

Debt Index | Q2 2025

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Overview - Benay Sager, Executive Head of DebtBusters



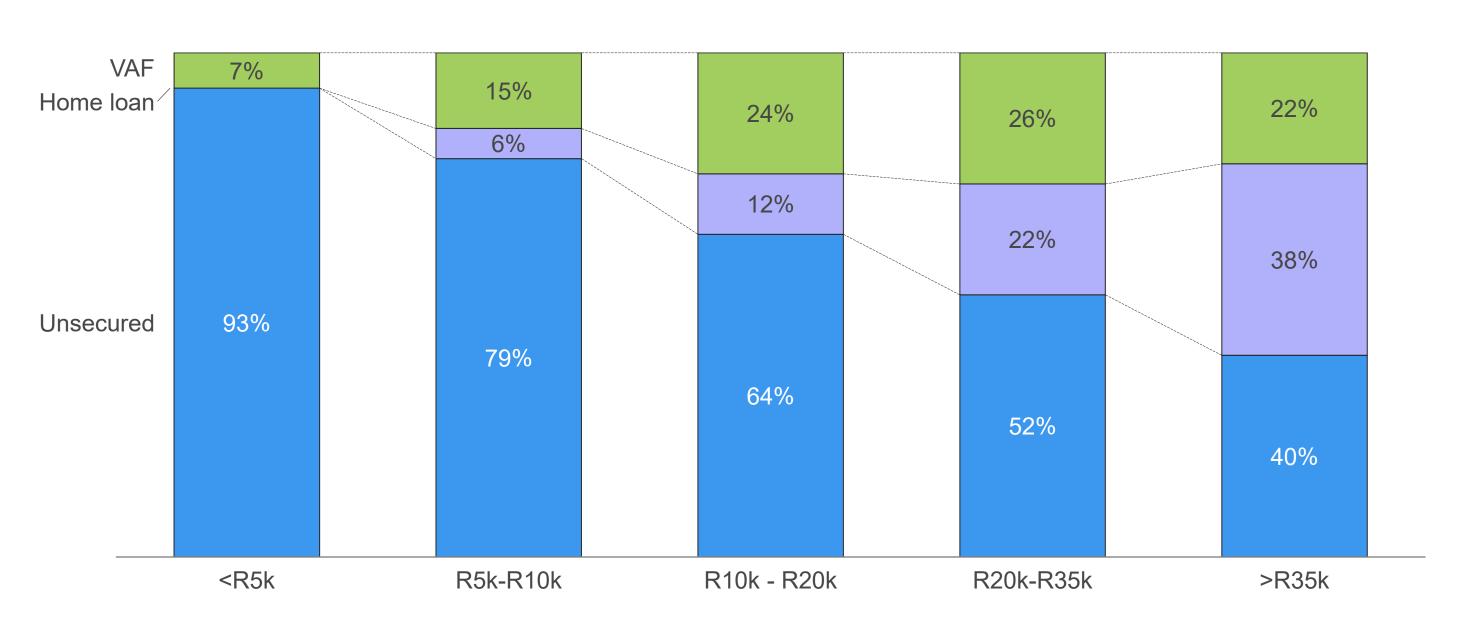
- In Q2 2025, consumers continued to be proactive in managing their credit, albeit interest in debt counselling was a bit muted compared to previous years. We believe the financial relief provided to consumers via successive interest rate reductions, prevalent use of the so-called "two-pot" retirement system, consolidation loan lending to government employees, and some negative marketing against debt counselling has impacted debt counselling volumes. Regardless, there was increased demand from consumers for debt management, with new online debt management subscriptions up by 6%. We anticipate increased demand for 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, some trends have not. Income growth is still significantly behind expense growth: since 2016 electricity tariffs increased by 165%, petrol price increased by 75%, and inflation's (CPI) compounded impact is 51%. As a result, it is perhaps not surprising that consumers who applied for debt counselling in Q2 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 54% 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 Q2 2025 had:
 - 49% less purchasing power: Nominal incomes for incoming cohorts were 2% higher than 2016 levels, however when cumulative inflation (CPI) growth of 51% is factored in for the same nine-year period, incoming consumers' purchasing power was 49% than 2016 cohorts. Those taking home R35k or more p.m. had better news: the nominal incomes for this band increased by 10% since 2016 the first such significant increase for a long time. While the inflation impact has subsided, on average consumers are feeling like they are taking home 49% less today in real terms than they did in 2016.
 - O 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 coming to 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 185% near record highs. Those taking home R5k or less p.m., who are our most vulnerable, need to use 77% of their income towards debt repayments. These ratios are at their highest-ever levels.
 - To spend ~21% of their disposable income (after debt repayments) on utilities and transport: Most income bands have had to use ~21% of their disposable income (after debt repayments) to pay for electricity, water, rates, and transport. In addition, because of food inflation, many income groups had to spend more than 30% of their disposable income on food, leaving little room for insurance and assurance expenditure.
 - O Unsustainably high levels of unsecured debt for top earners: Unsecured debt levels were on average 33% higher than that of 2016 levels. While this is lower than inflation (CPI) growth, it needs to be viewed in context of disposable income. For those taking home R35k or more, the unsecured debt levels were 79% higher. In 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 23.1% p.a. To deal with it, debt counselling is the best tool to help consumers restructure their debt, so that:
 - O Unsecured debt interest rates can be reduced from an average of 23.1% 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 14.6% 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 Q2 2025 paid back over R770m 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. Consumers manage their debt using proprietary tools such as the Debt Radar and Debt Sustainability Indicator (DSI) and recognise that if addressed early in their professional career, management of debt can become part of daily life. In the next few months, we also plan to launch MoneySaver and additional tools to help consumers not only protect their money, but also to stretch and grow it!

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



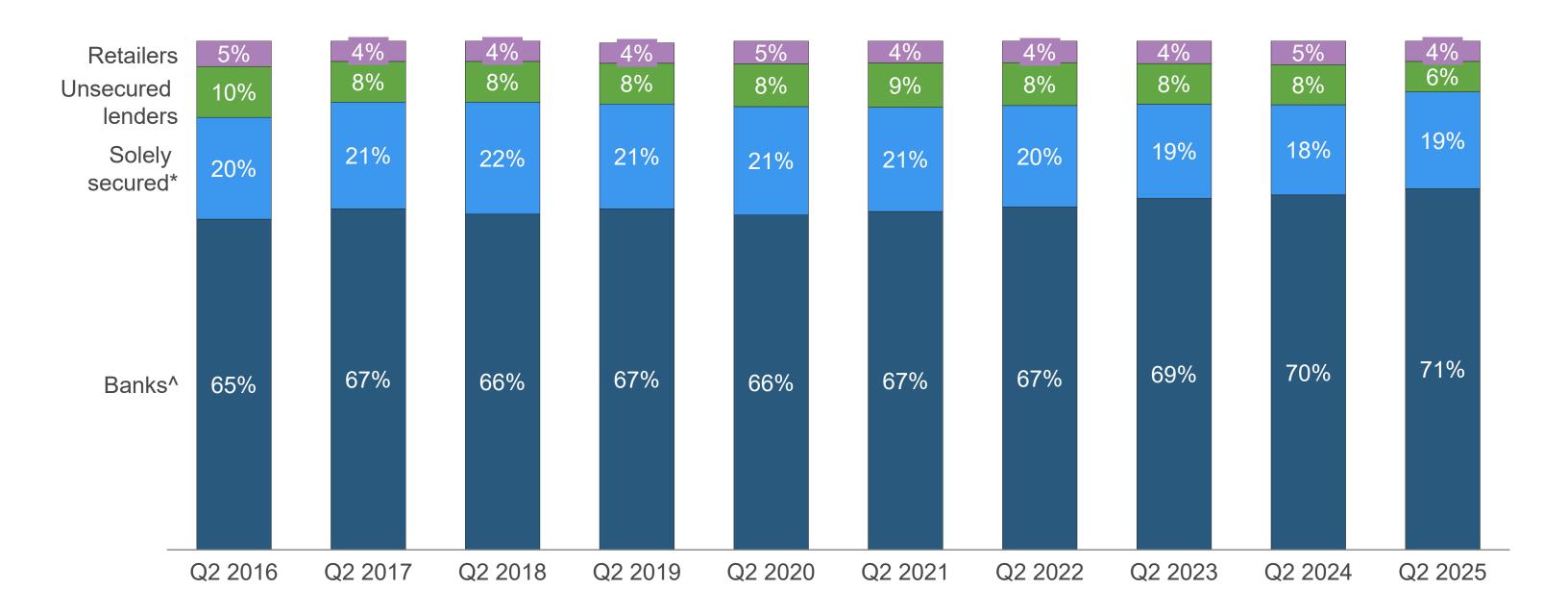
Share of debt that is asset-based increases to 48% for those taking home R20k-R35k; for those taking home R35k or more, the share of debt that is asset-based goes up to 60%

Monthly net income band

Share of lending institutions is largely stable



Banks make up ~70% of credit (more so with affiliates); there is a slight increase in unsecured lending compared to a few years ago



Breakdown of DebtBusters debt under management

Percent by type of lender, by value at end of Quarter

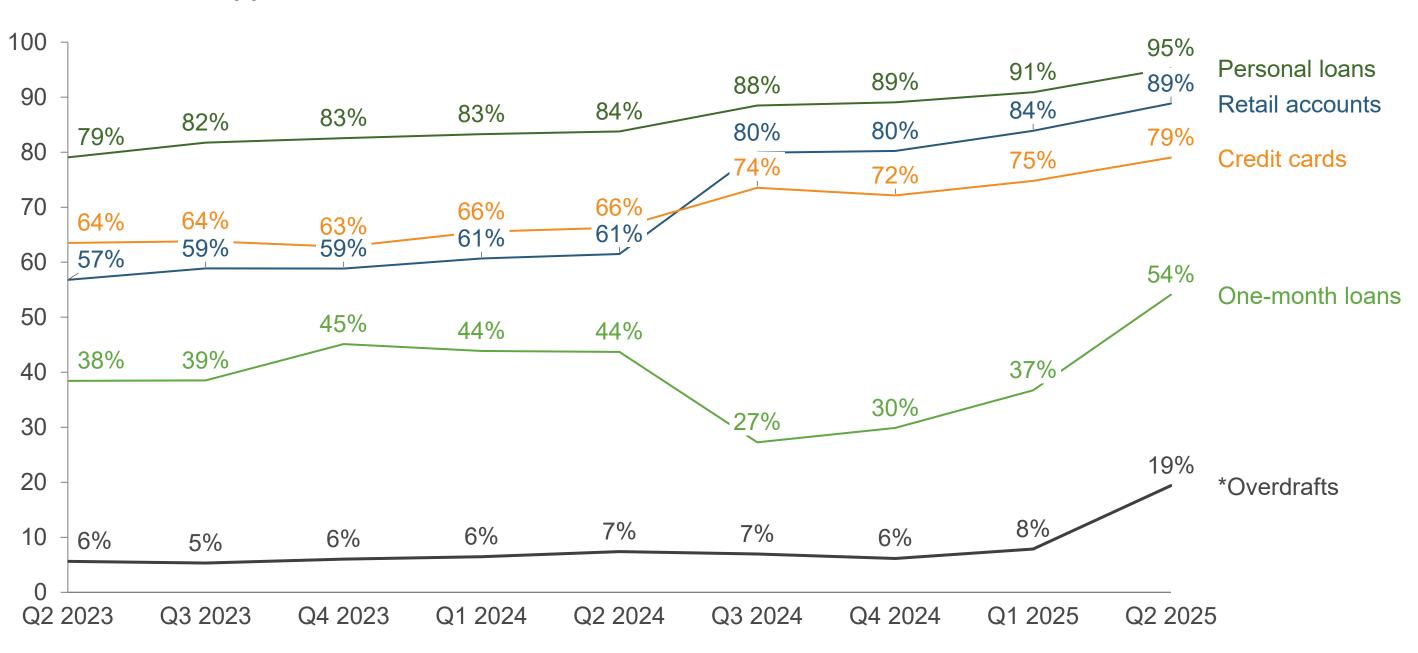
^{*} Includes Marquis Finance, MFC, SA Homeloans, Wesbank, Mercedes and BMW Finance who grant secured credit only (some of these institutions are linked to the banks)

[^] Includes ABSA, African Bank, Capitec, FNB, Investec, Nedbank, Standard Bank

Looking more closely at unsecured debt... 95% of new applicants have a personal loan (at the time they apply for debt counselling); 54% come with a one-month (payday) loan



Share of new applicants with...



- 95% of new applicants have a personal loan at time of application for debt counselling
- 54% have a onemonth (payday)
 loan
- 79% of new applicants rely regularly on their credit cards
- The prevalence of personal loans, onemonth loans and credit cards all indicate 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.

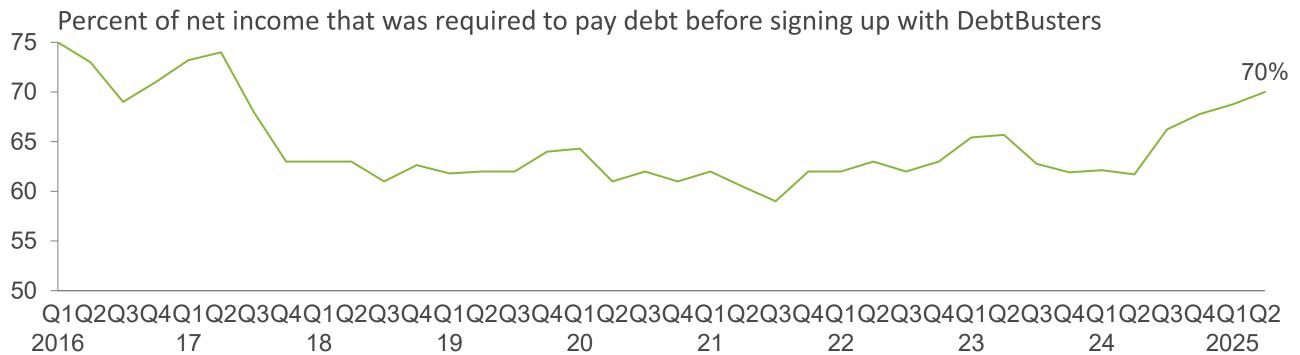
Credit cards refers to revolving credit facilities excluding those linked to stores or retail.

^{*}Overdraft data has become available through credit bureaus from 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.

Compared to previous quarters, debt service ratio is higher where consumers need 70% of their take-home pay to service debt, which is a significant increase from previous quarters and is at the highest level since 2017...

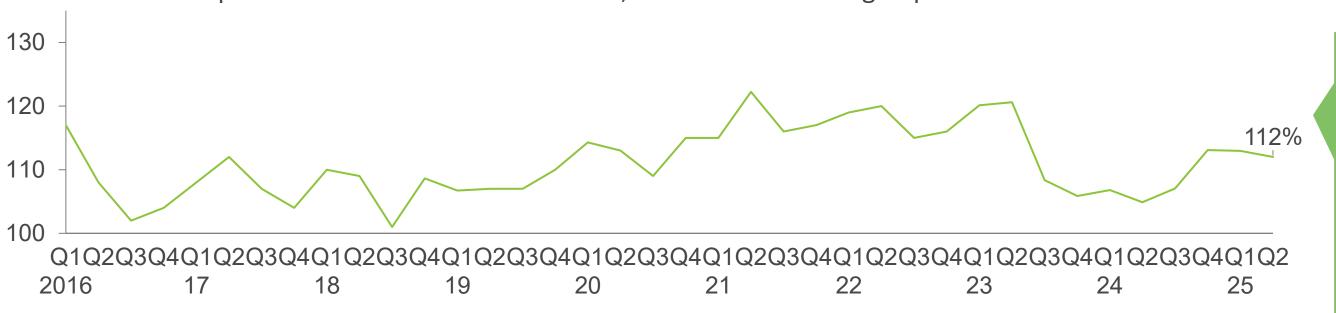


Original (median) monthly debt repayment to net income ratio¹ has increased...



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

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%

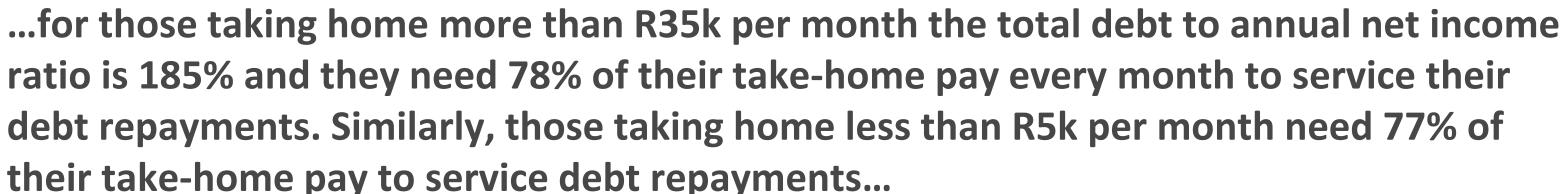
Poland 49% UK 137%

Italy 82% Korea 187%

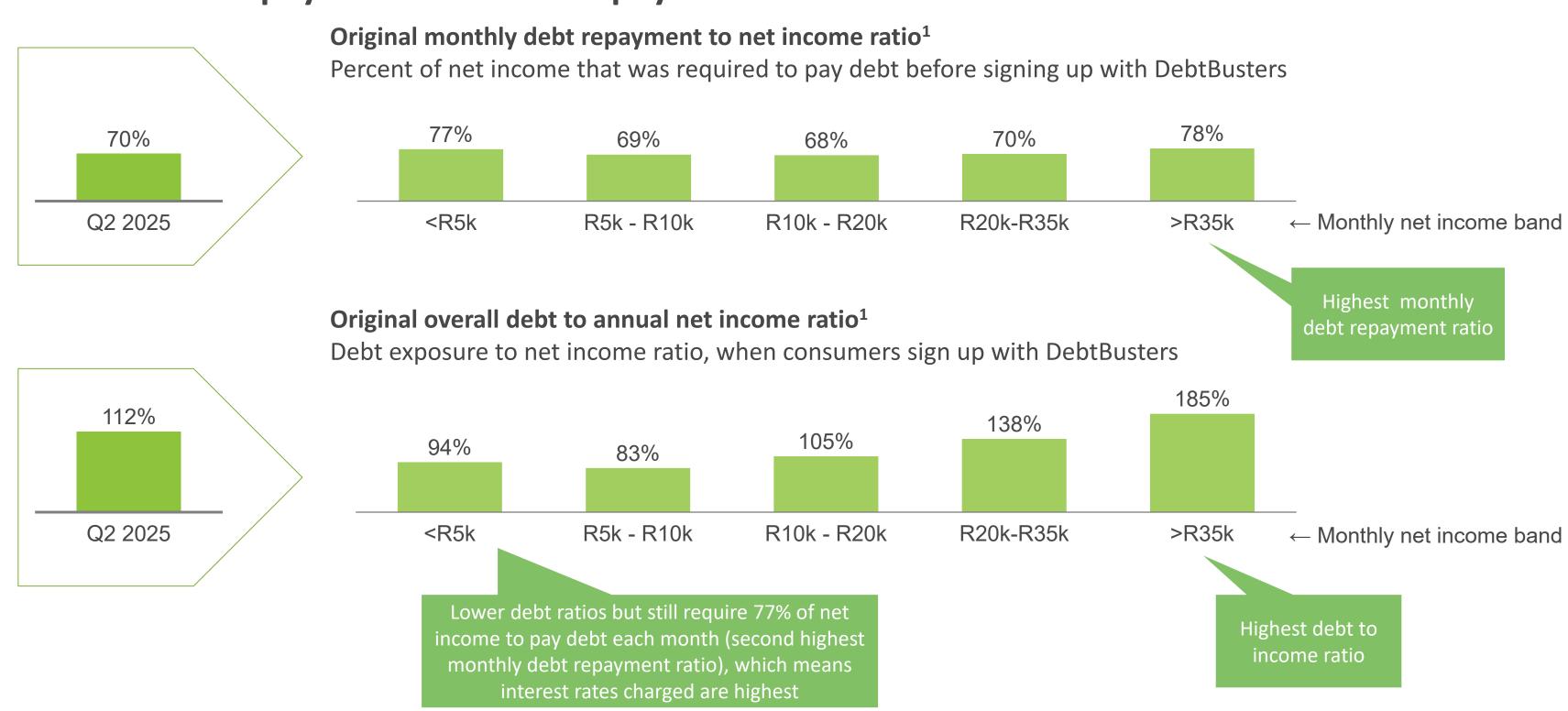
Germany 90% Australia 217%

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







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

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...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 185%



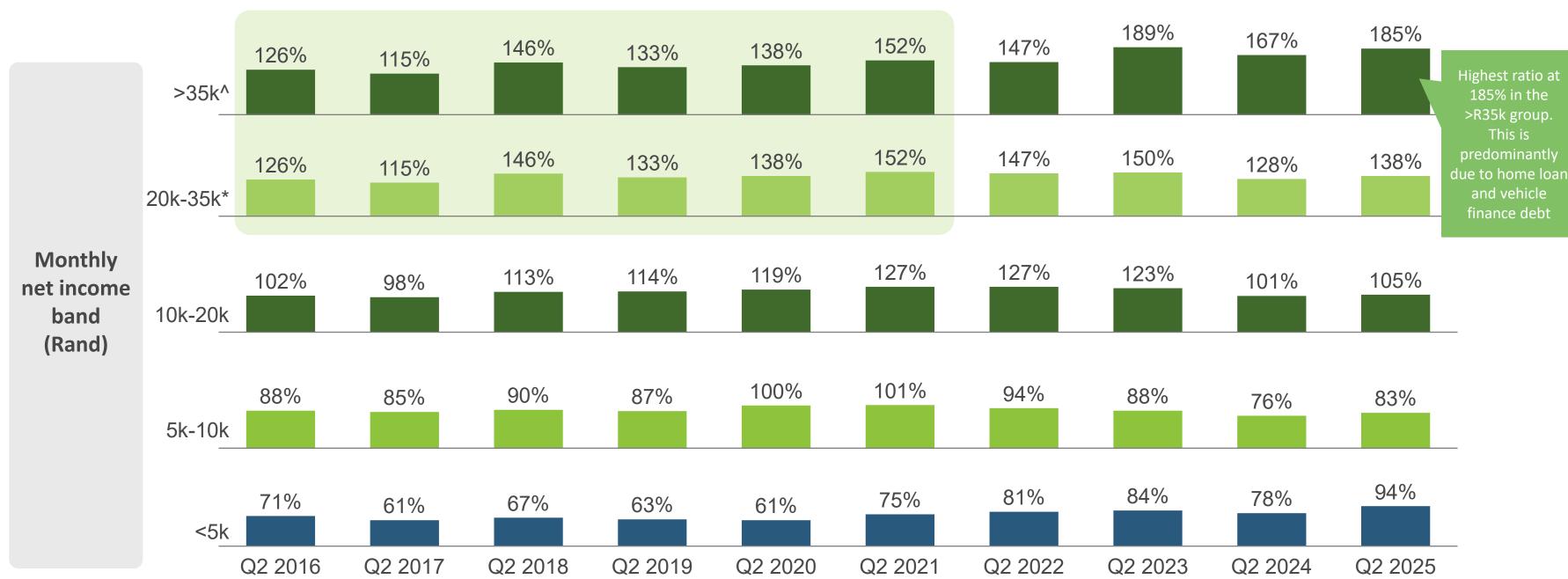
Ratios are the same for this period because these two income groups were tracked

together until 2022

This is



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



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

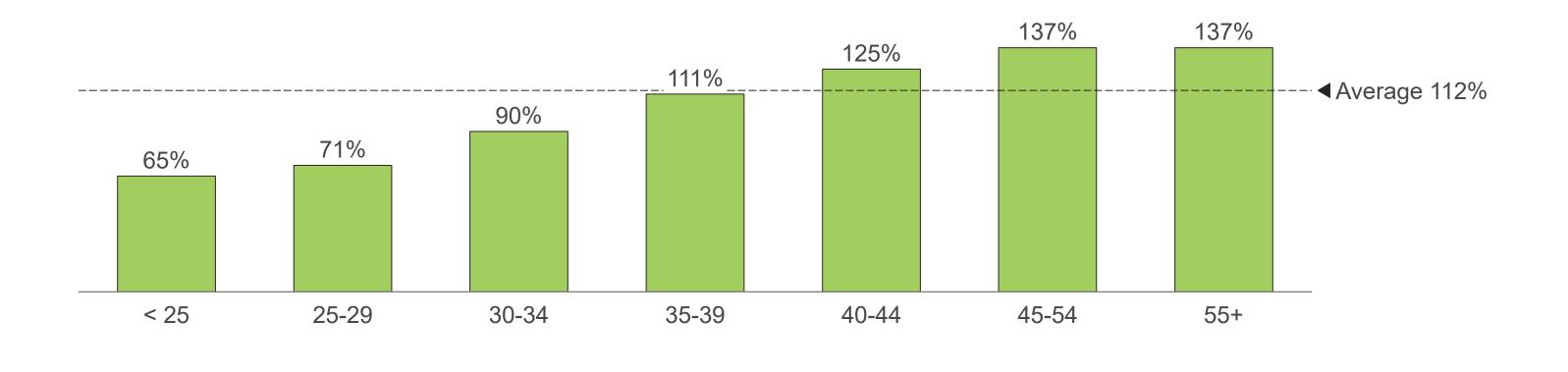
^{*} New income band reported from Q1 2023 (Split from a broader group of >R20k); previously was part of the >20k income band. Previous quarters' ratios are attributed to this group as well as >R35k income band

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



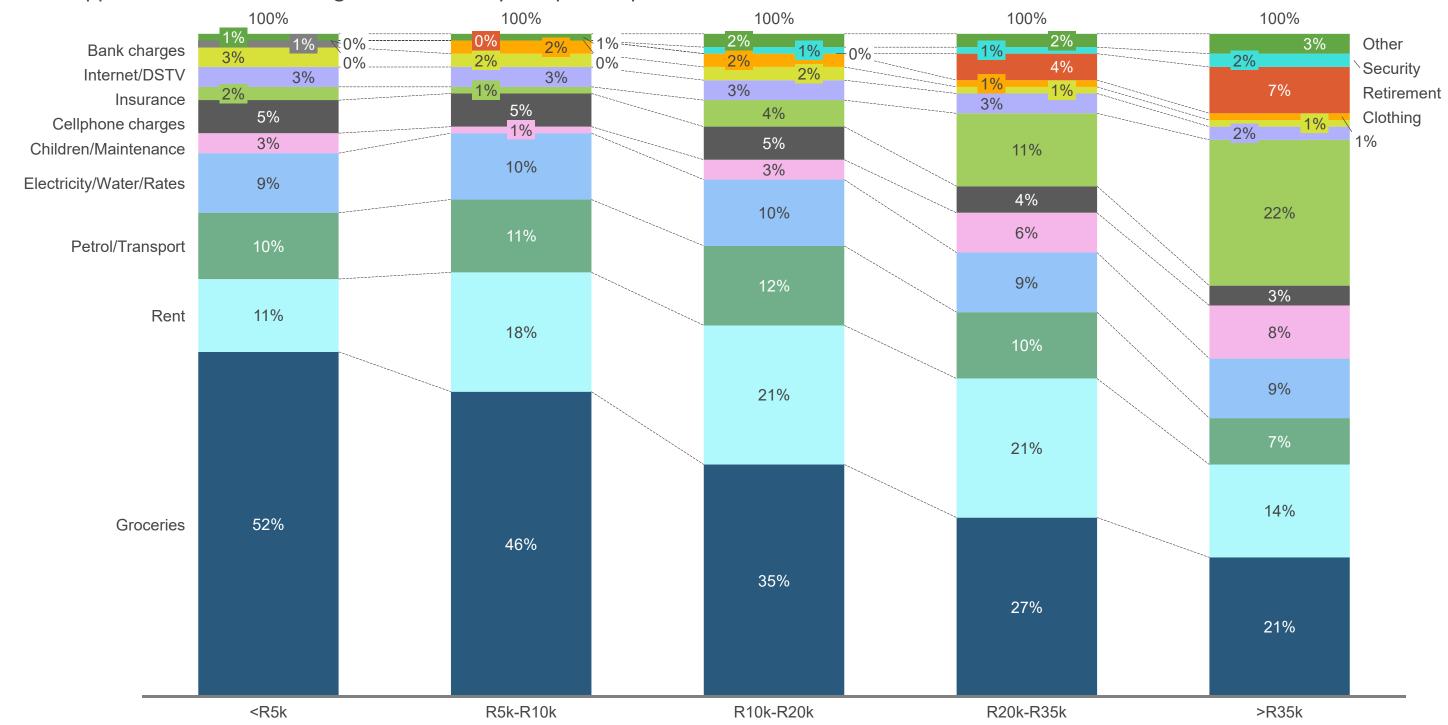
Age group

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 ~11% 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

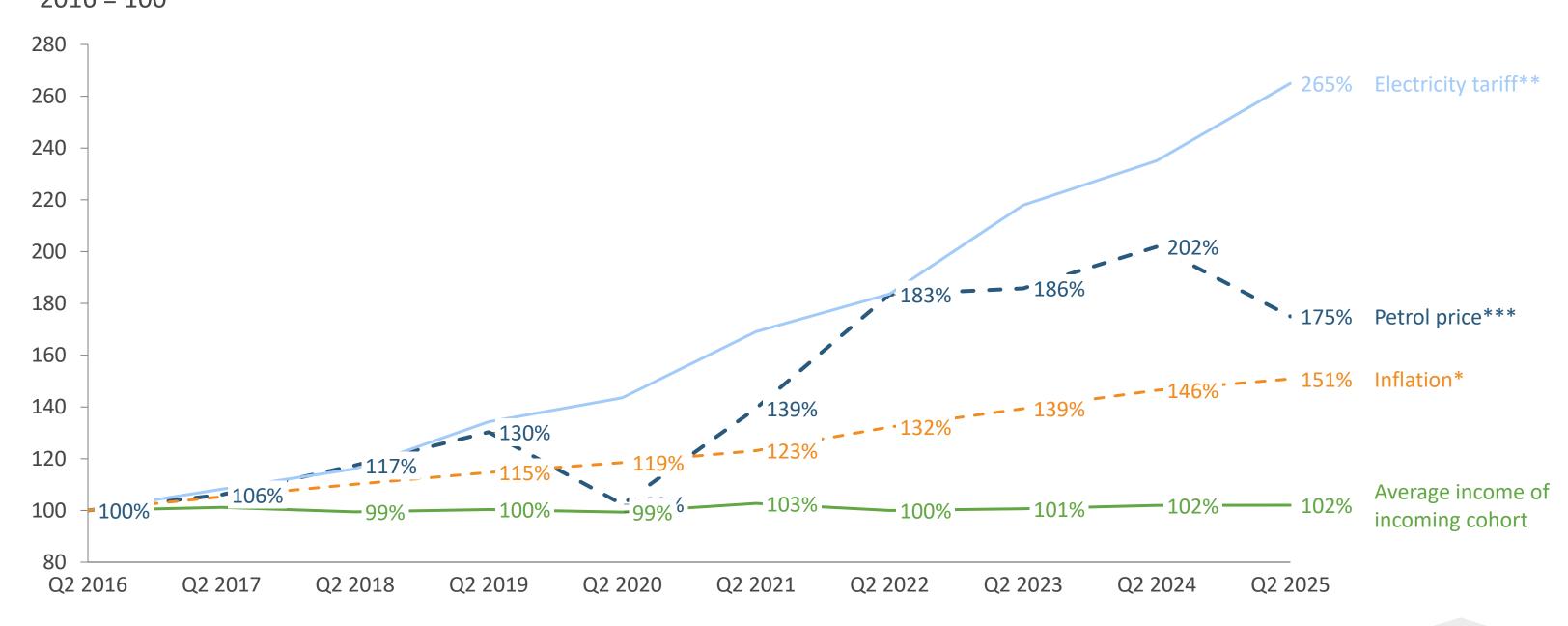


Since 2016, primary indicators of cost of living have moved substantially faster than income growth. Even though there has been improvement in these indicators in the last few quarters, since 2016 core inflation (CPI) increased by 51% and electricity tariffs by 165%...





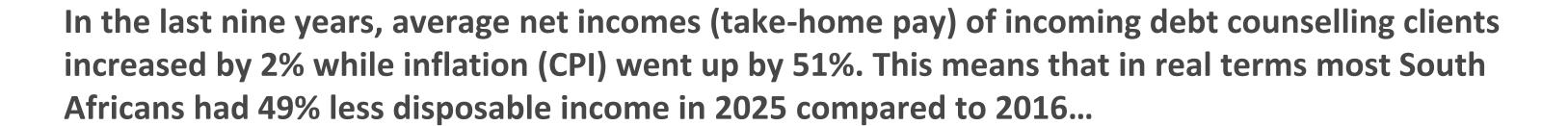




[•] Source: Stats SA CPI history; Stats SA report P0141; https://www.statssa.gov.za/?page_id=1854&PPN=P0141; last accessed on 23 April 2025

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

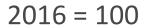
^{***} Source: AA; inland price of Unleaded 93 petrol per litre; https://aa.co.za/fuel-pricing/; last accessed on 23 April 2025

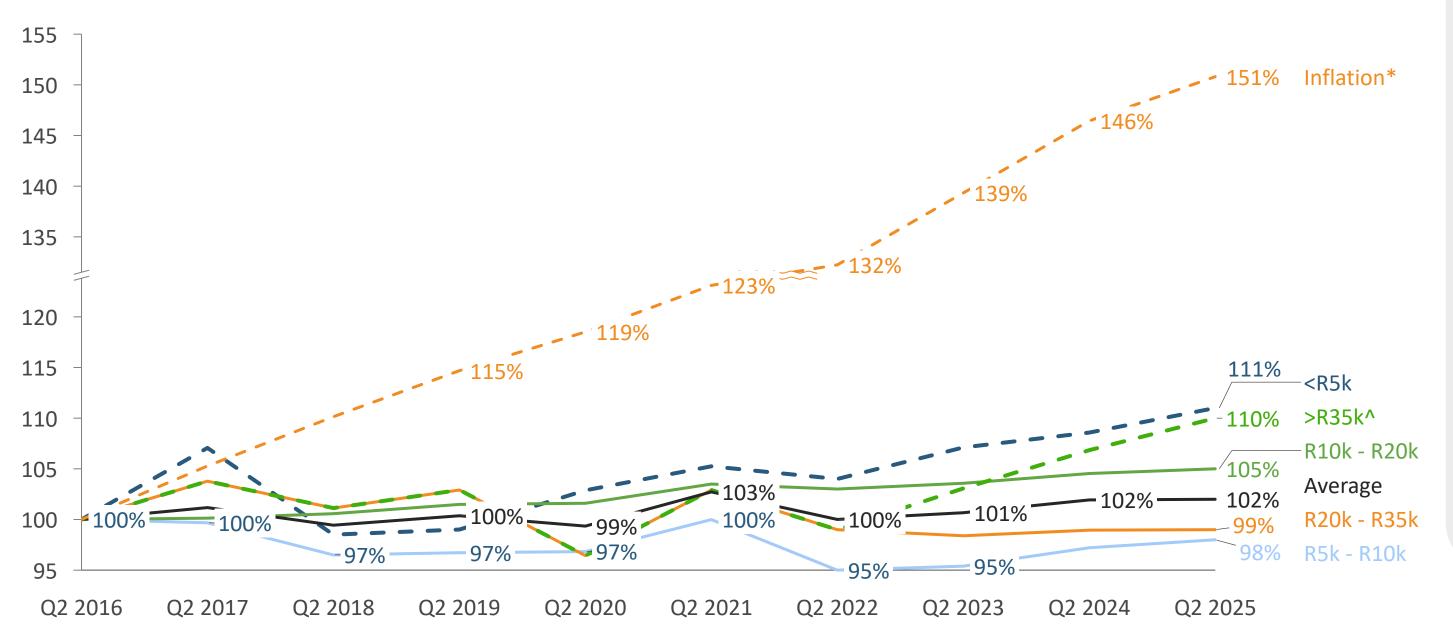




Change in net income levels per cohort of incoming consumers, per net income band

Indexed to 2016 levels





- 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 51%
- This means
 disposable incomes
 shrank by almost
 49% during the past
 nine years

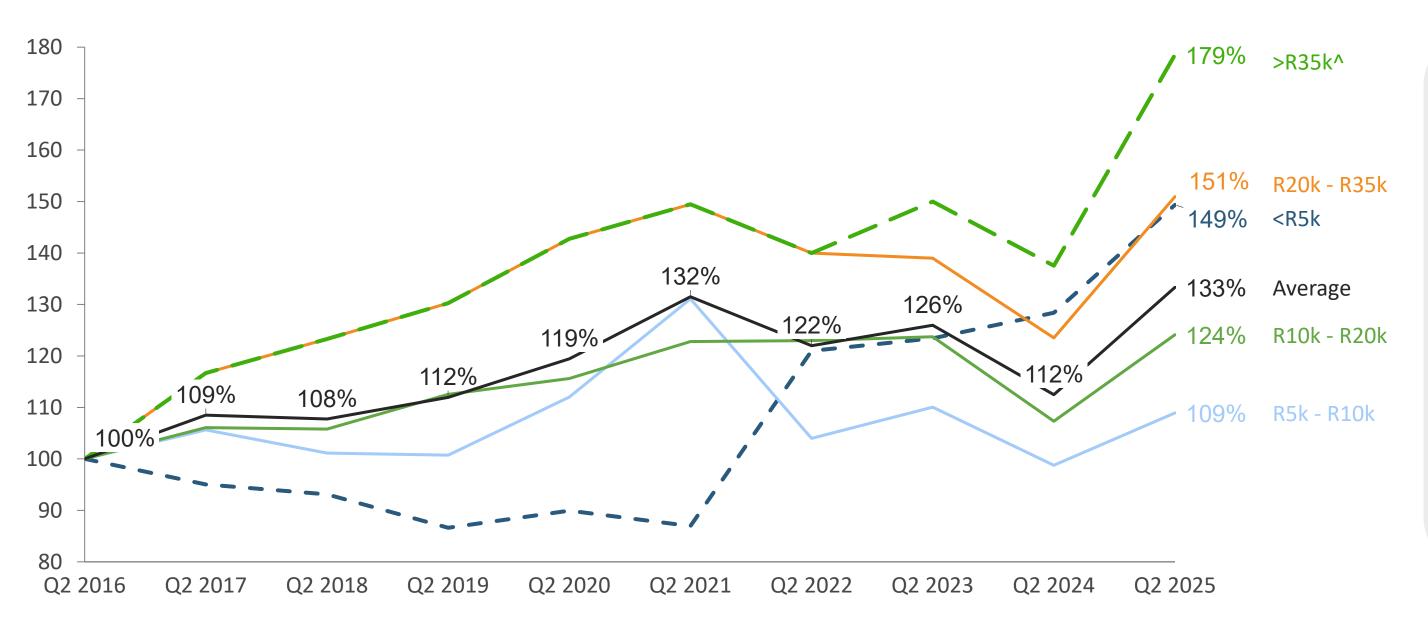
[•] Source: Stats SA CPI history; Stats SA report P0141; https://www.statssa.gov.za/?page_id=1854&PPN=P0141&SCH=73984; last accessed on 23 April 2025

... On average, consumers have 33% more unsecured debt in 2025 compared to 2016. Those taking home R35k or more have unsecured debt levels that are almost 80% higher 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

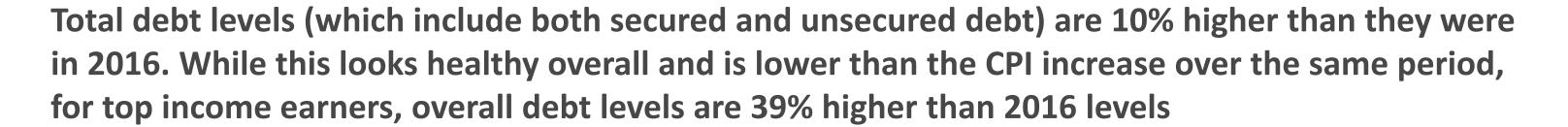


Change in unsecured debt levels per income band of consumers signed up in the quarter Indexed to 2016 levels

2016 = 100



- Unsecured debt for the average consumer is 33% higher than 2016 levels; for top earners the figure is almost 80%
- For top earners, growth in unsecured debt has increased and far outpaces inflation (CPI) growth of 51% and salary increase of 10% over the same period
- Top earners still under lots of financial pressure

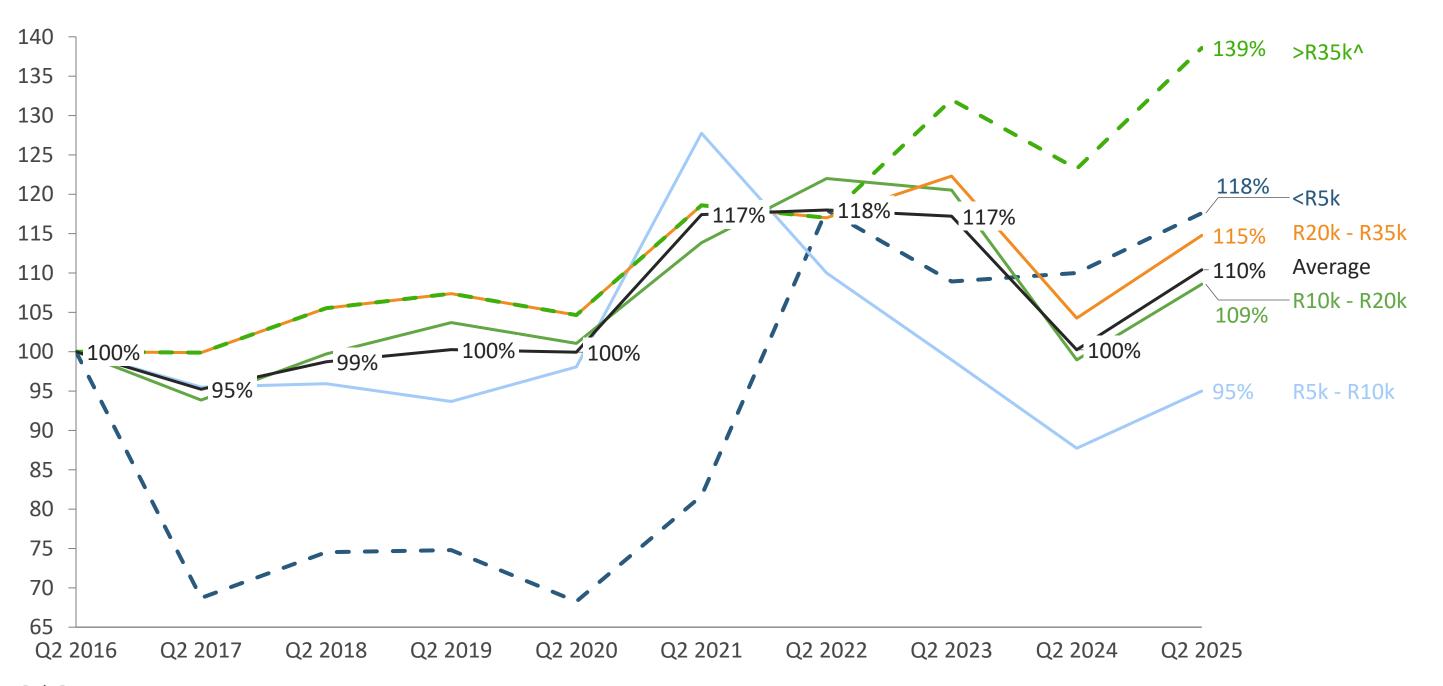




Change in total debt levels per income band of consumers signed up in the quarter

Indexed to 2016 levels

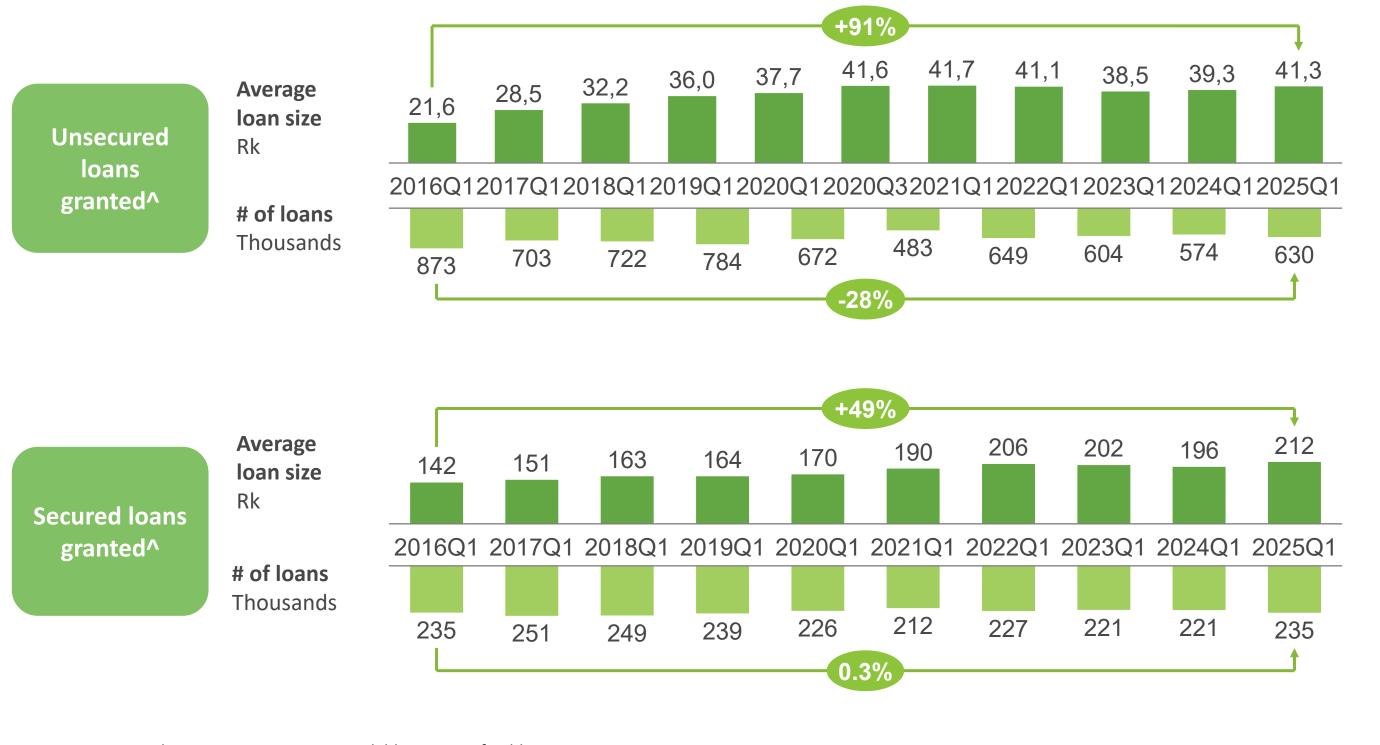
2016 = 100



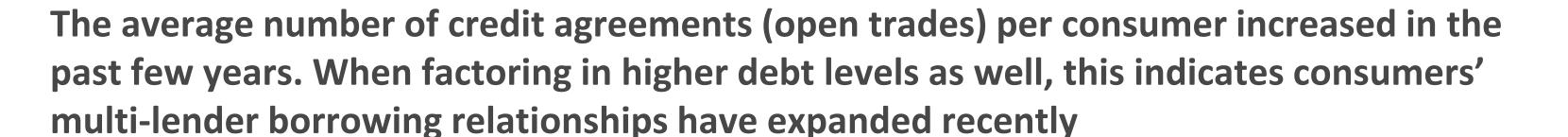
- Compared to 2016, the total debt levels are higher, but the increase has been below CPI
- Those taking home more than R35k had 39% increase in overall debt levels since 2016

Since 2016, average unsecured loan size increased by 91% whereas the volume of new unsecured loans declined by 28%. 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





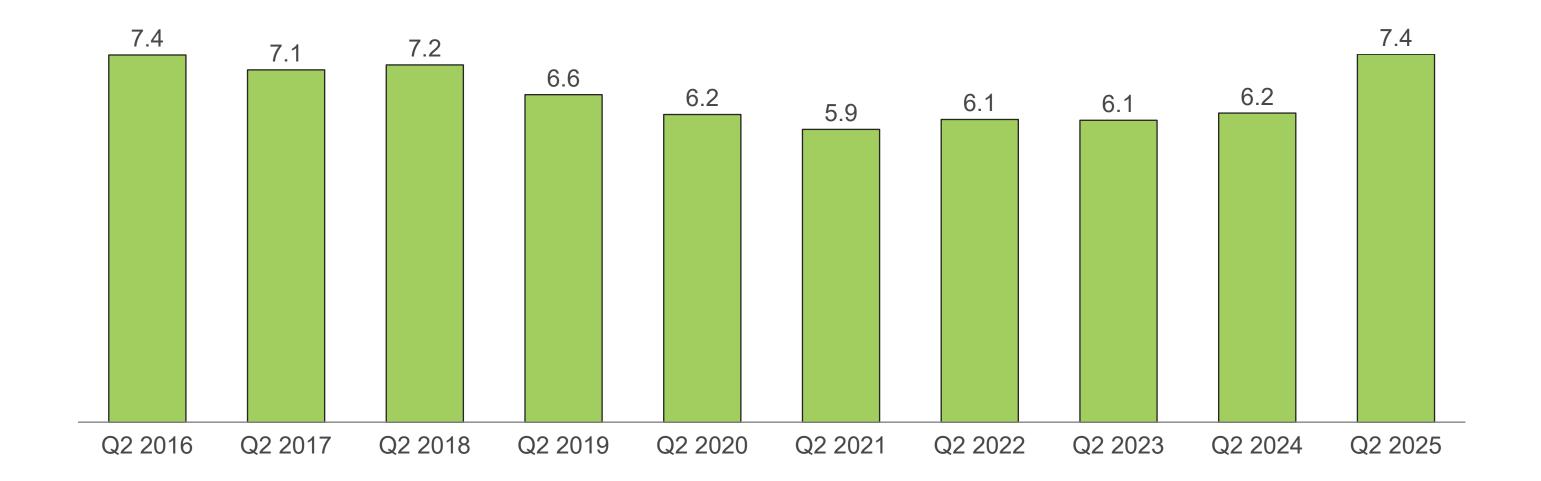
- Since 2016, average unsecured loan size increased by 91% whereas the number of new loans decreased by 28%. This indicates that unsecured lending is extended largely to a smaller pool of consumers
- For secured loans, in contrast, the number of new loans was largely unchanged, but the average loan size increased by 49%





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

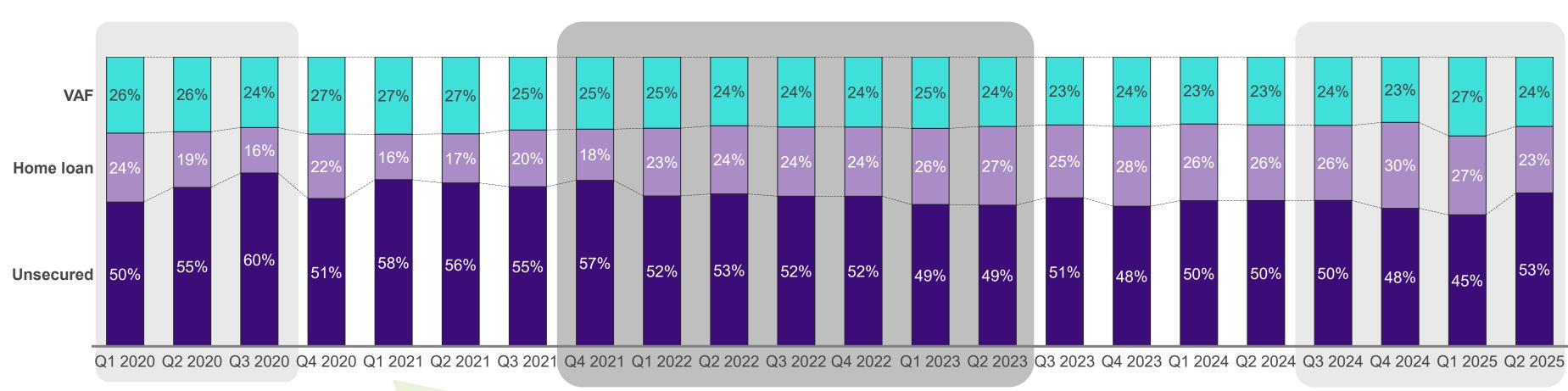
Repurchase rate decisions by SARB

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
- 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.

In line with recently SARB repurchase rate decreases, average interest rates have decreased slightly in Q2 2025, however average (pre debt counselling) interest rates for unsecured debt is still elevated at around ~23% p.a.



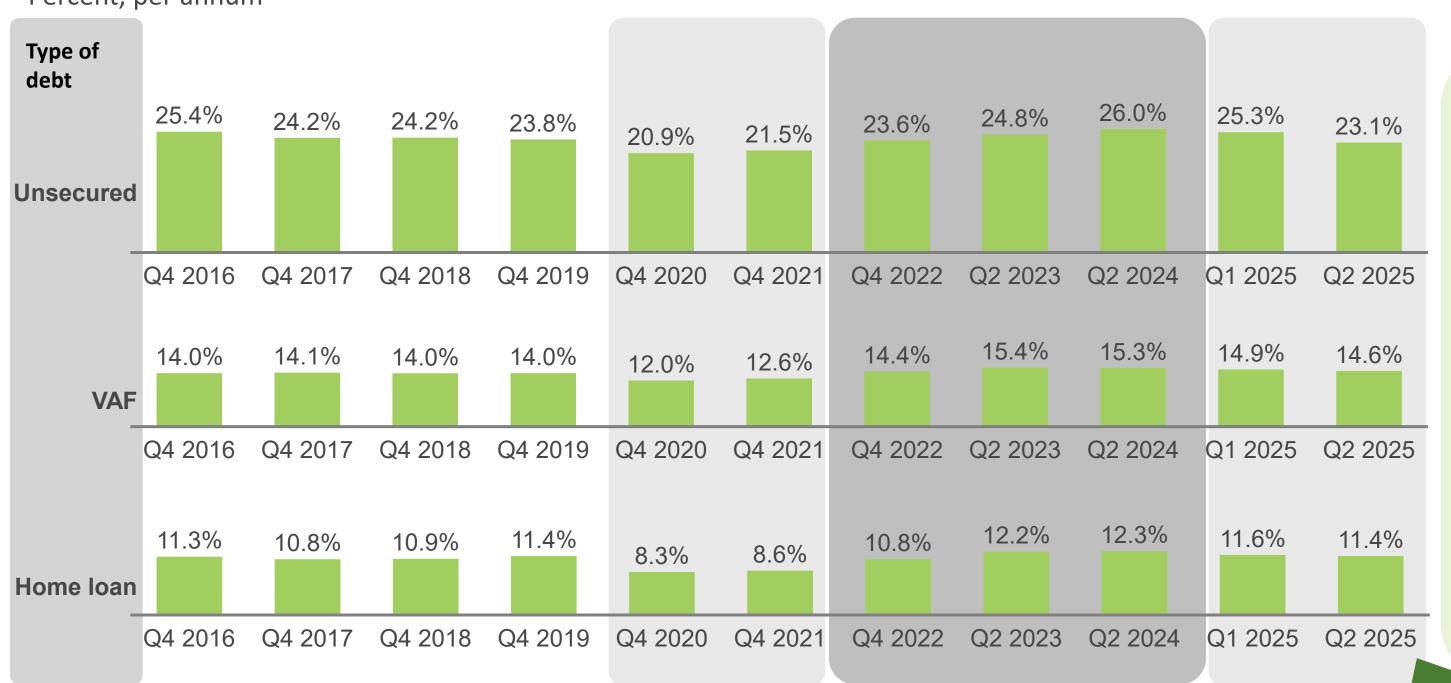
Repurchase rate decisions by SARB

Multiple increases

Multiple decreases



Percent, per annum



- Unsecured debt interest rates increased to the highest level since 2016, before dipping slightly in the last few quarters
- Unsecured debt interest rate has big impact on what percent of incomes are needed to service debt
- Home loans also very sensitive to changes in interest rates – big swing from 2020 onwards

VAF refers to vehicle finance agreements.

* Maximum rate allowed for newly originated credit agreements in that quarter per dtic guidelines

Source: DebtBusters

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.

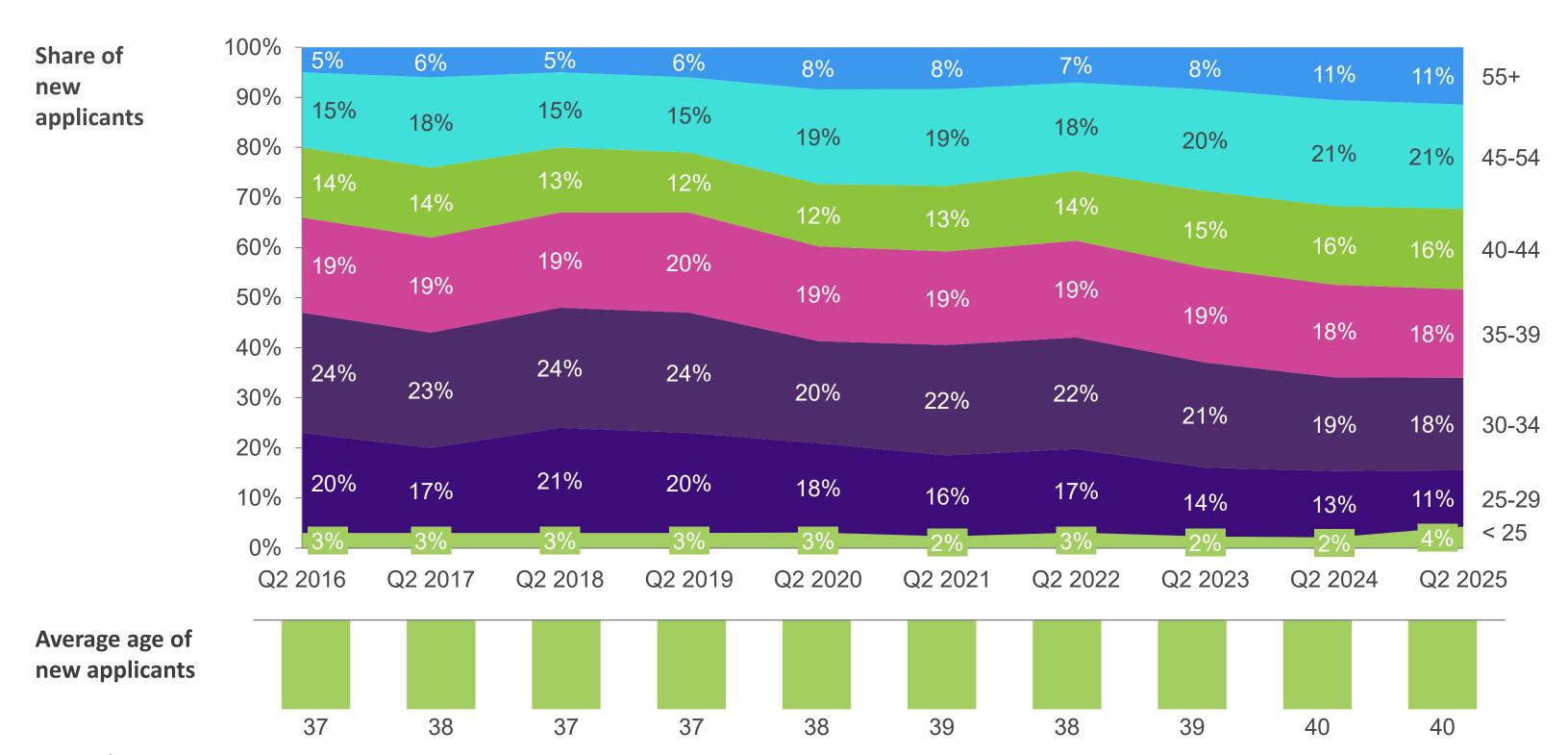
Max. allowed at end of quarter*:

- Unsecured: 28.25% p.a.
- VAF: 24.25% p.a.
- Home loan: 19.25% p.a.

Consumer age profile indicates increasing financial stress in 45+ age group, which now make up ~32% of new applicants



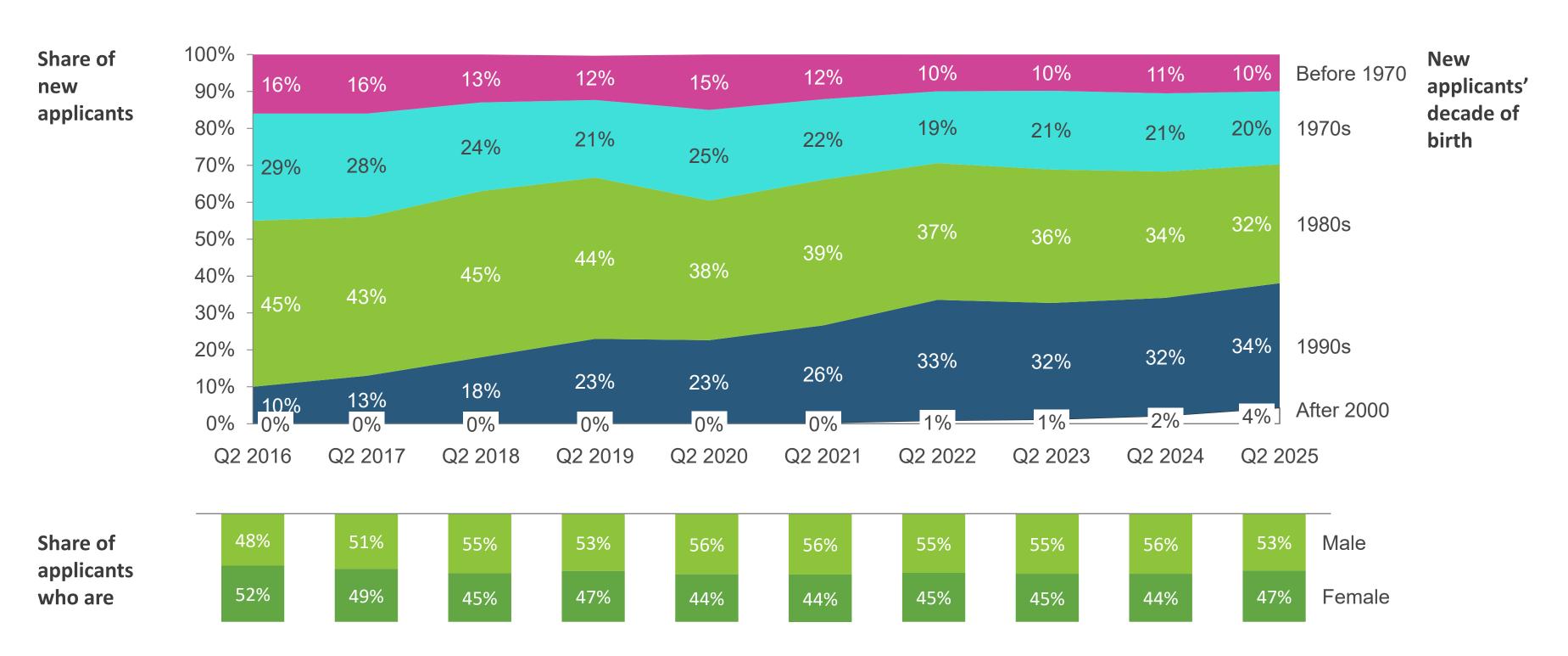
Average age of new applicants has remained at 40. In addition, the share of applicants who are 45 or older has increased from 20% in 2016 to 32% in 2025, indicating financial stress is becoming more prevalent in this age category



Age profile of new consumers (Age range)

The ratio of male applicants is consistently above 50%, indicating men are not only the primary applicants but also becoming more proactive about addressing financial distress. During the most recent quarter, 53% of applicants were male



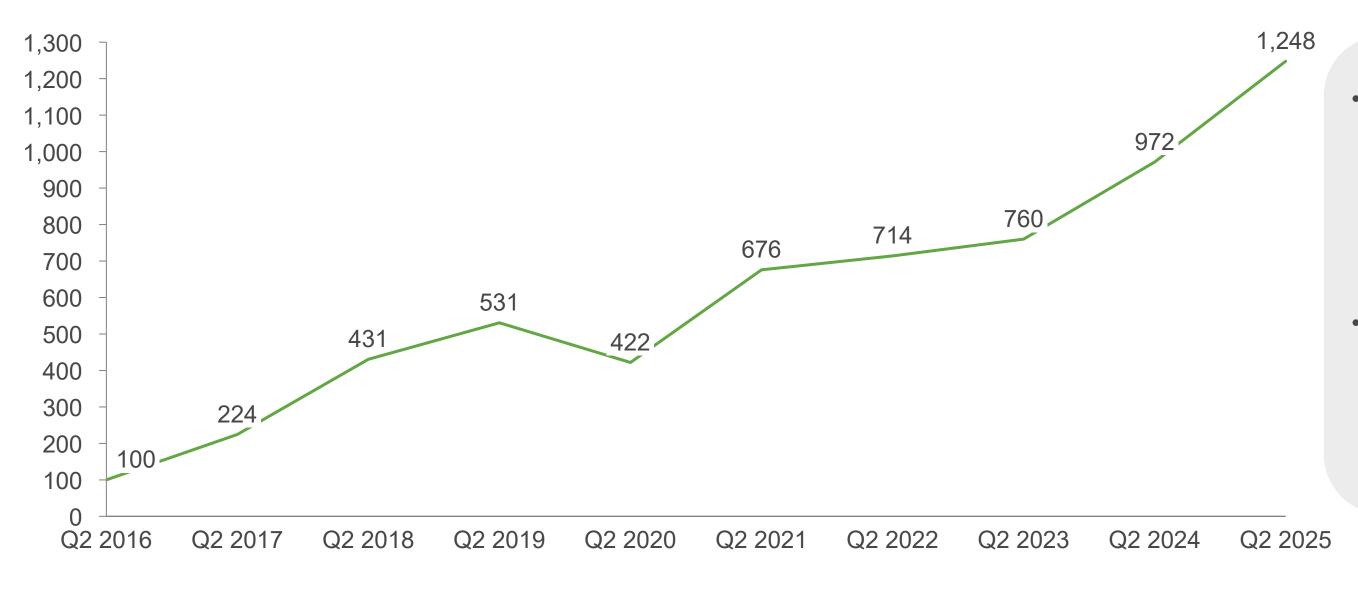


In the most recent quarter, the number of consumers graduating from debt counselling (successfully receiving their clearance certificates) was 12 times higher than the same period in 2016. Consumers who graduated in Q2 2025 paid more than R770m to their creditors while in debt counselling



Clearance certificates issued

Indexed to 2016 levels 2016 = 100

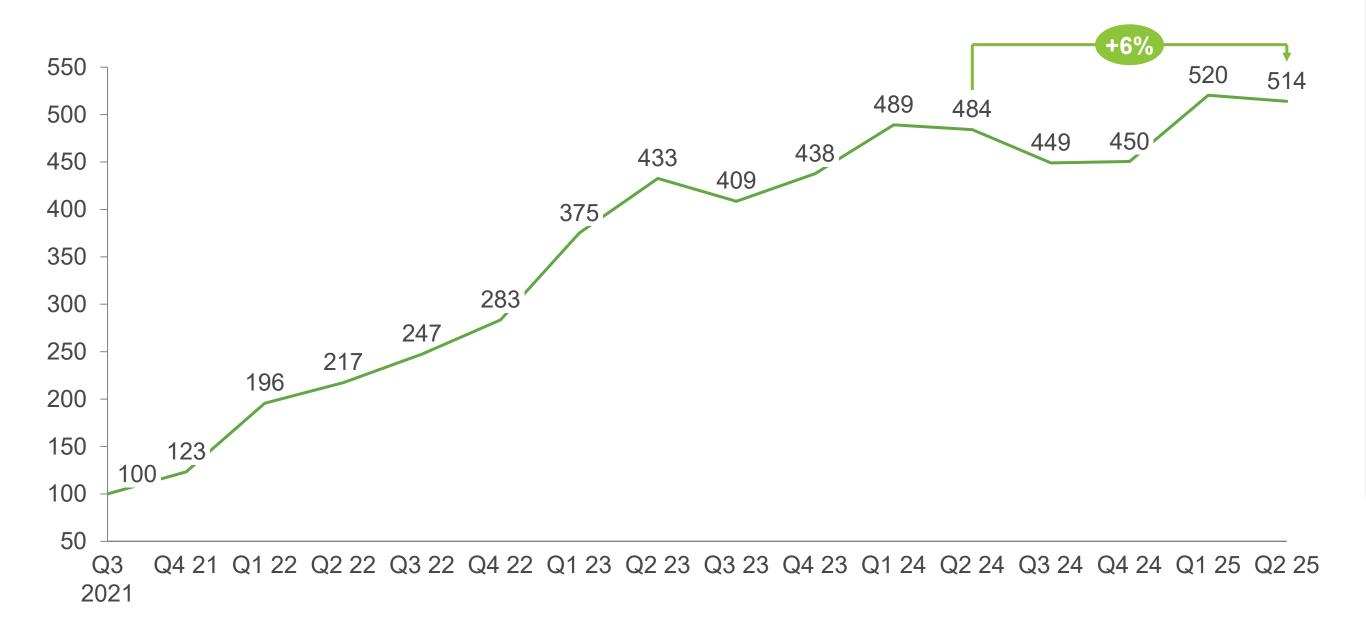


- In Q2 2025, there were
 12 times more
 consumers "graduating"
 or getting clearance
 certificates compared to
 2016 levels
- Consumers who received clearance certificates in most recent quarter paid R770m to their creditors while in debt counselling

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 6% over the past year



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



- 6% increase in last year in new subscribers for online debt management on DebtBusters website
- the freedom of managing their debt profile at their own pace and have access to debt management tools, such as Debt Sustainability Indicator, Debt Radar, and others