CDIx

CONSUMER DEFAULT INDEX - Summary

Understanding the South African credit consumer within the greater context of the South African economy.

May 2025 | **Quarter 1**

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Glossary

CDI	Consumer Default Index
CDIx	Consumer Default Index Extended
CPI	Consumer Price Inflation
Eskom	The South African electricity public Utility
NAB	Non-alcoholic Beverages
NCR	National Credit Regulator
SAPIA	South African Petroleum Industry Association
SARB	South African Reserve Bank
StatsSA	Statistics South Africa
USD	United States Dollar
ZAR	South African Rand

Consumer Default Index (CDI) – Tracking first-time default rate for South African consumers

Overview of Index – What does it measure?

The Experian Consumer Default Index (CDI) measures the rolling default behaviour of South African consumers with Home, Vehicle, Personal, Credit Card, and Retail Loan accounts.

Every month, lenders typically classify their consumer accounts into one of several predetermined payment categories to reflect the level of arrears. When a lender deems the statement balance of a consumer account to be uncollectible due to being in arrears for 90 or more days or having statuses such as repossession, foreclosure, charge-off or write-off, the consumer account is said to be in default.

The index tracks the marginal default rate as it measures the sum of outstanding balances related to first-time incidence of technical arrears, i.e. accounts that are more than 90 days in arrears for the first time, as a percentage of the total sum of balances outstanding.

The CDI is published quarterly with a two-month lag, including a balance-weighted composite index and the five product-specific sub-indices. Two grouped indices are also provided:

1. Home Loans, Vehicle Loans and Credit Cards (these products typically are held by the traditionally banked market segments), and

2. Personal Loans and Retail Loans (these products are usually used as entry products into the credit market).

The indices are also determined at a level that provides further insight into the dynamics of specific consumer affluence-related segments experiencing different stresses due to macro forces such as unemployment, interest rate changes and economic growth.

25.03m consumers with Credit Card, Personal Loan, Vehicle Loan, Home Loan and/or Retail Loan accounts.

30.80m active accounts across Credit Card, Personal Loan, Vehicle Loan, Home Loan and/or Retail Loan.

R2.28 trillion in outstanding debt.

> “The **CDI is published quarterly** with a two-month lag, the indices include a balance-weighted composite index, as well as the five product-specific sub-indices.”

Composite Consumer Default Index

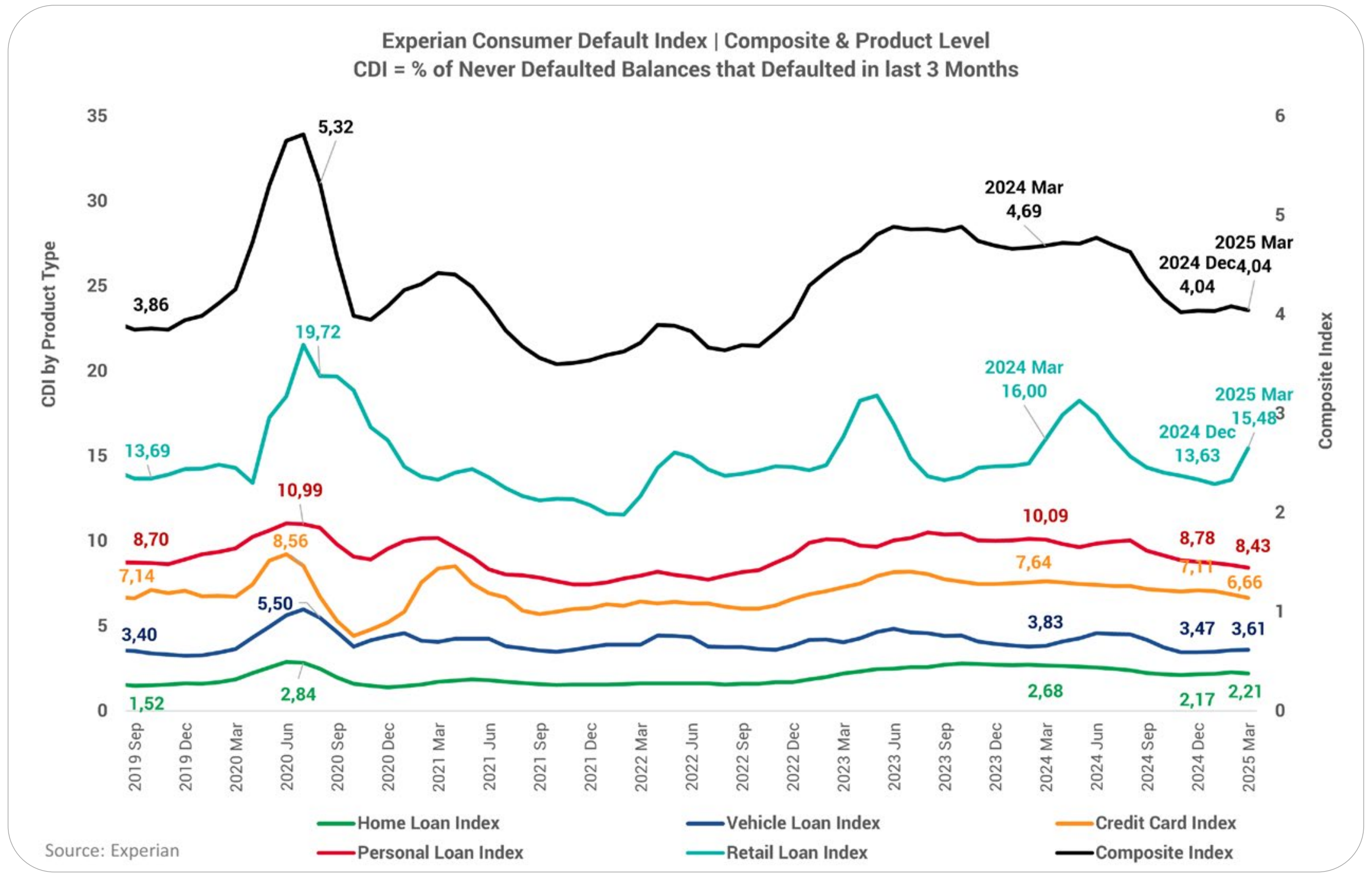
The composite CDI showed sideways movement Q-o-Q from 4.04 in December 2024 to 4.04 in March 2025. This stability comes despite persistently high interest rates and sustained high cost of living. One of the factors that is mitigating this continued pressure on consumers might be consumers becoming increasingly conservative in the management of their cash flow. The cash injection that was brought on by the introduction of the 2-pot system is probably an enabler in this regard. Two pots, a system that was activated on 1 September 2024, allows consumers to withdraw cash from a separate savings pot in their retirement funds.

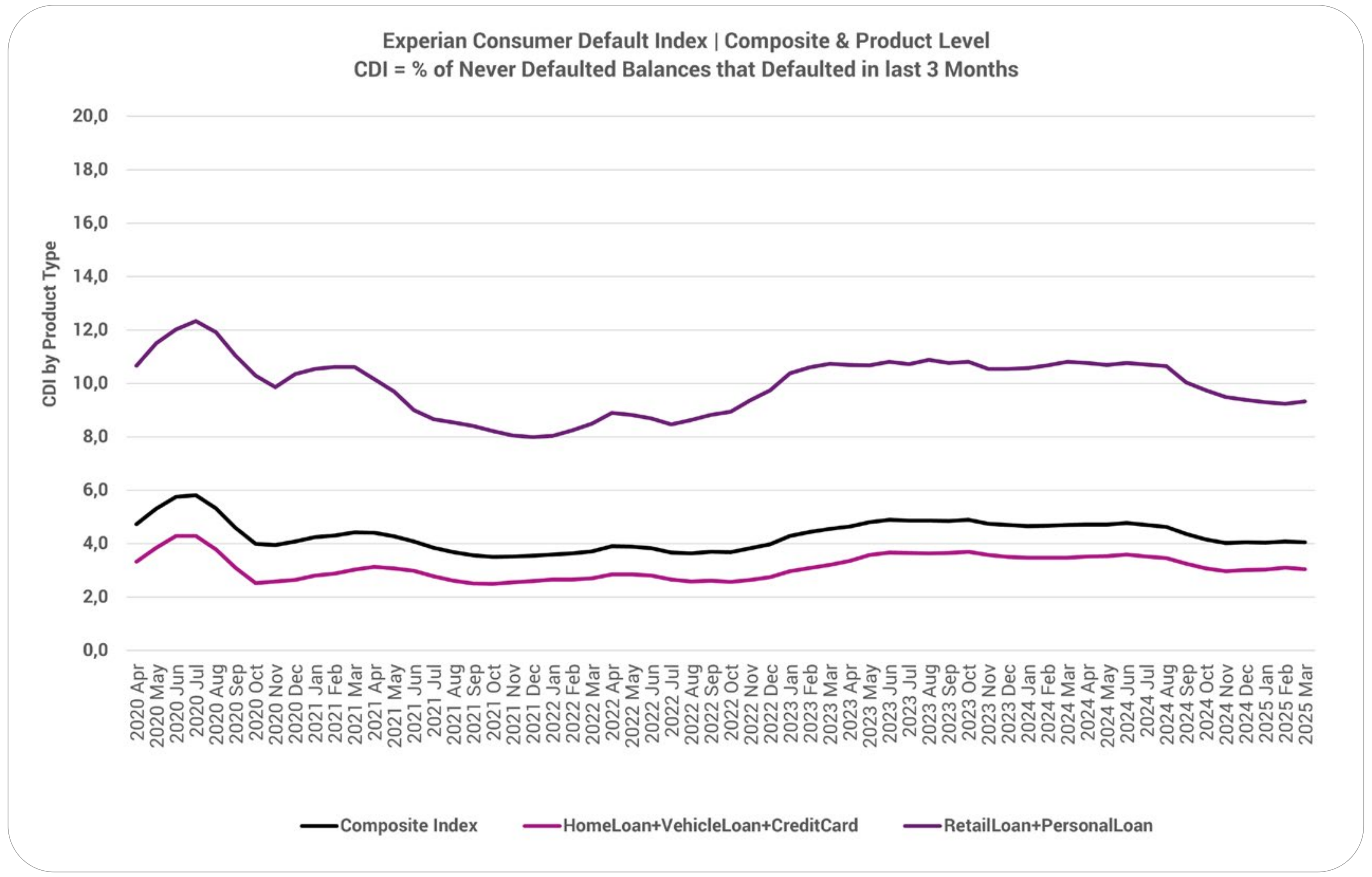
Y-o-Y, the Composite CDI improved significantly, moving down from 4.69 to 4.04 – a relative improvement of 14%, marking the most significant improvement in over two years. This improvement suggests that even though consumers are still finding it very challenging to honour debt commitments, the situation is improving.

All products saw a Y-o-Y improvement in CDI. Home Loans and Personal Loans saw the most substantial improvement, moving from 2.68 to 2.21, and from 10.09 to 8.43, respectively. This meant that Home Loans saw a relative improvement of 18%, and Personal Loans a relative improvement of 16% over the last year. The improvement in Home Loans CDI is probably linked to the subdued new mortgage issuance that has been observed over the last two years, whilst the Personal Loans improvement is probably related to the lower approval limits observed in recent times.

Keep in mind that, due to the CDI's cyclic nature, we expect to see an increase early in Q2. This is usually the result of the Festive season and particularly the Black Friday spending spree that occurs during Q4. It is encouraging, though, that the CDI shows signs of returning to the 'usual' seasonal pattern, following recent years of heightened and prolonged high CDI levels that deviated from historical norms.

Index	CDI Mar'25	CDI Mar '24	Average Outstanding Jan'25-Mar'25	New Default Balances Jan'25-Mar'25	Relative Impr/Deter
Composite Index	4,04	4,69	R 2 275 634 769 111	R 23 072 146 715	-14%
Home Loan Index	2,21	2,68	R 1 194 425 967 878	R 6 613 456 125	-18%
Vehicle Loan Index	3,61	3,83	R 529 777 731 287	R 4 785 596 189	-6%
Credit Card Index	6,66	7,64	R 188 975 135 456	R 3 144 487 454	-13%
Personal Loan Index	8,43	10,09	R 320 400 662 131	R 6 755 591 868	-16%
Retail Loan Index	15,48	16,00	R 45 813 358 212	R 1 773 015 079	-3%
Home Loan + Vehicle Loan + Credit Card	3,04	3,47	R 1 915 408 617 823	R 14 543 539 768	-12%
Retail Loan + Personal Loan	9,32	10,81	R 366 214 020 343	R 8 528 606 947	-14%





Summary of the CDIx

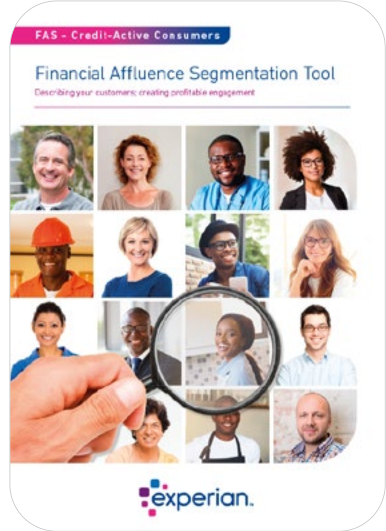
- CPI fell to 2.7% in March 2025, driven by housing and utilities, food and non-alcoholic beverages, as well as restaurant and accommodation services.
- **Market appetite for credit in Q4** (NCR data):
  - Record-high credit applications indicate strong market demand.
  - Relative growth in approvals reflects cautious lender response.
- **New business volumes in Q1 2025 showed the characteristic seasonal slump but still showed modest Y-o-Y growth, reflecting a gradual recovery.**
- Notably, Home Loans New Business have seen sustained lower levels, while Personal loans and Retail Loans are seeing increased activity.
- The Y-o-Y Composite **CDI** improvement was seen for all products
  - The Q-o-Q CDI showed a sideways movement.
  - **The most significant improvement was seen for Home Loans.**
  - All FAS Groups experienced a meaningful Y-o-Y improvement in CDI. This positive trend was also reflected across all products, each showing significant Y-o-Y improvement in CDI.
- **Vintages** in Home Loans portfolios have shown marginal improvement for both the @ 6 months and @ 12 months views, but regardless of the improvement, they continue to perform worse than Vehicle Loans.
- FAS Groups 1 and 2 account for no less than 40% of the total volume of credit products for which **Debt Review** applications have been lodged.

Experian Solutions used in the CDI and CDIx

This report leverages Experian data, analytics and technology solutions to bring you insights into consumers in South Africa.

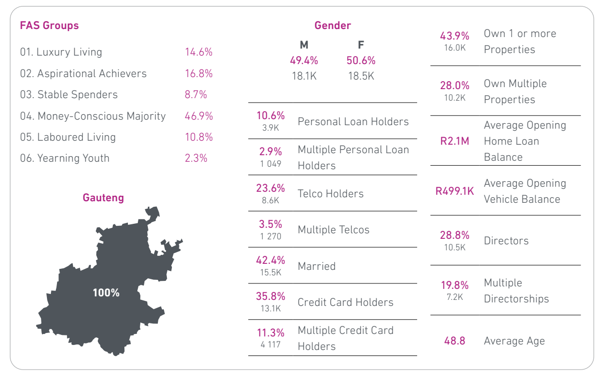
Our solutions used to develop the CDI and CDIx include:

- Consumer macro- and micro segmentation (FAS)
- Bespoke CDI views (benchmarking your business against rest of market)
- Analytics Benchmark reports (quarterly full packs or monthly lite reports)
- Macro-economic views expanded on in the Business Debt Index (built and maintained in collaboration with Econometrix (Pty) Ltd)



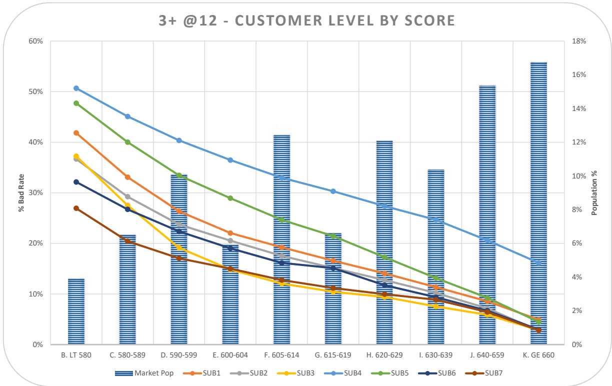
Understanding your Customers

The Financial Affluence Segmentation tool helps companies ideal target populations likely to take up your product or engage with your services.



Locate your Ideal Customer

Experian's FAS Location solution allows you to select your ideal segment based on their FAS profiles and/or area to get insights into the population at a more granular level.



Industry Benchmarking Reports

Understand how your company is performing against the industry in our comprehensive benchmarking reports.

Scoresharp

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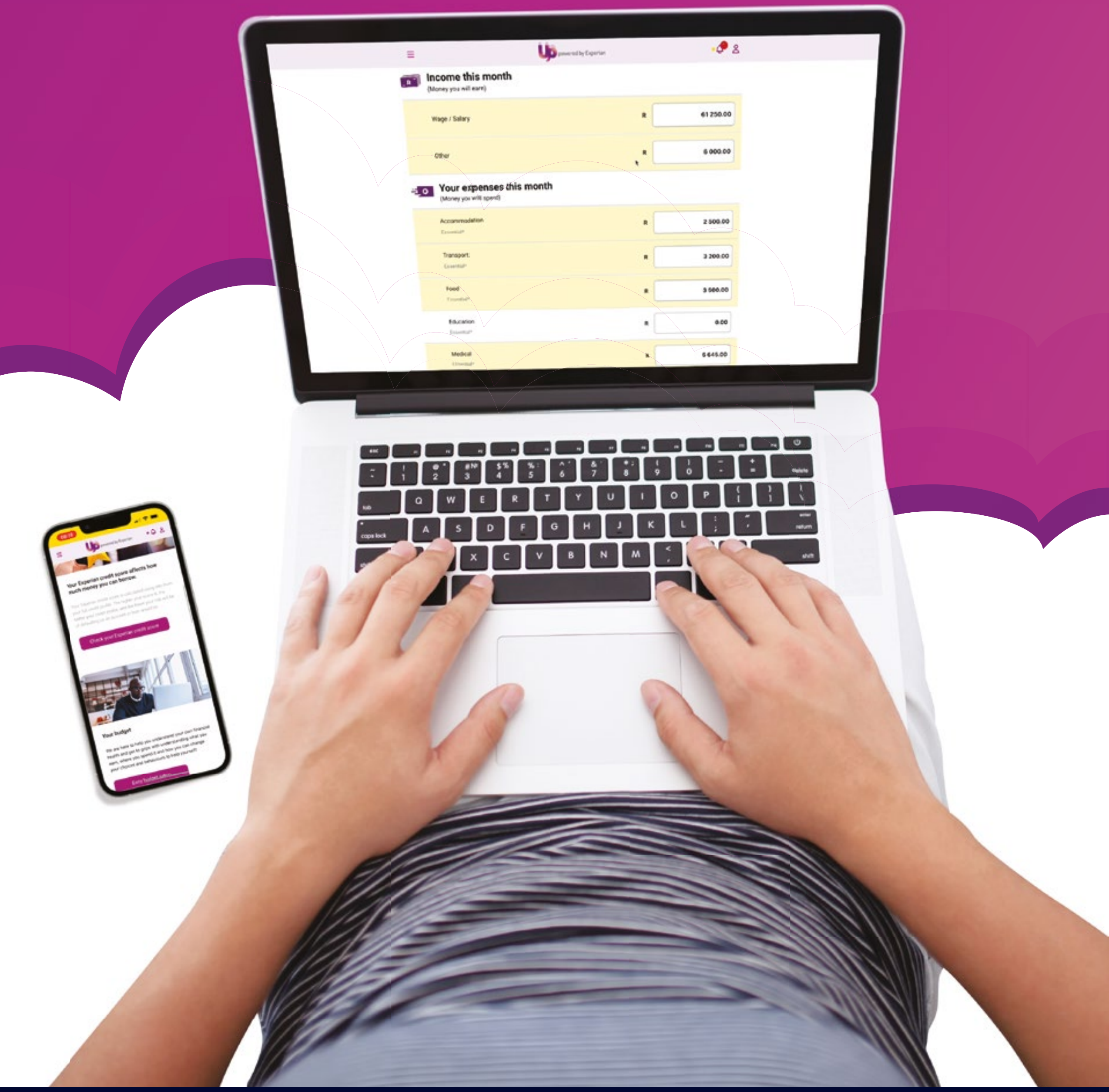
The unpredictable nature of the future can be daunting – let us help you understand your situation and how you can overcome your business obstacles through data and analytics.

Up powered by Experian

In order to improve consumer financial health and to drive financial education, Experian has launched a web-based app called 'Up'. This platform is made available to consumers free of charge. We make it available to businesses for publishing on corporate websites as well through an annually renewable Up Partnership agreement. Please contact us for more information.



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or if you would like to book an analytics consultation, please contact us.

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