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National Credit Act (NCA)

What is the NCA?

The NCA came into effect on 1 June 2007 and requires all financial institutions and lenders to register as credit providers. Essentially, this act aims to protect South African consumers by regulating credit-granting practices.

By making credit and/or loan applications transparent, fair and easy to understand, the NCA aims to give consumers the knowledge and power to manage their debt effectively and pay it back comfortably. Please remind your clients that they have both the right and the responsibility to understand and question how their credit agreements are structured, what payments they will be required to make, and what the terms and conditions involve. .

The following credit providers and agreements are regulated by the NCA:

1. Banks (for short-term loans, home loans, overdrafts, credit cards, vehicle finance, etc.).
2. Retailers (for furniture finance, clothing accounts, and store cards, etc.).
3. Other credit providers (for microloans, pawn transactions, etc.).

Specifically, the NCA ensures that consumers:

1. are not discriminated against when they apply for credit;
2. get all the information they need on credit agreements in the official language of their choice;
3. understand all the terms used;
4. understand all fees, costs, interest rates and the total instalment;
5. are offered the best products suited to their needs and the most responsible lending options;
6. are charged a reasonable interest rate;
7. can speak to a debt counsellor should they experience difficulty with their repayments;
8. can say no to increases on their credit limit; and
9. can decide whether or not they want to hear about products or services from credit suppliers via telephone, SMS, mail or email campaigns.

For more information on the NCA:

Contact the National Credit Regulator (NCR) on 0860 627 627, send an email to info@ncr.org.za, or go to www.ncr.org.za