

Debt Index Q4 2025

NATIONAL
DEBT
AWARENESS
MONTH

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Overview - Benay Sager, Executive Head of DebtBusters

The launch of the Q4 2025 Debt Index coincides with **National Debt Awareness Month 2026**. This year's theme, 'Know your Debt' focuses on empowering South African consumers to take control of their financial health by gaining a clear understanding of their total debt and credit standing – a crucial first step towards busting their debt for good. It's a fitting theme as we approach the **tenth anniversary of the Debt Index**, a decade of data that underscores the importance of debt awareness.

2025 was a better year for South Africans' finances compared to the prior few years. A number of factors contributed to this, which have boosted consumer financial confidence going into 2026:

- The Reserve Bank has **reduced interest rates** multiple times, culminating in a combined 150 basis point reduction since late 2024, easing pressure on consumers who have financed assets
- **Access to the two-pot retirement system** has provided cashflow relief to consumers who chose to withdraw a portion of their savings
- **Inflation has tapered** compared with previous years, resulting in one of the lowest annual inflation figures of the last few decades

While the financial relief of successive interest rate reductions has helped some, vehicle debt continues to exert significant pressure on consumer finances. Overall, there was **increased demand from consumers for debt management, with online debt management subscriptions up by 41%**, compared to the same period last year. We anticipate increased demand for the rest of 2026 as these 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**: in the past decade, **electricity tariffs have increased by 165%, the petrol price by 74%, and inflation's (CPI) compounded impact is 49%**. As a result, **consumers who applied for debt counselling in Q4 2025 needed 71% of their take-home pay to service their debt**; the highest level recorded since 2017.

A record **96% of these consumers had a personal loan, and 59% had a one-month (payday) loan – another record**. This indicates that personal loans, especially one-month loans, continue to be a vital lifeline as consumers supplement their income with short-term unsecured credit.

Compared to 2016 cohorts, **consumers who applied for debt counselling in Q4 2025 had:**

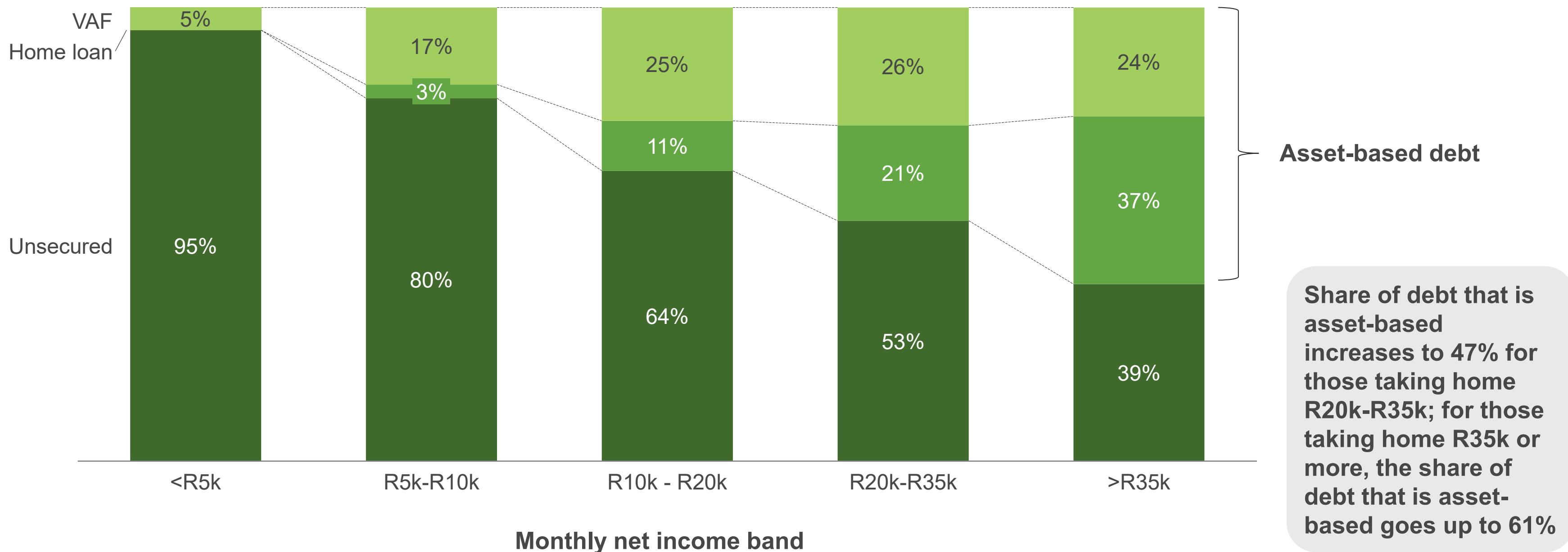
- **47% less purchasing power**: While nominal net incomes increased by ~2%, the compounded increase in inflation (CPI) was 49% over the decade. In real terms, consumers are taking home 47% less today than they did a decade ago.
- **A high debt service burden**: Consumers now need 71% of their take-home pay to service debt before entering debt counselling. This is the **highest recorded level since 2017**. Top earners (R35k+ p.m.) now use 85% of their income for debt repayments and have a record-high overall debt-to-income ratio of 210%.
- **Increasing financial stress, with age**: The average age of new applicants has increased to 40 in the last few years. Further, the share of applicants who are 45 or older has increased from 20% in 2016 to 31% in 2025.
- **Expanded multi-lender and multi-bank relationships**: The average number of credit agreements (open trades) per consumer has increased to 8.7, the highest level since 2016.
- **Unsustainably high levels of unsecured debt – especially among top earners**: Unsecured debt for those taking home R35k+ is **75% higher** than 2016 levels, vastly outpacing both inflation and net income growth.

In some good news, **our client base repaid 5.3bn to creditors throughout the year**, which highlights the importance of debt counselling to the wider South African economy. The average interest rate for unsecured debt – while lower than before – is still stubbornly high at **21.9% p.a.** Debt counselling remains the best tool to restructure this debt, reducing unsecured rates to ~2.6% p.a. and negotiating vehicle debt to more manageable levels.

The number of consumers **successfully completing debt counselling is ~12 times higher than in 2016**. Those who received clearance certificates in Q4 2025 **paid back over R532m to their creditors during the course of their debt counselling journey**, allowing that money to circulate back into the economy for investment and growth. We continue to see high interest in our free online debt management tools; and the recently launched **MyMoney Saver on debtbusters.co.za**, which enables consumers to stretch their budgets with savings on essentials, entertainment, and dining out.

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



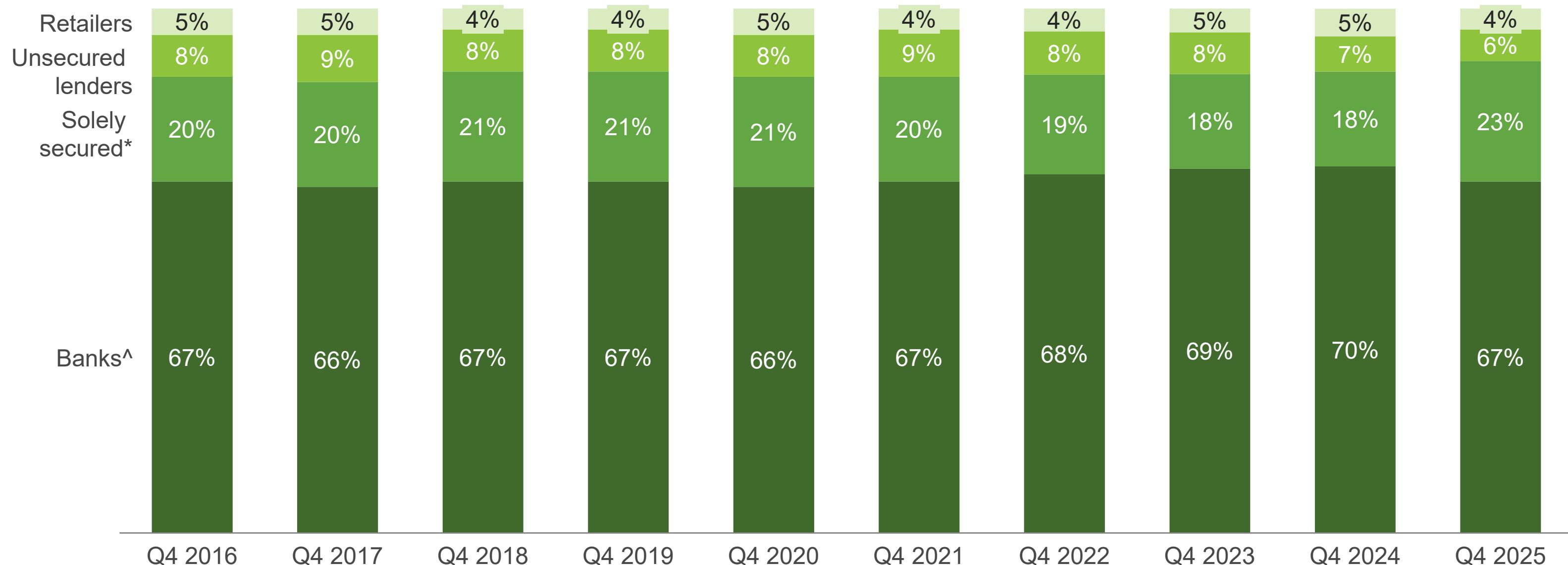
VAF refers to vehicle finance agreements.

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 exerted by vehicle loans is evident

Banks make up ~67% 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



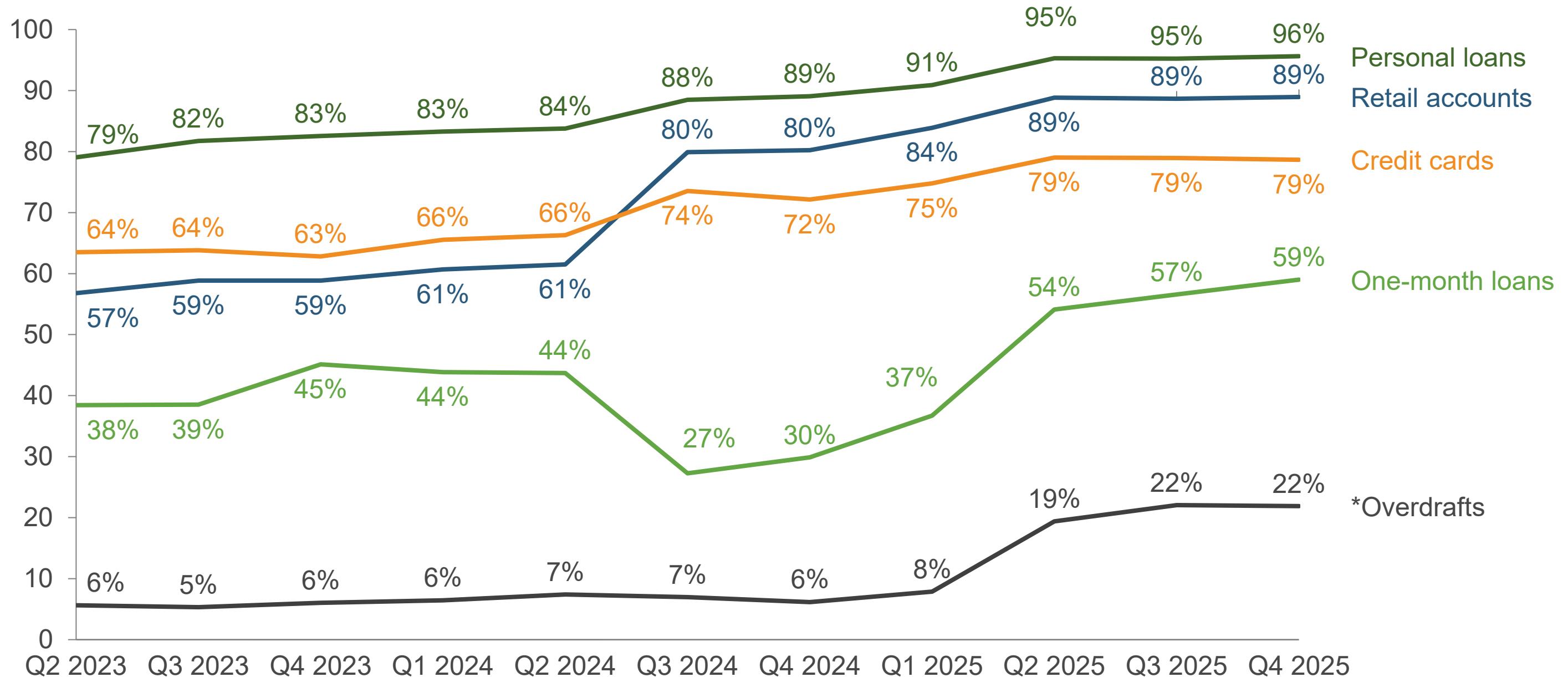
Breakdown of DebtBusters debt under management
Percent by type of lender, by value at end of quarter

* 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: 96% of new applicants have a personal loan (at the time they apply for debt counselling); 59% have a one-month (payday) loan

Share of new applicants with...



- 96% of new applicants have a personal loan at time of application for debt counselling
- 59% 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 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

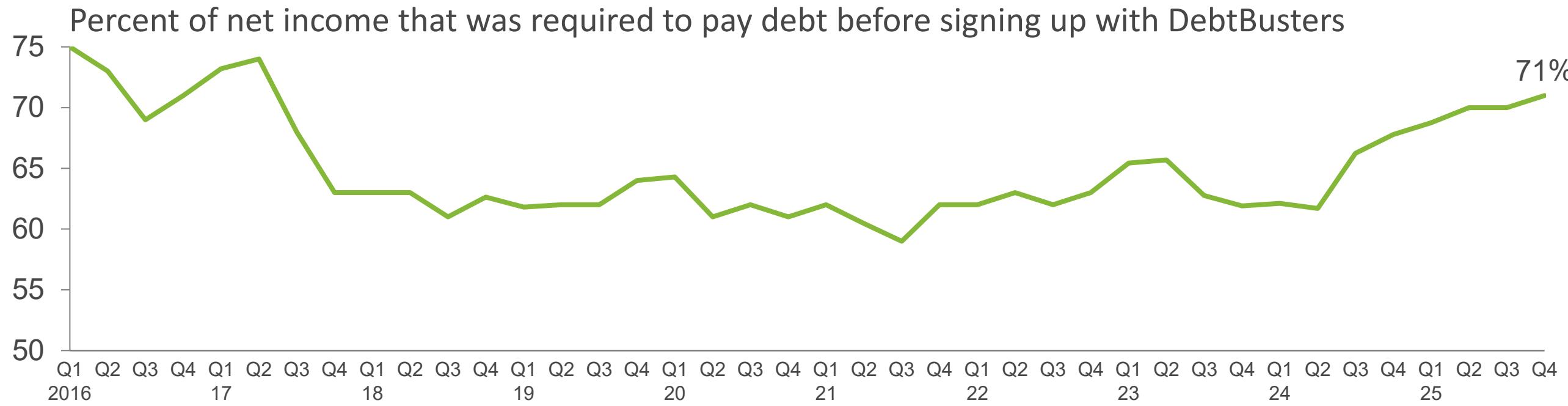
*Overdraft data is available through credit bureaus as of March 2025. For previous quarters, overdraft accounts would only become identifiable after cheque accounts were “split” by lenders post-debt counselling application, resulting in different classifications by different lenders

Source: DebtBusters

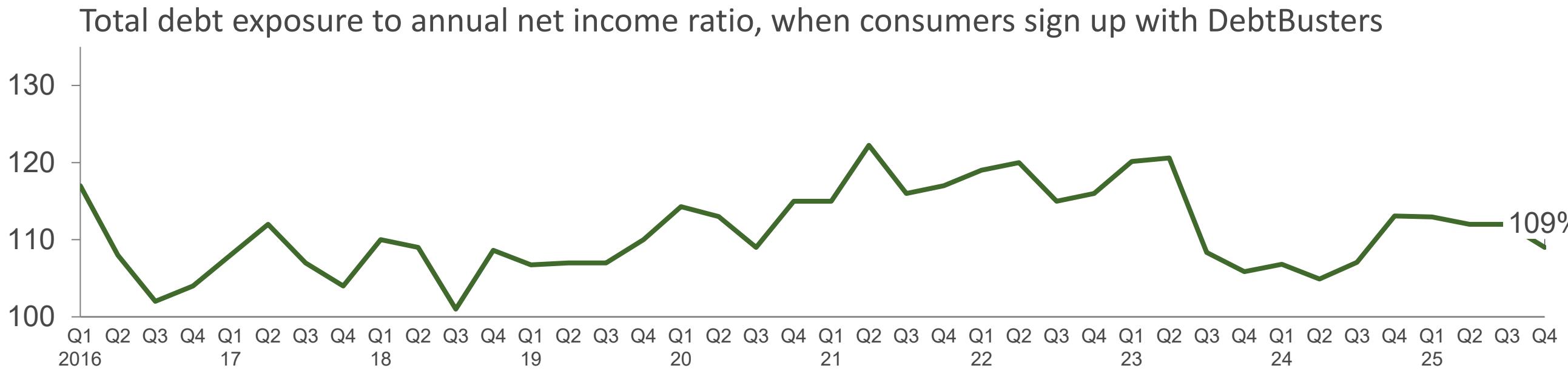
Compared to previous quarters, the debt service ratio is significantly higher. Consumers need 71% of their take-home pay to service debt – the highest level since 2017...



Original (median) monthly debt repayment to net income ratio¹ has increased...



...so have overall debt levels compared to previous year



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

Mexico 27%

USA 110%

Poland 49%

UK 137%

Italy 82%

Korea 187%

Germany 90%

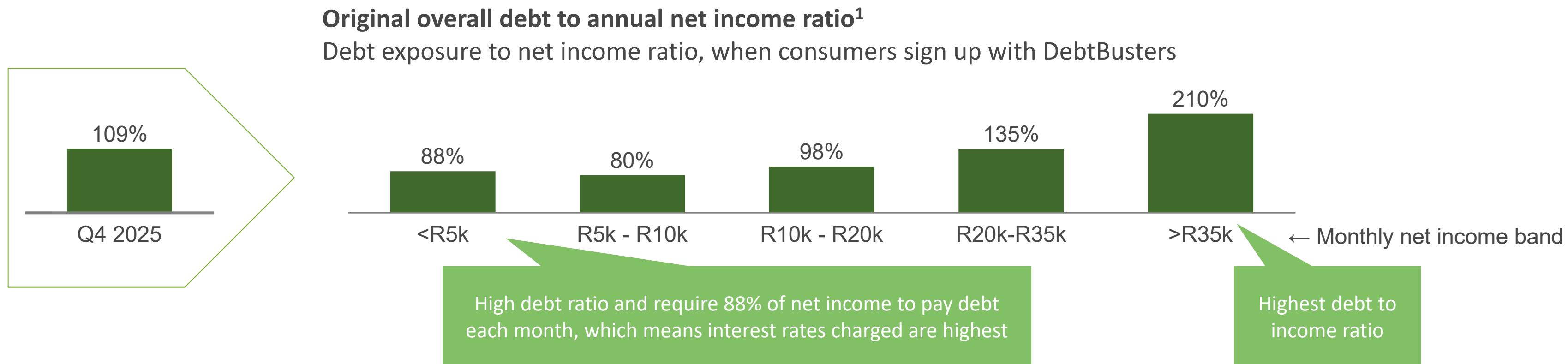
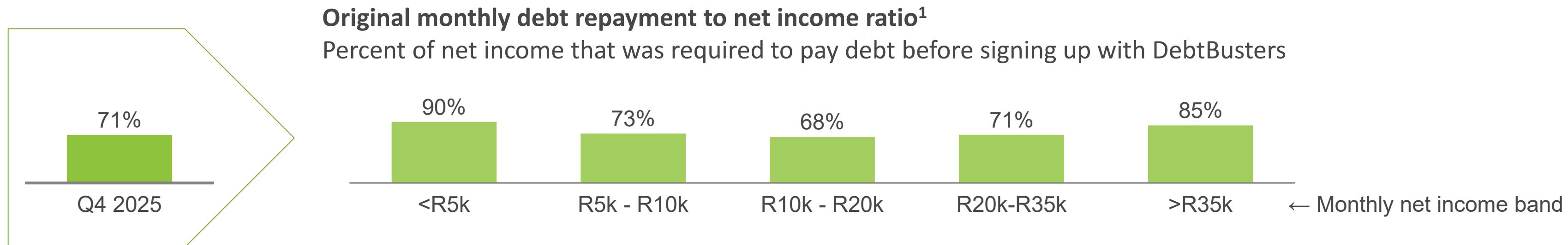
Australia 217%

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

¹ Median 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 annual net income ratio is 210%, and they need 85% of their take-home pay every month to service their debt repayments. Strikingly, those taking home less than R5k per month need 90% of their take-home pay to service debt repayments...



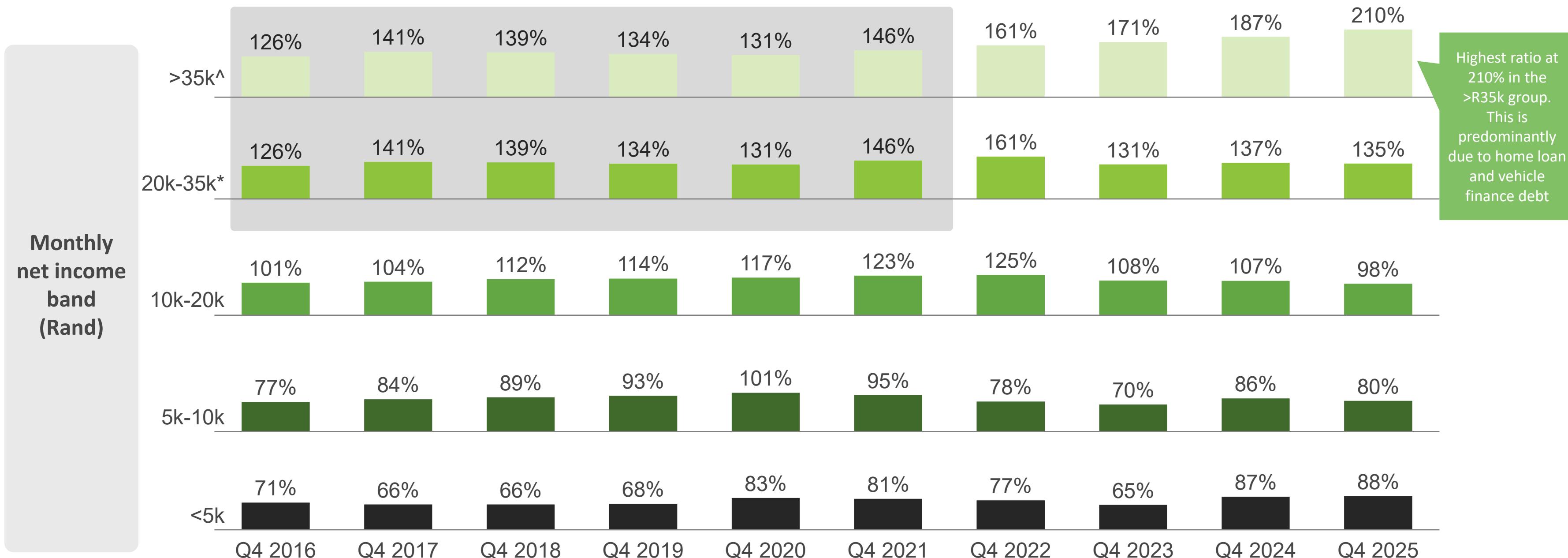
¹ income ratio is calculated by looking at the median in each quarter

...the overall annual net income ratio appears to have worsened for many income bands; those taking home R35k or more have an overall income ratio of 210%, which is the highest level we have ever seen

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

Original overall annual net income ratio¹

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



¹ Income ratio is calculated by looking at the median in each quarter

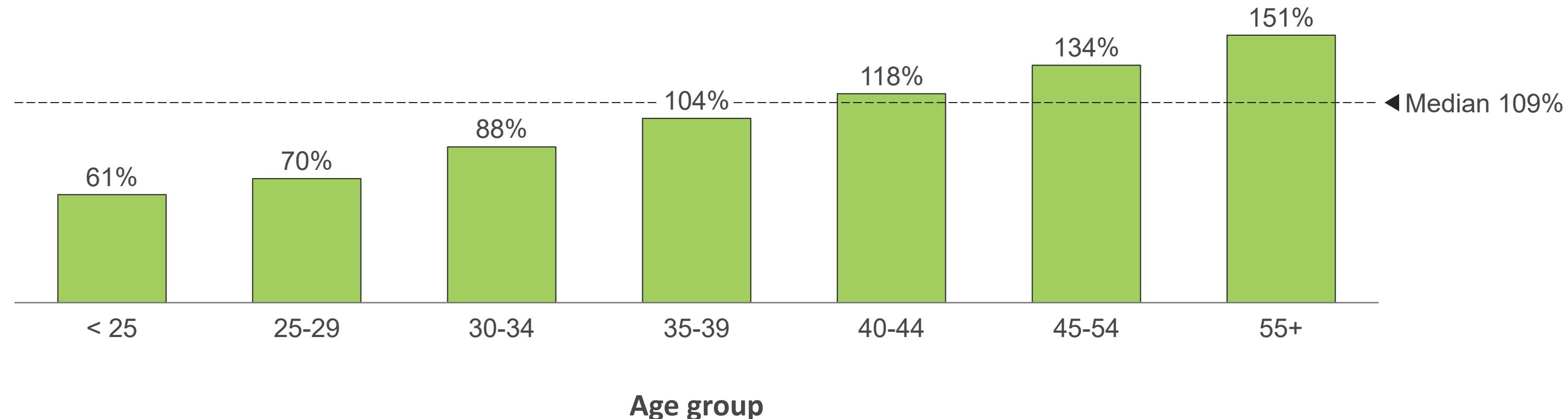
[^] New income band reported from Q1 2023 (split from a broader group of >R20k); previously was part of the >20k income band. Previous quarters' ratios are attributed to this group as well as R20k-35k income band

^{*} 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 annual net income ratio for most recently completed quarter¹

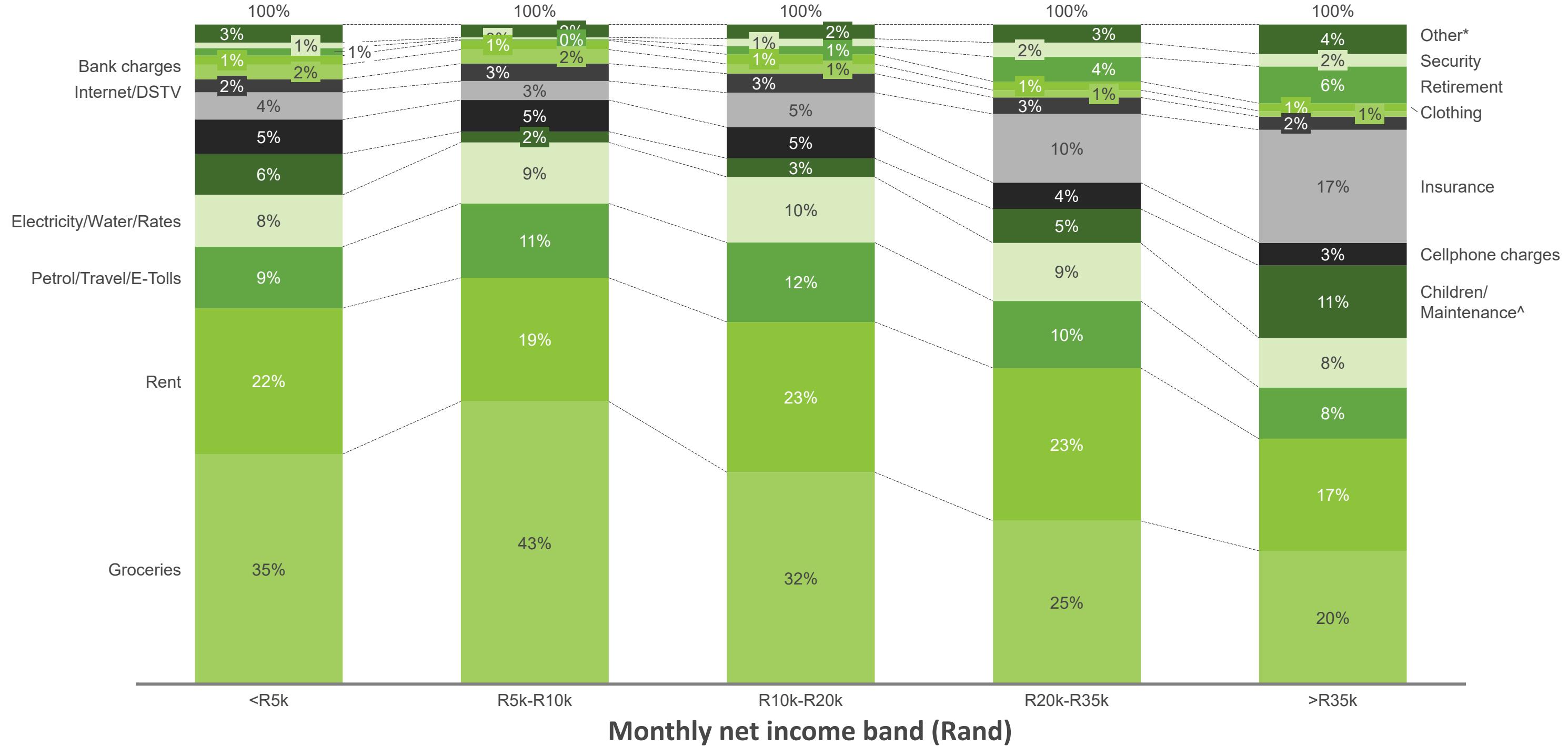
Debt exposure to net income ratio, when consumers sign up with DebtBusters



¹ Income ratio is calculated by looking at the median for each age group; for most recently completed quarter

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

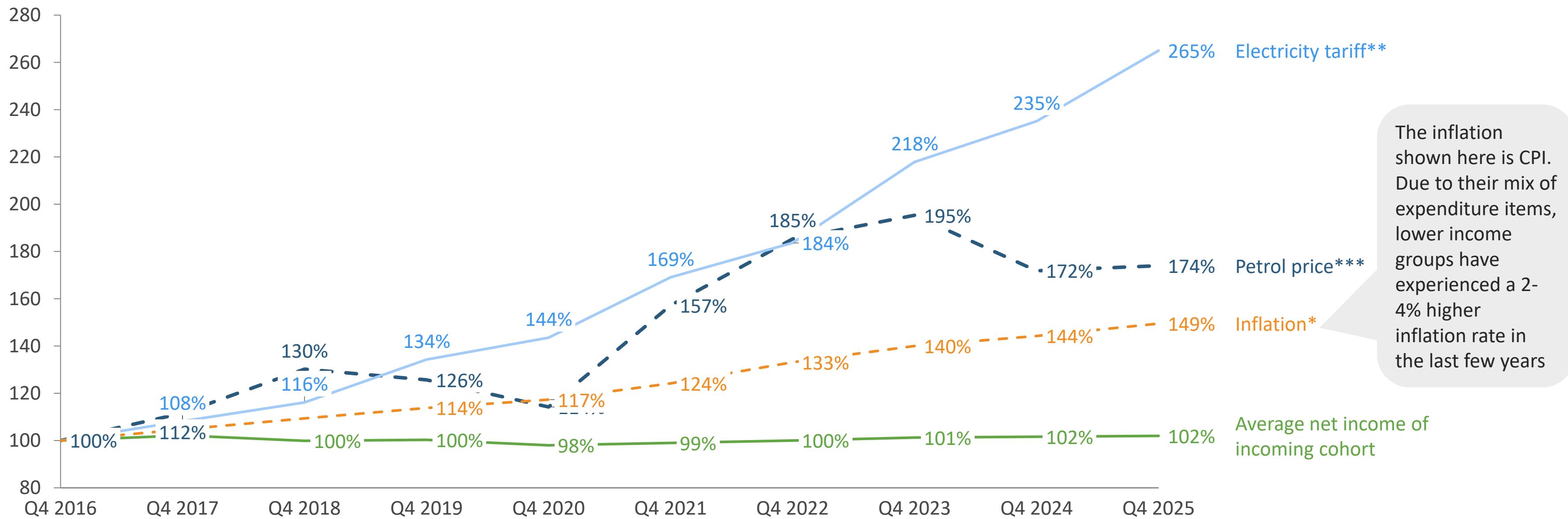
[^]Includes school fees

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 49% and electricity tariffs by 165%, while average net income of incoming cohorts has barely changed...

Change in primary indicators at end of the quarter

Indexed to 2016 levels

2016 = 100



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 Jan 2026

- ** Source: Eskom municipal rate increases; <https://www.eskom.co.za/distribution/5189-2/>; last accessed on 23 April 2025

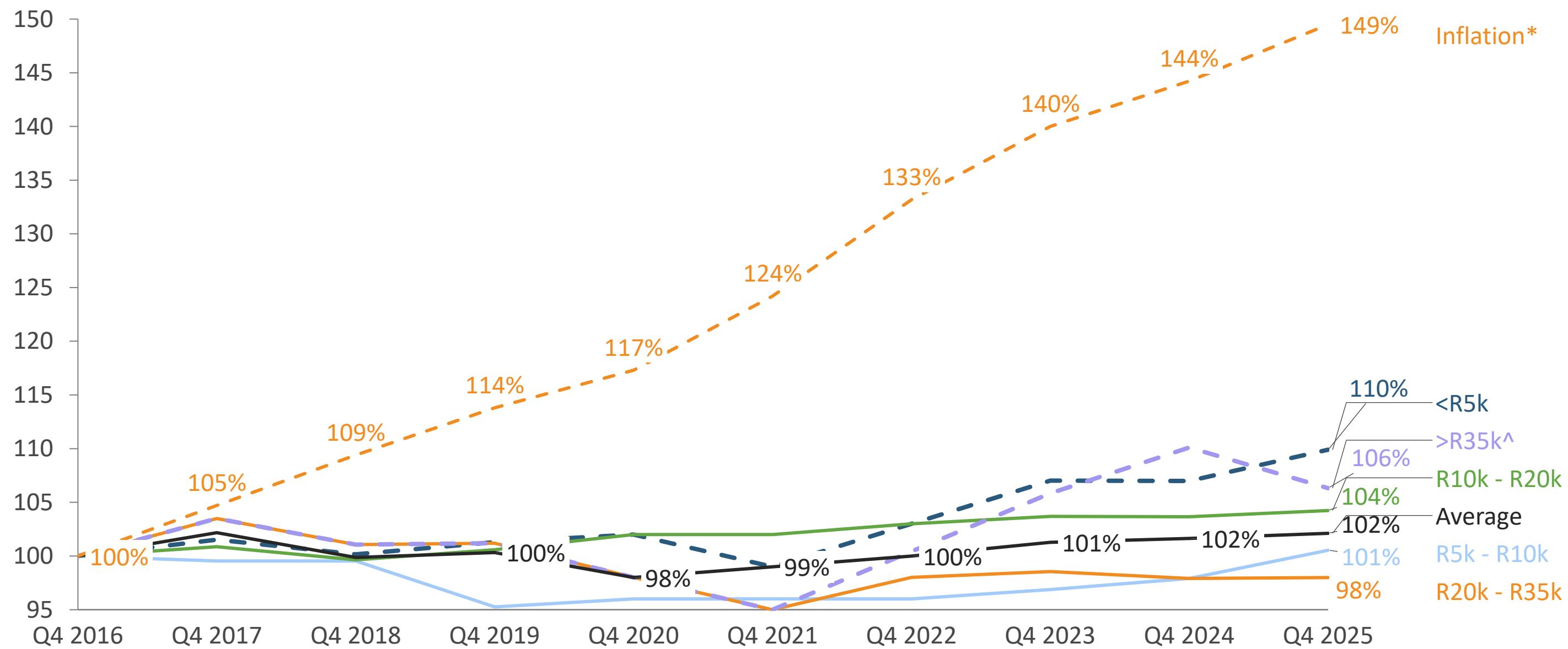
- *** Source: AA; inland price of Unleaded 93 petrol per litre; <https://aa.co.za/fuel-pricing/>; last accessed on 22 Jan 2026

In the last nine years, the average net income (take-home pay) of incoming debt counselling clients increased by ~2% while inflation (CPI) went up by 49%. This means that in real terms most South Africans had 47% 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 ~2% in the last nine years; during the same period compounded increase in inflation (CPI) was 49%
- This means disposable incomes shrank by almost 47% 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

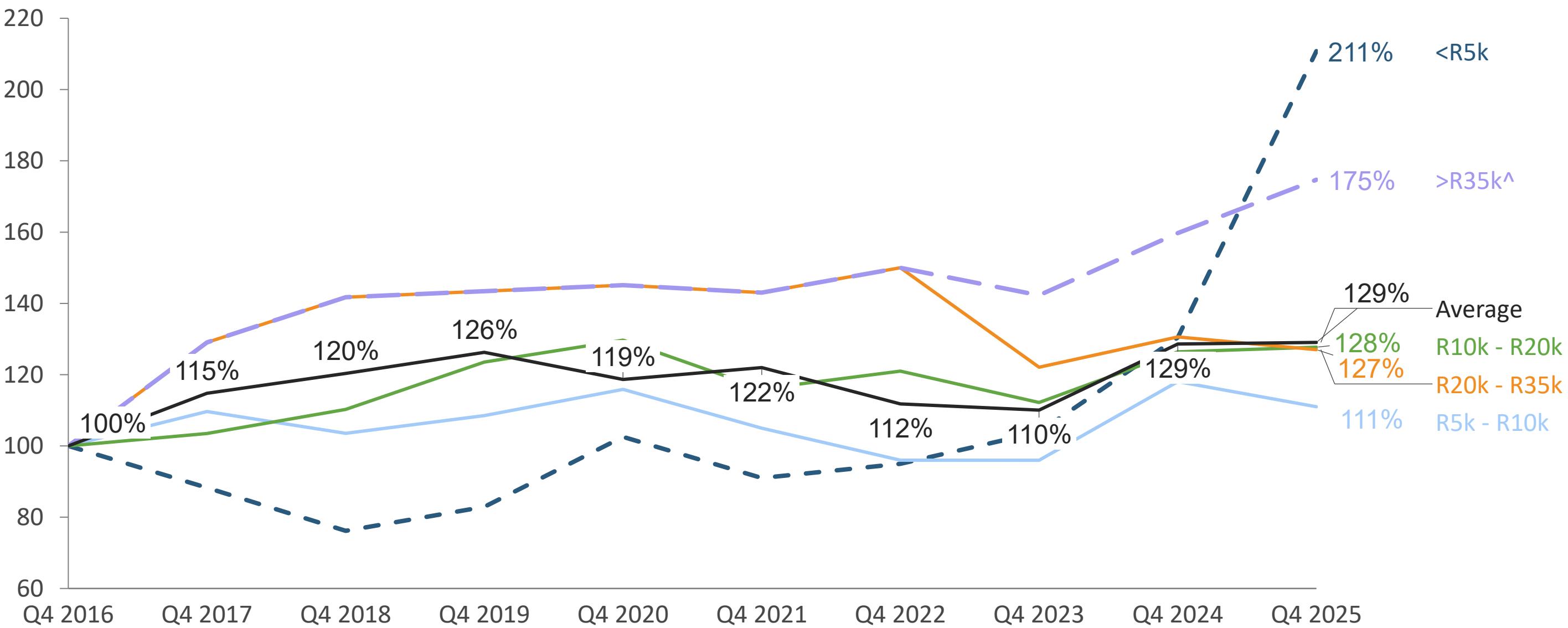
[^] New income band reported from Q1 2023; previously was part of the >20k income band

On average, consumers have 29% more unsecured debt in 2025 compared to 2016. Those taking home R35k or more have 75% more unsecured debt than in 2016. This outpaces inflation (CPI) growth of 49% and is much higher than the incoming cohort net income growth of 6% 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



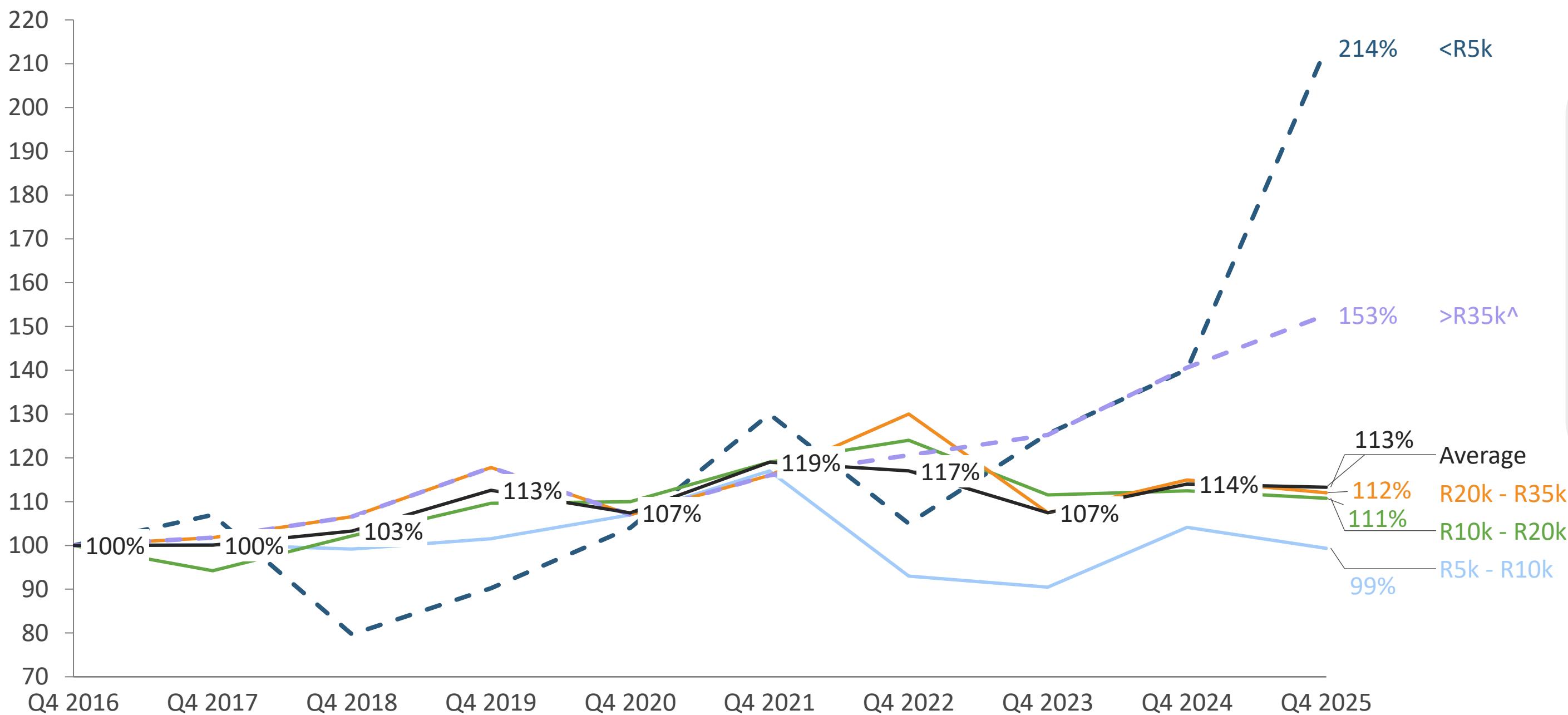
- Unsecured debt for the average consumer is 29% higher than 2016 levels; for top earners, the figure is 75%
- For top earners, growth in unsecured debt outpaces inflation (CPI) growth of 49%, indicating this group is under a lot of financial pressure

Total debt levels (secured and unsecured debt combined) 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 53% higher than 2016 levels

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

Indexed to 2016 levels

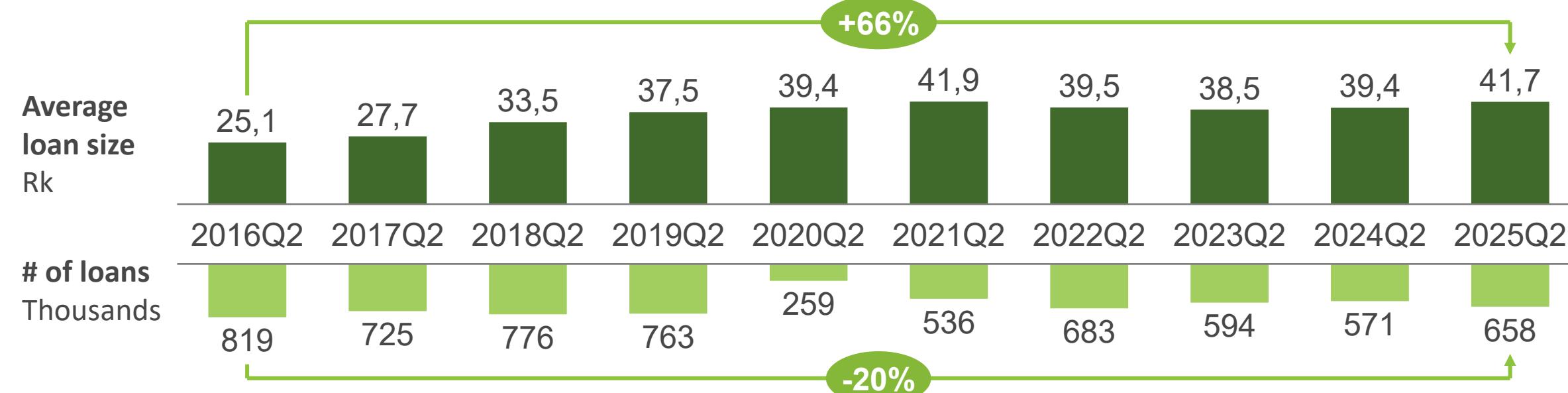
2016 = 100



- Compared to 2016, for the average consumer, total debt level increased (13%) at a pace lower than the CPI (49%)
- The debt level of those taking home more than R35k has increased by 53% since 2016

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[^]



- For secured loans, the number of new loans was largely unchanged, but the average loan size increased by 43%

Secured loans granted[^]

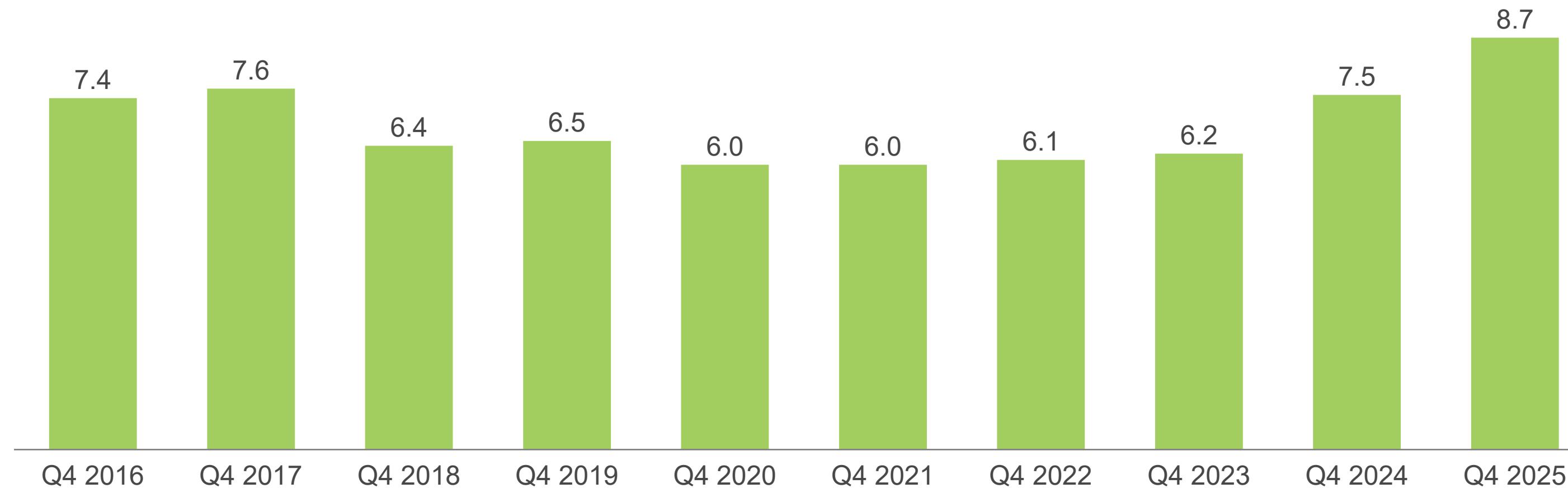


[^] Q2 2025 was the most recent quarter available at time of publication

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

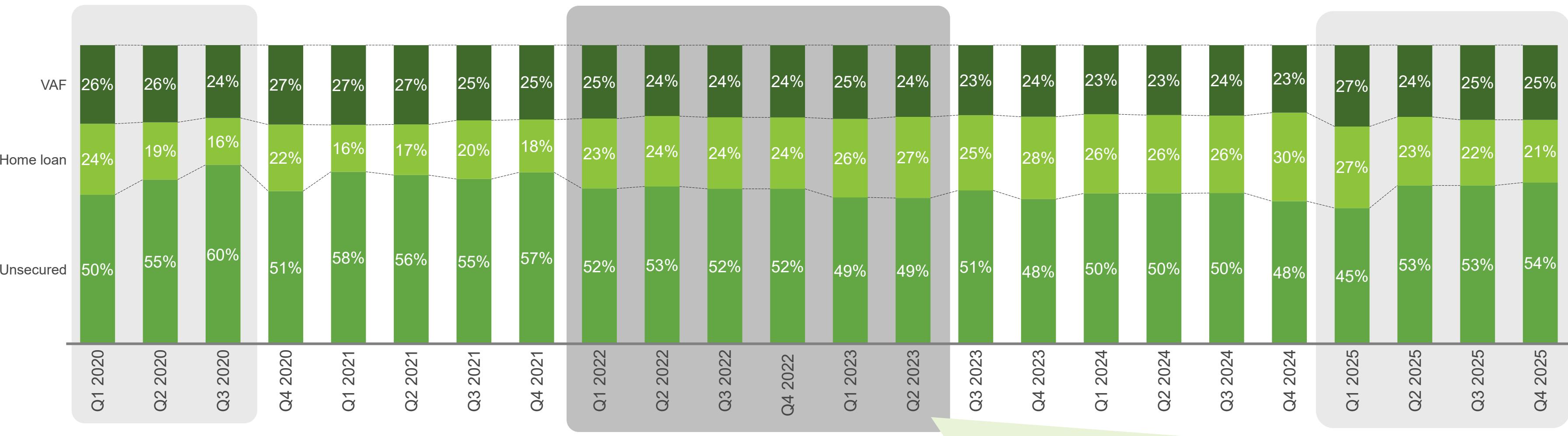
Number, when consumers sign up with DebtBusters



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 increased; with recent reductions in interest rates, this share has come down

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
- With interest rates increasing from November 2021 till May 2023, there was an increase in the home loan share from Q1 2022, reaching 30% in Q4 2024
- Recent interest rate reductions have again resulted in dip in asset debt share

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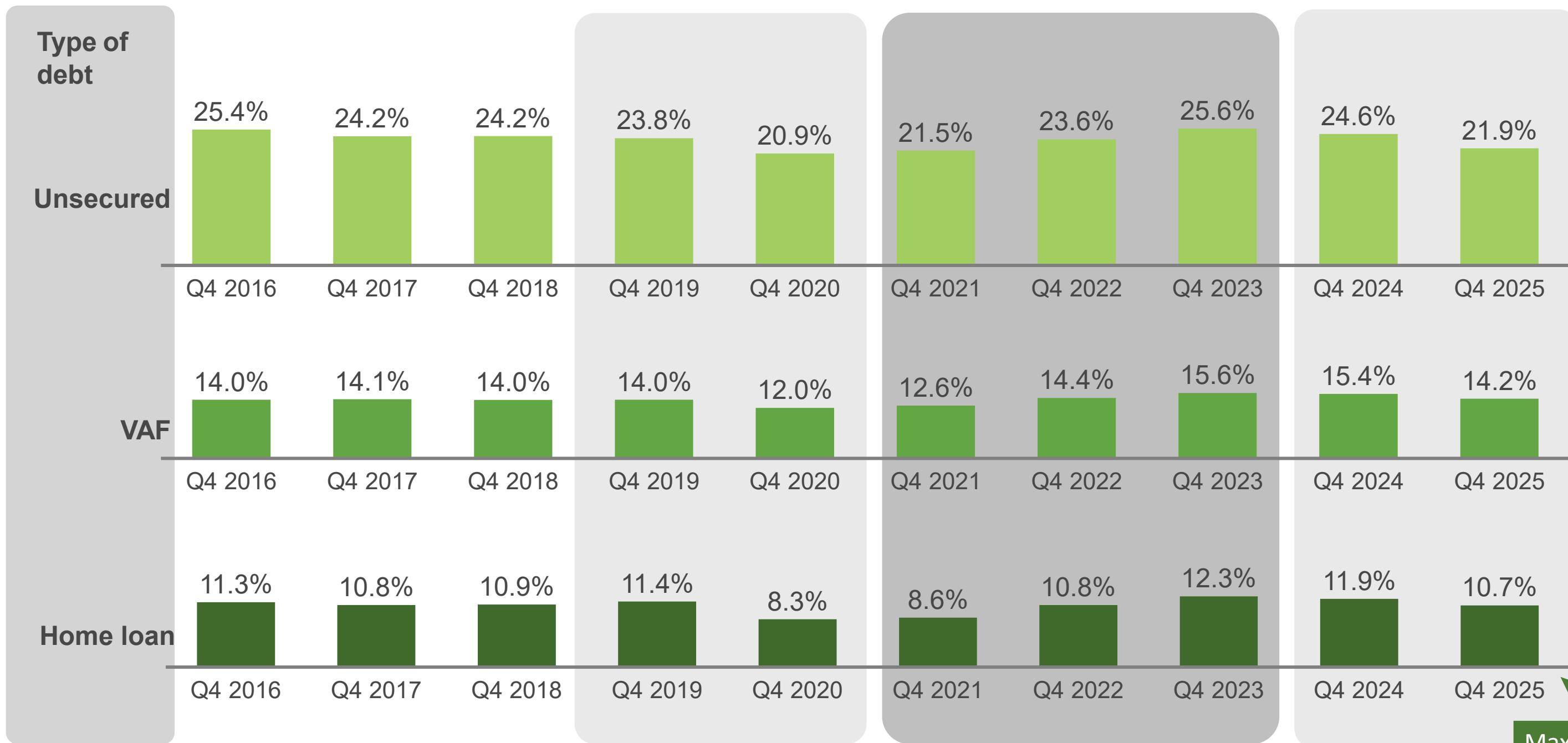
Unsecured debt refers to all debt other than vehicle finance and home loans. Therefore, it includes credit card debt, overdraft facilities, personal loans, retail cards, store cards and the like

Source: DebtBusters

In line with recent SARB repurchase rate decreases, average interest rates continued to decrease in Q4 2025. Average (pre-debt counselling) interest rate for unsecured debt is still elevated at ~22% p.a.

Average interest rate for new applicants (before debt counselling)

Percent, per annum



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

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

Max. allowed at end of quarter*:

- Unsecured: 27.75% p.a.
- VAF: 23.75% p.a.
- Home loan: 18.75% p.a.

In debt counselling, interest rates can be reduced by ~90%, allowing consumers to pay off their expensive debt quicker. In 2025, in partnership with creditors, DebtBusters was able to reduce interest rates significantly for consumers, and in return consumers paid over R5.3bn to their creditors



Average interest rate for new applicants (before and proposed during debt counselling)

Percent



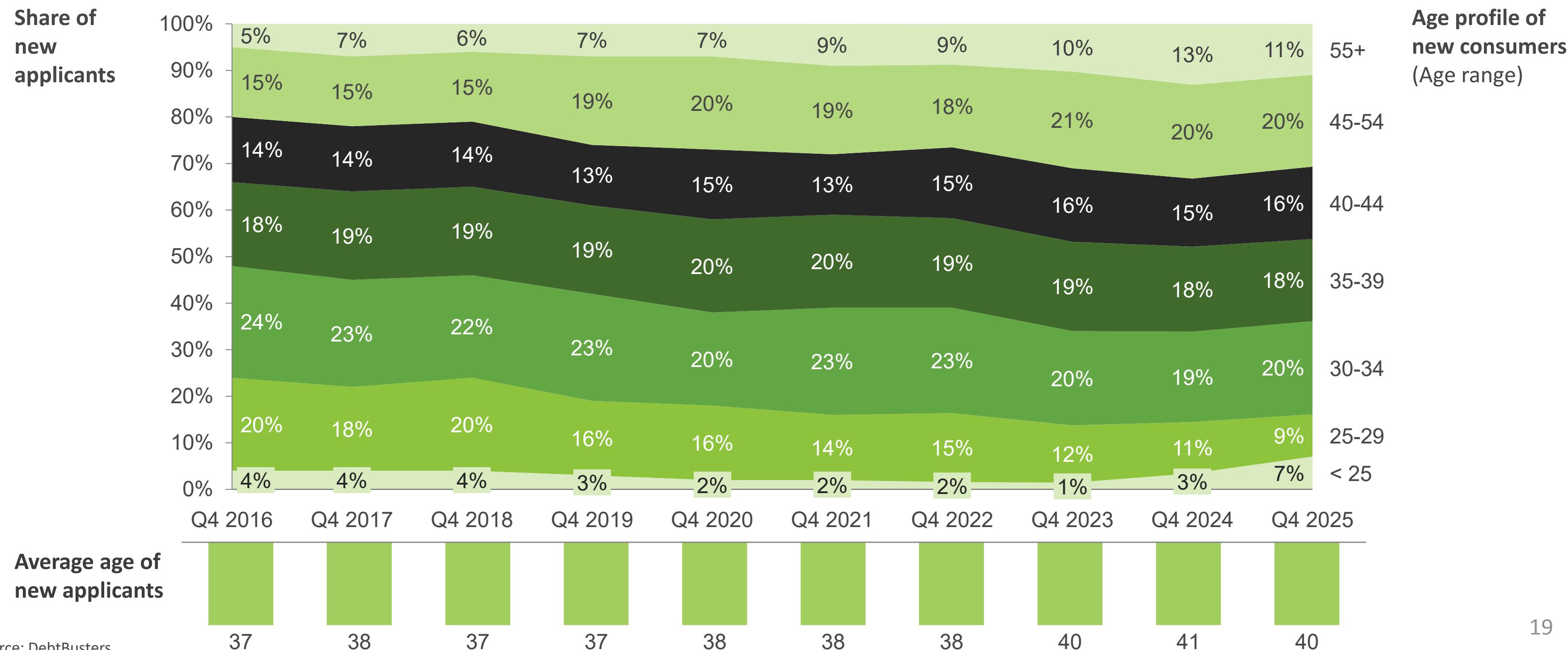
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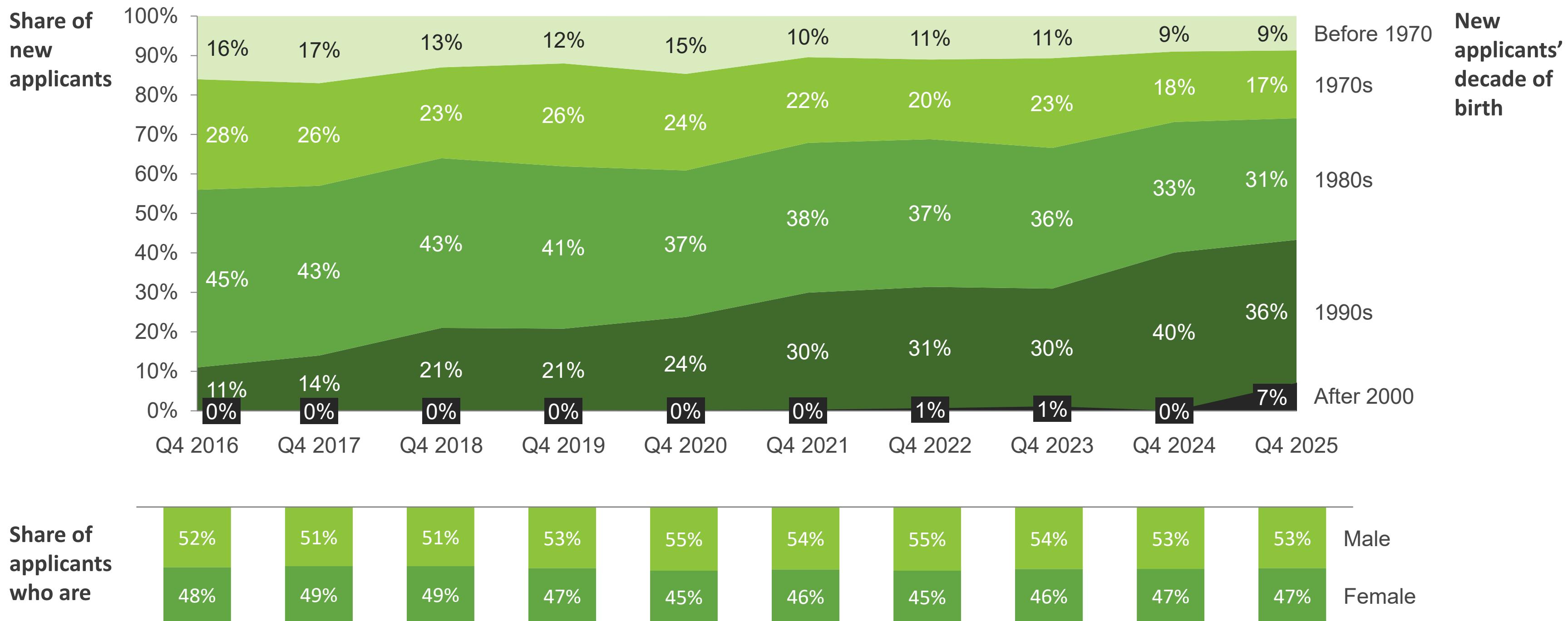
Source: DebtBusters

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 37 in 2016

The 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, 53% of applicants were male

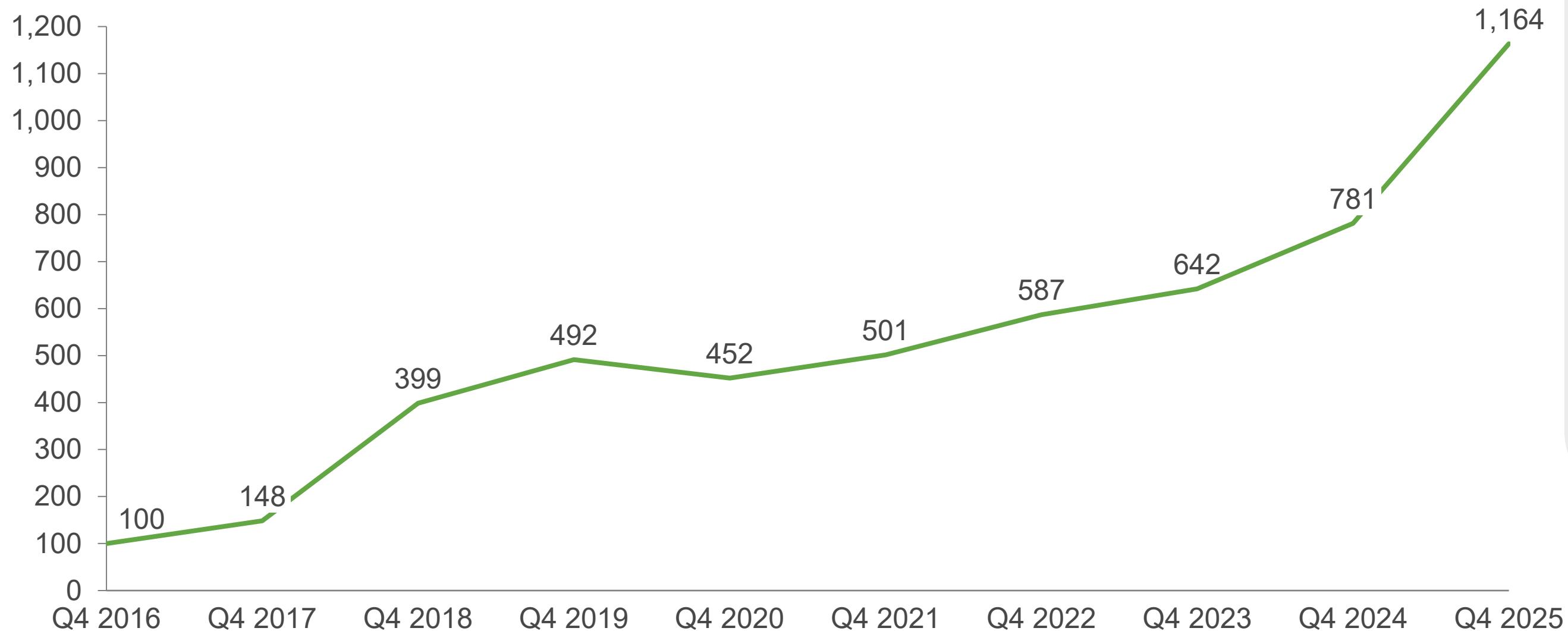


In the most recent quarter, the number of consumers graduating from debt counselling (successfully receiving their clearance certificate) was ~12 times higher than the same period in 2016. Consumers who graduated in Q4 2025 paid more than R532m to their creditors while in debt counselling

Clearance certificates issued

Indexed to 2016 levels

2016 = 100

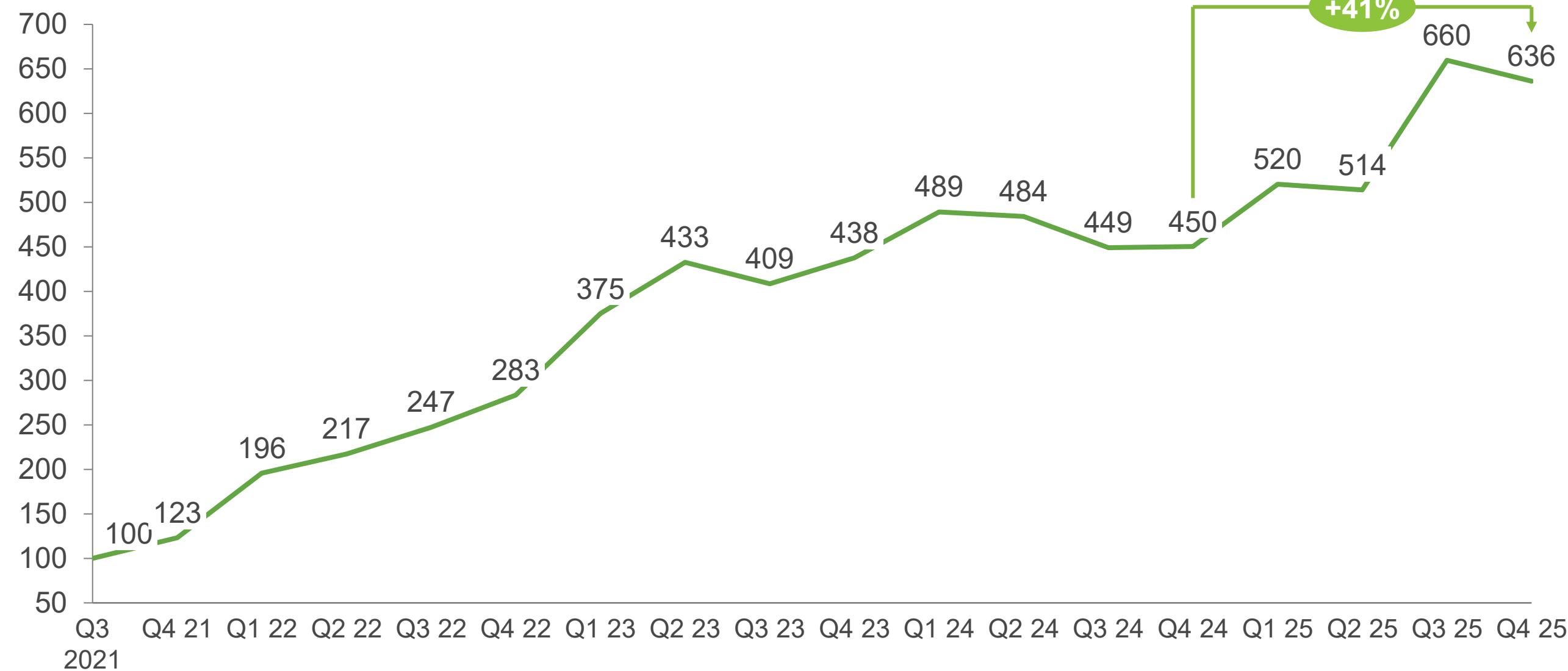


- In Q4 2025, there were ~12 times more consumers “graduating” or getting clearance certificates compared to 2016 levels
- Consumers who received clearance certificates in the most recent quarter paid ~R532m to their creditors while in debt counselling

Consumers' interest in online debt management continues to be high. There has been a 41% increase in new subscribers for online debt management in the past year

Number of new non-debt counselling subscribers to DebtBusters website

Indexed to Q3 2021 levels; Q3 2021 = 100



- Consumers enjoy the freedom of managing their debt profile at their own pace
- They have access to debt management tools such as the Debt Sustainability Indicator, Debt Radar, and others
- They also have access to MyMoney Saver, which helps save money on everyday items