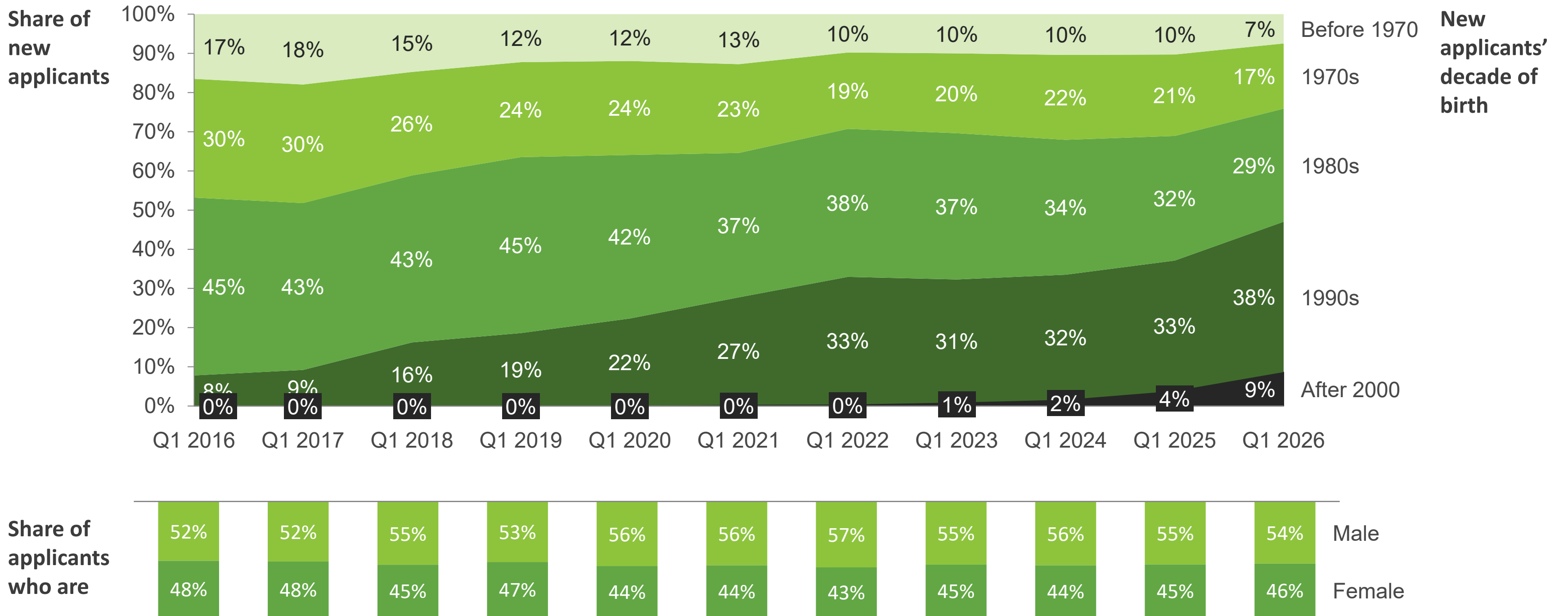
Consumer age profile indicates elevated financial stress in the 45+ age group, which makes up ~28% of new applicants. Average applicant age is 39



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 20% in 2016. Financial stress is increasingly a mid-career phenomenon



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



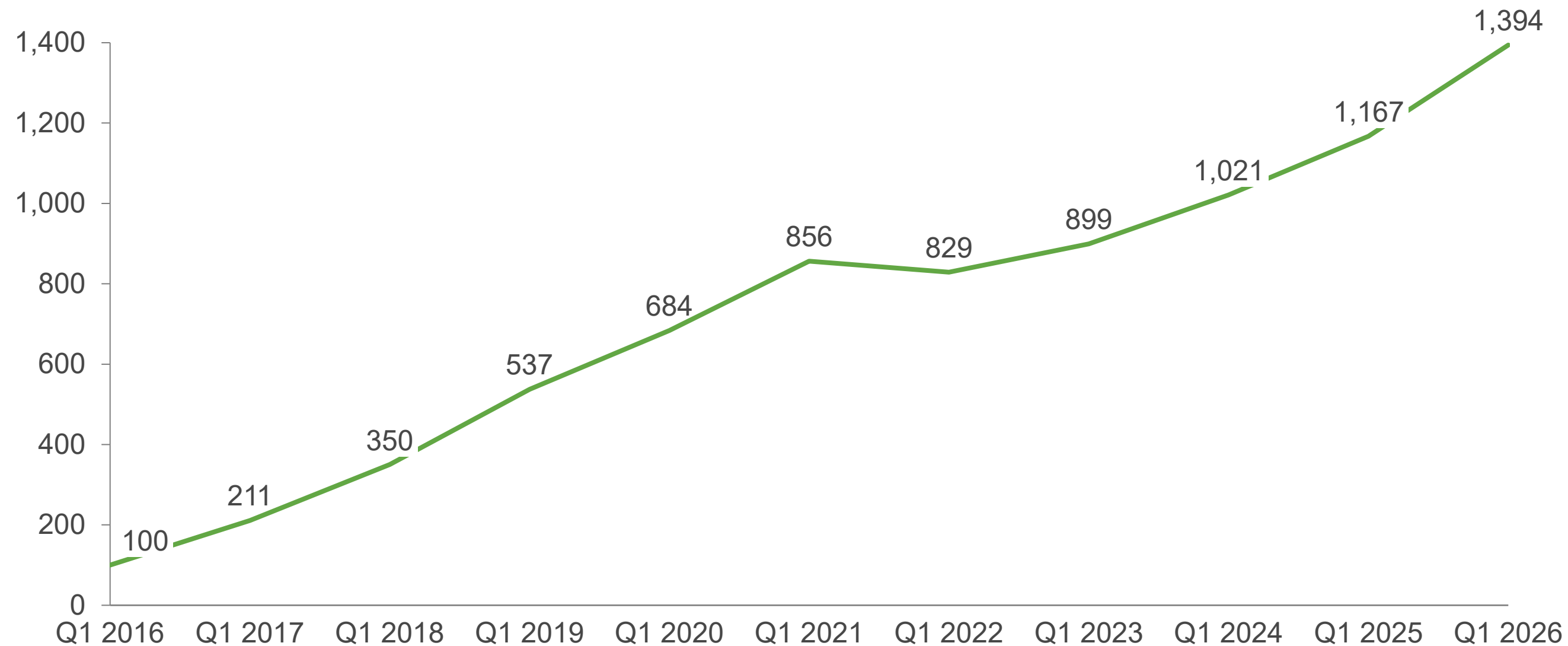
In the most recent quarter, the number of consumers graduating from debt counselling (successfully receiving their clearance certificate) was ~14 times higher than the same period in 2016. Consumers who graduated in Q1 2026 paid ~R560m to their creditors while in debt counselling



Clearance certificates issued

Indexed to 2016 levels

2016 = 100



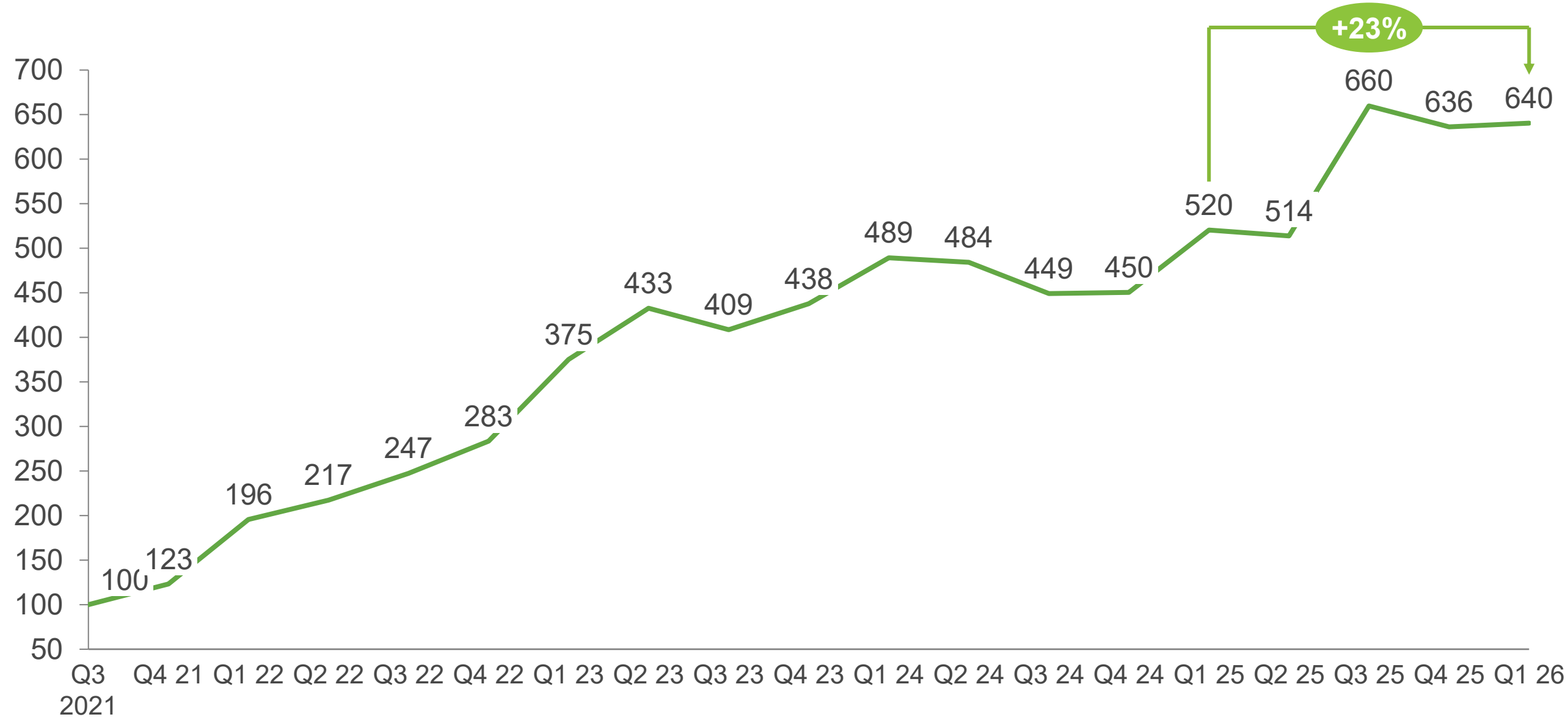
- In Q1 2026, there were around 14 times more consumers “graduating” or getting clearance certificates compared to 2016 levels
- Consumers who received clearance certificates in the most recent quarter paid ~R560m to their creditors while in debt counselling

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Consumers' interest in online debt management continues to be high. The non-debt counselling userbase for the DebtBusters website has grown 23% over the past year



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



- 23% increase in the last year in 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