



SACRRA 2017
ANNUAL REVIEW

A close-up photograph of a person's hands being washed under a stream of water from a chrome faucet. The water is splashing, and droplets are visible on the person's skin. The background is blurred, showing what appears to be a public restroom setting.

*D*ata is to
business what
*W*ater is to life

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Publication date of Annual Report – April 2018

Chairperson's Report



Context matters....

In order to understand the focus and proposed strategy of the SACRRA Office, it is necessary to consider the legislative context within which the SACRRA and our members are operating. Acknowledging these changes is relevant when we consider the multitude of legislative changes that members need to comply with, within the framework of limited resources.

Overview of legislative changes and/or proposed legislative changes during 2017 that relates to the credit and risk data environment:

NCR Guideline (001/2017) in respect of debt that is on-sold – clarifies that debt collectors (or other third parties) that purchase debt are required to register as credit providers and to comply with the maximum display periods prescribed in the NCA. These periods are inclusive of the periods for which the previous credit providers listed the information on the credit bureaus, and the mandatory documentation in Regulation 55 must be held by the acquiring credit provider before listing can occur. This will affect both providers of data and credit bureaus.

Financial Intelligence Centre Amendment Act, No. 1 of 2017 – this Act prescribes that accountable institutions must obtain and keep (business) customer due diligence records for a prescribed period following termination of the business relationship, and that these obligations can be performed by a third party.

Courts of Law Amendment Act, No. 7 of 2017 (commencement date not yet proclaimed) – amends s36 of the Magistrates' Court Act, and inserts a new s23A of the Superior Courts Act, to allow for applications to court by judgment debtors to rescind fully paid judgment debts, without the consent of the judgment creditor. Credit bureaus will need to heed these changes and the potential impact to this type of public information which they hold. Consumers may even approach the credit bureaus to have this information removed from their credit profiles before the credit bureaus have received this information from their sources of public information.

Protection of Personal Information Act (PoPI) Draft Regulations (2017) – aims to prescribe certain form requirements for the protection of personal information (e.g. request the correction or deletion of personal information). These form requirements would need to be adopted by providers of data as well as credit bureaus.

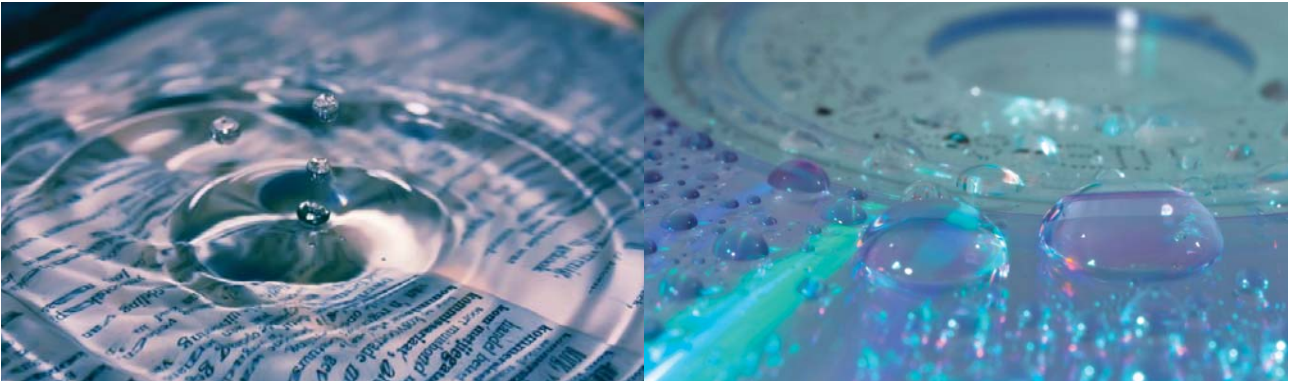
Draft National Credit Amendment Bill (Debt Intervention Bill) – published in Nov 2017 for comment – amongst other things:

- The Bill proposes that credit bureaus be compelled to remove listings related to successful debt intervention applications
- The NCR must notify, amongst others, the credit bureaus of such orders made by the National Consumer Tribunal (NCT)
- The NCT can impose a limitation on the consumers right to apply for credit, for a period not exceeding 36 months

This will introduce new types of information at credit bureaus, and new types of information to be considered by credit providers in their assessment of credit applications.

NCR Circular 6 of 2017 – Interpretation of Section 71 of the NCA – provides clarity and the NCR's interpretation of matters related to S71 (Issuing a clearance certificate to consumers under Debt Review). This also provides further clarity to credit bureaus on their obligations to expunge information from their records on receipt of clearance certificates.

NCR Guideline 003/2017 – Guideline for the Submission of Credit Information in terms of Regulation 19(13) of the NCA – published in November 2017 – these guidelines prescribe the use of the Data Transmission Hub for the compulsory submission of data to credit bureaus by credit providers and the reciprocity requirement of voluntary submission of data to credit bureaus by data providers. The Guideline also specifies the Data Format in which credit information must be submitted and the timeframes for the reporting of certain consumer credit information.



NCR Guideline 001/2018 – Fee Guideline and Schedules Pursuant to the Guideline in terms of Regulation 19(13) of the NCA – published in November 2017 – prescribes the fees payable by the various categories of credit providers and data providers to the SACRRA for either:

- SACRRA membership, although membership is not prescribed; or
- the on-boarding to, and use of the Data Transmission Hub and SACRRA Data Format, together with deadlines for the on-boarding process for certain of these categories.

The Financial Sector Regulation Act, No. 9 of 2017 (Twin Peaks) – date of commencement still to be proclaimed – amongst other things: – although it does not specifically govern or impact credit and risk data, it does create new regulatory structures in that credit providers will have oversight by the NCR, the South African Reserve Bank, the Prudential Authority and the (current) Financial Services Board (which will become the FSCA: The Financial Sector Conduct Authority).

Within this context the SACRRA Office and our members will need to adapt systems, processes and/or business models in order to enable sustainable businesses.

Changes aimed at driving the correct use of correct information is aligned to the SACRRA Office creed of **“Data is to business what water is to life”**.

With the usual commitment and passion, the SACRRA Office team and the SACRRA Management Committee set about the year energetically and delivered the following:

Memorandum Of Agreement (MOA) with the National Credit Regulator (NCR) and the Credit Bureau Association (CBA)

- As a first step towards executing on the contract, the SACRRA Office commissioned a campaign to contact all registered credit providers to engage them on the need to comply with the credit and risk data reporting requirements. This qualification of the NCR Registrant list was used as the basis to inform the assessment of these parties and will further be used to develop and execute the on-boarding of qualifying entities amongst the registrants. A positive take-out was that good data coverage already exist from existing Data Contributors and this will be enhanced through the inclusion of the additional Data Contributors.
- The SACRRA Office utilised the funding from members to perform this exercise and to cover the costs related to the implementation of the SACRRA’s contractual obligations. These expenses are closely monitored and are being offset against the revenue from new Data Contributors as this is received.
- Indemnity insurance was purchased to protect the NCR against risks related to prescribing the Data Transmission Hub as the standard means of submission of credit and risk data to the NCR-approved hosting credit bureaus.
- The reporting obligations which the SACRRA has under the terms of the contract will commence from January 2018.

Strategic Projects to drive the quest for comprehensive Quality Data

Retention of Voluntary Members

The contribution made by members who voluntarily submit credit and risk data is highly valued by the Association and the Manco in terms of ensuring a comprehensive credit and risk data pool for business decision-support. Consequently, the Manco determined that strategies be developed and implemented over the coming years to ensure that the SACRRA Data Specifications and Data Management approaches for



voluntary members deliver optimum value to those members. This initiative has resulted in a stratified approach being adopted and as a first phase substantial engagement has occurred with the Non-Life Insurance sector to review their requirements. Meetings commenced with the NCR, Financial Services Board and South African Insurance Association and as we progress with the strategy for the retention of voluntary members, other relevant sectors and related stakeholders will be engaged.

Project Evolution and the NLR Decommissioning

Considerable progress was made in this project and earnest effort and attention is going towards meeting the NCR-imposed deadline for decommissioning of the NLR. The Affiliate-Led Group member category, introduced during 2016, has begun to deliver the anticipated results and our sincere thanks go to those Group Leaders who have diligently applied both themselves and their clients to the task at hand in adopting the L700vs2 Data Submission Specification and in cleaning and migrating data from the NLR dataset to that of Project Evolution.

BusCRI Project

The SACRRA Manco and Members determined that the reporting of credit and risk data related to business entities become part of the usual operational processes and focus within the SACRRA Office and we continued to address the requirements of this Project. The Office secured funds from supportive members to set to work on the development of the Data Submission Specifications for the identified business sectors. Excitingly, we also managed to secure donor funding from the FinMark Trust for the development of relevant tools to support the reporting of this data, as a result the Office is also working on the BusCRI Data Master Application (DMA) to commercial entities in data submission.

SACRRA Automation

The success of the SACRRA Office and our members in executing the mission of comprehensive quality credit and risk data, rests upon the effective deployment of both human capital and technology to create balance in terms of the need for and abilities of both components. In this regard, the automation of many processes and practices within the data submission and monitoring functions is required. The strategy adopted several years ago to automate some functions and to provide members with tools continues with substantial effort being applied to developing the Data Specification Matrix (DSM). Other subcomponents of the automation strategy will be addressed and reported in time.

Additional Hosting Bureau

The inclusion of the 6th NCR approved hosting bureau, VeriCred, was implemented during the year and early 2018 should see VeriCred receiving the data reported through the DTH, once all file receipt, loading and data quality reporting testing processes are completed.

Funding SACRRA

The financial contributions made to the SACRRA in terms of membership fees and project support are necessary and truly appreciated. Without the funding, none of the plans for credit and risk data, can be brought to fruition. We remained within budget. Some changes were made to our office team complement with the aim of driving implementation on both the BusCRI and Automation Projects.

Discussions with the bureaus commenced in regard to their contributions via the Credit Bureau Association (CBA) for the financial support of the DTH. These discussions and review will feed into a proposed 2019 funding model that will need to take cognizance of new entities to be onboarded under the MOA with the NCR while ensuring that our model is sustainable.

SACRRA Strategy and Structure

Within the context sketched earlier on, the legal structure of the SACRRA was also reviewed and the 2018 Annual General Meeting will involve important debate and consideration of the most appropriate structure for the Association to adopt moving forward. The composition of the Manco will also be debated at the meeting.

Manco Composition

A number of changes occurred in the Manco composition during the year that we wish to share with members.

Thabo Hermanus, previously representing Standard Bank and serving as our Chairperson for the first part of 2017 joined Compuscan as their CEO. Congratulations Thabo. The current Standard Bank representative is Masentle. The Edcon representative change from Rene to Anisia. Thanks Masentle and Anisia for stepping up to the challenge. I stepped into the role of SACRRA Chairperson when Thabo resigned and was joined by Mark Seymour as Vice-Chairperson.

Conclusion

I have the honour of thanking the members of the 2017/8 Manco for their dedication and diligence in dealing with both the strategic and operational challenges the Association faces.

Sincere thanks are also extended to the SACRRA Office team, our Affiliate and Associate members, the CBA, the NCR and most importantly those responsible for the data in the first instance, the Affiliate Group members with their respective Group Leaders and the Full Members.

Co-operation and aligned intent amongst members is important to achieve the mission of comprehensive quality credit and risk data sharing. We appreciate and look forward to your continued support.


Louise le' Kay
SACRRA Chairperson



Statement of Management Committee

For the year ended 31 December 2017

Responsibility and approval

The Management Committee  required in terms of the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the Annual Financial Statements and related financial information included in this report. It is their responsibility to ensure that the Annual Financial Statements fairly present the state of affairs of the Association as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standard applicable for Small and Medium-Sized Entities. The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

The Annual Financial Statements are prepared in accordance with International Financial Reporting Standard applicable to Small and Medium-sized Entities and are based upon appropriate policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Management Committee acknowledges that they are ultimately responsible for the system of internal financial control established by the Association and place considerable importance on maintaining a strong control environment. To enable the Management Committee to meet these responsibilities, the Management Committee sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Association and all employees are required to maintain the highest ethical standards in ensuring the Association's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the Association is on identifying, assessing, managing, and monitoring all known forms of risk across the Association. While operating risk cannot be fully eliminated, the Association endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems, and ethical behaviour are applied and managed within predetermined procedures and constraints.

Management Committee report

The Management Committee presents their Annual Report which forms part of the Annual Financial Statements of the Association for the year ended 31 December 2017.

Main business and operations

The Association commenced with the facilitation of credit and risk information reporting from April 1989.

No matter which is material to the financial affairs of the Association, and requires disclosure in the financial statements has occurred between 31 December 2017 and the date of the approval of the Annual Financial Statements.

The operating results and state of affairs of the Association are fully set out in the Annual Financial Statements and do not, in our opinion require any other comment, save for those mentioned below.

Financial results

The financial results show that the Association has made a surplus during the current financial year. The Management Committee expect that the Association will perform adequately

in the new financial year. The Association is expected to have sufficient cash resources to meet its obligations.

Included in the comprehensive income line item of the Statement of Comprehensive Income is a credit note to the value of R136 316.20 excluding VAT. This credit note was issued during the 2017 financial year to MFSA for their SACRRA annual group membership fee. The credit note was issued because of the Collection Agency arrangement not delivering the anticipated value as the number of their payees had diminished. This amount was approved by the Management Committee and was in accordance with the Association's Financial Management Policy.

Auditors

Carlisle Financial Services will continue in office as the auditor of the Association for the 2017 financial year. The appointment of auditors to serve in office for the 2018 financial year will be recommended by the management committee for consideration and approval by the members of the Association at the next Annual General Meeting.

Management Committee

The Management Committee of the Association during the year and to the date of the Annual Financial Statements are as follows:

Industry	Representative	Organisation
	Darrell Beghin	SACRRA
Group	Hennie Ferreira ¹	MicroFinance South Africa (Pty) Ltd
Insurance	Marc van der Zon	Hollard Insurance Company (Pty) Ltd
Insurance	Hendrik Heyns ²	Brolink (Pty) Ltd
Other	Christopher Guy Harradine	MBD Credit Solutions (Pty) Ltd
Retail Apparel	Hugh Wroe-Street ³	Truworths Ltd
Retail Apparel	Anisia Naidoo	Edcon (Pty) Ltd
Retail Apparel	Ian Gauge	The Foschini Group Ltd
Retail Furniture	Eugene Ehlers	JDG Trading Ltd
Retail Furniture	Lambert Fick	The Lewis Group Ltd
Secured Finance	Leila Cassim	Nedbank Ltd
Secured Finance	Louise le Kay ⁴	First National Bank Ltd
Secured Finance	Thabo Hermanus ⁵	Standard Bank SA Ltd
Secured Finance	Melanie Padayachee ⁶	Standard Bank SA Ltd
Telecommunications	Riaan Smit	Vodacom Ltd
Unsecured Finance	Hein Olivier	Capitec Bank Ltd
Unsecured Finance	Tracey Wheatley	African Bank Ltd
Unsecured Finance	Mark Seymour ⁷	Thuthukani Financial Services (Pty) Ltd
Notes	¹ Non-voting member as per clause 9 of the Constitution ² Co-opted as per clause 9 of the Constitution ³ Treasurer ⁴ Chairperson (Changed from Vice Chairperson November 2017)	⁵ Chairperson between March and November 2017 ⁶ Replaced Unsecured Representative (November 2017) ⁷ Vice Chairperson (November 2017)

Statement of financial position

At 31 December 2017

	2017 R	2016 R
ASSETS		
Non-Current assets	258 828	–
Current assets	12 771 654	10 144 686
Trade and other receivables	146 601	348 215
Cash and cash equivalents	12 625 053	9 796 471
Total assets	13 030 482	10 144 686
EQUITY AND LIABILITIES		
Capital and reserves	10 546 151	8 261 283
Retained surplus	10 546 151	8 261 283
Current liabilities	2 484 331	1 883 403
Trade and other payables	2 167 876	956 675
Short-term bank borrowings	–	3 973
Provisions	316 455	922 755
Total liabilities	2 484 331	1 883 403
Total equity and liabilities	13 030 482	10 144 686

Statement of comprehensive income

	2017 R	2016 R
Comprehensive income	13 738 996	12 732 403
Gross surplus	14 300 873	13 111 903
Other income	561 877	379 500
Audit fees	(33 900)	(28 740)
Depreciation	(17 004)	–
Employment costs	(8 582 348)	–
Administration expenses	(4 322 951)	(4 453 483)
Surplus from operations	1 344 670	1 434 734
Investment income	940 198	822 259
Surplus before taxation	2 284 868	2 256 993
Taxation	–	–
Surplus for the year	2 284 868	2 256 993

Member and Data Overview

The SACRRA Office has grown the membership base in Data Contributing, Affiliate and Associate Member categories from 209 in 2016 to 231 in 2017. Several application forms were received from entities following the promulgation of Regulation 19 (13) to become Full Members of SACRRA. The membership base is anticipated to increase further in 2018.

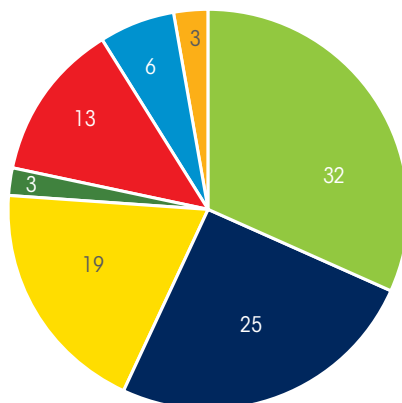
Member category	2017			2016		
	Number of Members	Records per category	% Records per category	Number of Members	Records per category	% Records per category
Retail Apparel	16	17 906 306	31,56	17	17 617 259	31,09
Secured Finance	28	14 324 778	25,25	28	13 857 320	24,46
Unsecured Finance	46	10 784 335	19,01	32	9 387 207	16,57
Other	44	1 295 621	2,28	45	2 007 776	3,54
Telecommunications	21	7 207 951	12,70	19	6 631 916	11,71
Insurance	31	3 502 249	6,17	27	3 540 239	6,25
Retail Furniture	6	1 474 063	2,60	5	1 781 627	3,14
Group	n/a			1	1 833 105	3,24
Affiliate-Led Group (ALG)	7			n/a		
Affiliate	26			30		
Associates	6			5		
Grand Total	231	56 495 303	100,00	209	56 656 449	100,00
Total Full Members	192			174		

SACRRA has introduced a new member category called **Affiliate-Led Group (ALG) Membership** to assist smaller credit and service providers, who utilise Secondary Service Providers (SSP) and/or Loan Management System (LMS) vendors to manage their SACRRA Payment Profile Data submissions to join the Association at an affordable fee. We now have 7 ALGs who fall within this category. Given the recent introduction of the *ALG category, exact record counts for the 7 Groups are not yet available.

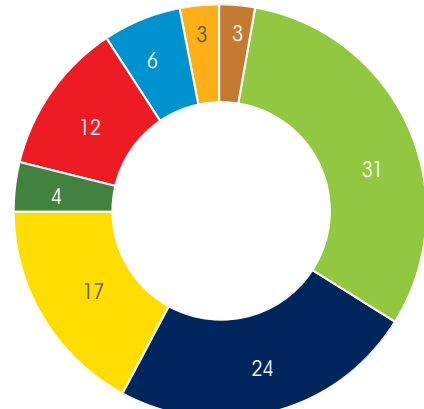
The SACRRA Full Membership base has increased by 10% from 174 members to 192. There have been several cancellations due to entities going out of business or due to mergers or acquisitions, but overall there has still been a high uptake due to Data Contributors seeing value in being members of the Association.

Member category
Retail Apparel
Secured
Unsecured
Other
Telecommunications
Insurance
Retail Furniture
Group
*Affiliate-Led Group (ALG)

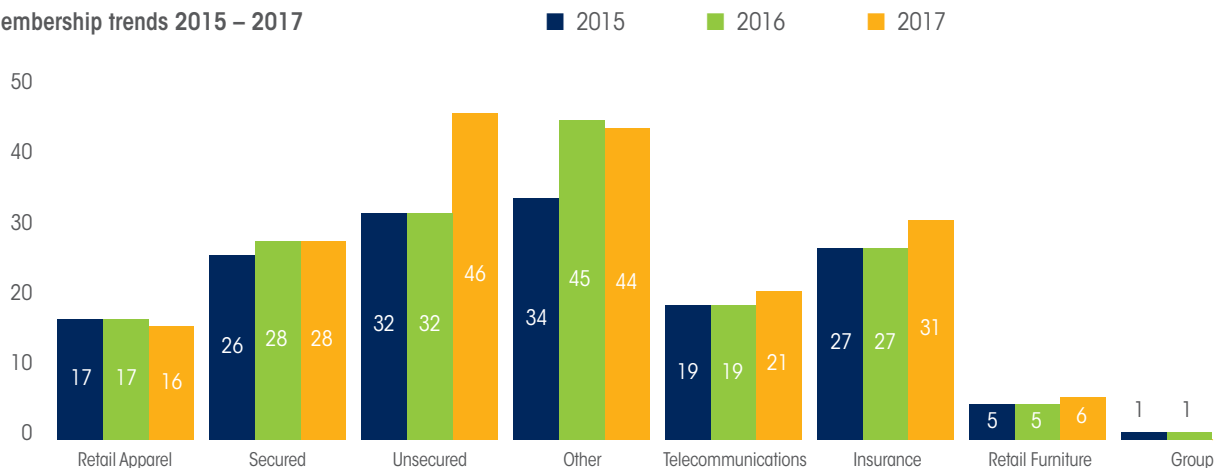
% Record per category 2017



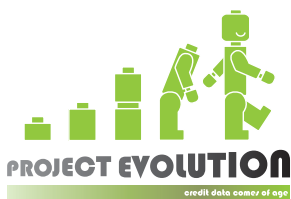
% Record per category 2016



Membership trends 2015 – 2017



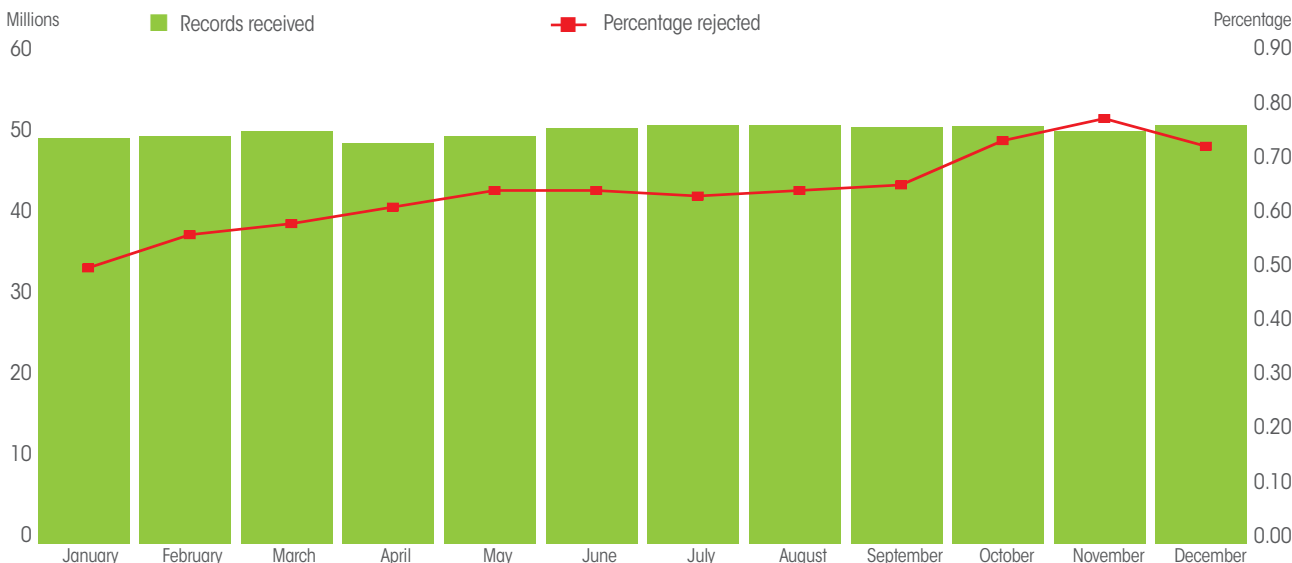
Over the past year there has been a significant increase in the number of members in the Unsecured category. The decline in the Retail Apparel Sector is due to the closure of a company. Growth in the Insurance Sector is expected in 2018. This sector will require special focus to support the information and reporting needs of the insurers to contribute insurance specific data to the collective credit and risk data pool.



Through Project Evolution, the SACRRA Office has, together with the credit bureaus, combined the two datasets (NLR and CPA/SACRRA) to ensure complete consumer data for risk decisions and affordability assessments. The objective is to unify payment performance datasets including daily updates of new, closed, and paid-up records for all credit and risk data.

The graph depicts the volume of records being submitted live in the L700v2 dataset. Data volumes remained consistent during 2017 despite the fact that a high number of files had been moved from the NLR or L700 datasets to the Project Evolution dataset.

L700v2 Data Volumes & Rejection Percentages



Some Data Contributors have obtained signoff during 2017, but are still submitting data in the old layout due to challenges in performing the required data clean-ups or additional complexities arising from the clean-ups. Average rejection percentages per month have remained fairly

constant. These average rejection percentages are kept to a minimum through the ongoing data quality management that is performed by the SACRRA Office which often necessitate the correction of data by Data Contributors and or Associate Members.

Both retail categories have a 100% compliance with Phase 1 of Project Evolution. Only 1 entity is non-compliant from the Insurance category. There are 6 files non-compliant with the L700v2 specification from the Secured category with many entities having anticipated completion dates before the end of the second quarter of 2018. The SACRRA Office has taken a firm stance with the entities that have not delivered on their commitments and necessary processes are in place to address this lack of progress.

The high volume of non-compliant files in the Unsecured sector, is all related to the NLR environment. The SACRRA Office is relying heavily on the ALGs to migrate this dataset to decommission the NLR. Delter IT has made the most progress in the ALG category and is shortly anticipated to have all their clients live in L700v2.

Project Evolution compliant record percentages per sector

The table depicts an overview of the percentage of compliant records and files in Project Evolution. This is based on both live and signed-off files which may still be subject to clean-ups before the migration of the data occurs into the Project Evolution dataset.

Member Category	Number of Files	% Non-Compliant Records	Non-Compliant Files	% Compliant Records	Compliant Files
Furniture Retail	61	0,00	0	100,00	61
Insurance	35	17,06	1	82,94	34
Other	47	11,88	9	88,12	38
Retail Apparel	147	0,00	0	100,00	147
Secured	139	0,53	6	99,47	133
Telecoms	13	29,19	1	70,81	12
Unsecured	864	11,04	454	88,96	410
Grand Total	1 306	9.96	471	92.70	835

Project Evolution Daily files

With Project Evolution now requiring the daily update of new accounts and account closures, the increase in daily file submissions was inevitable as reflected below. With legislation also requiring the removal of adverse listings as per Section 71A of the National Credit Act (NCA), the daily file process facilitated a means for SACRRA Data Contributors to comply with this provision in the NCA without having to make significant changes to their data submission processes.

An average of 24.4 million daily records were submitted to the credit bureaus in 2017 with a minimal number being rejected. The monthly average for the year was just over 2 million daily transactions.

2017	Records Received	Records Rejected	% Rejected
January	1 674 623	10 060	0,60
February	1 748 136	8 553	0,49
March	1 686 646	12 473	0,74
April	1 969 362	6 683	0,34
May	1 940 714	7 644	0,39
June	2 412 209	11 779	0,49
July	2 103 569	5 403	0,26
August	1 759 834	7 750	0,44
September	2 540 790	14 403	0,57
October	2 151 345	7 883	0,37
November	2 633 625	8 920	0,34
December	1 868 652	6 093	0,33
Grand Total	24 489 504	107 641	0,45



The SACRRA Office performs data quality assessments on a continual basis and when necessary requires remedial data submissions to be made by Data Contributors. This may necessitate the removal and/or reloading of data by Associate Members.

From July to December 2017, an extensive data quality management was exercised with a number of Data Contributors. The percentages reflected in the previous graph are a reflection of the improved quality as a result of the remedies proposed by the Stakeholder Managers.

The decline in data volumes in November is attributed to a particular member experiencing a technical glitch that month. Rejection percentages, although at an acceptable level, still required that members paid particular attention to data quality problems.

A number of Materiality Decision Matrix (MDM) alerts were issued during the year with December being the highest. These were attributed to Data Contributors mostly in the Secured and Unsecured categories.

During July to December 2017, 28 data quality issues had to be addressed with Members. Many of these issues necessitated the submission of replacement and ad hoc files to rectify the data anomalies. This poses a massive risk to all data users as backing out and reloading files consumes resources and impacts credit and risk decision processes if based on incorrect data.

More than 63% of all MDM Alerts issued were on members within the Secured and Unsecured categories. It is imperative that these sectors pay more attention to data governance as the impact of erroneous data creates undue risk for the members who utilise the data. Replacement files could result in other errors occurring at the bureaus as the bureaus administer the relevant remedies.

Thirty-one off the 42 MDM Alerts were resolved by year end with the remaining still unresolved due to Data Contributors not being able to continue data submissions. The majority of these contributors falls within an ALG structure. These entities were reported to the NCR in December 2017 as part of the reporting requirements under the MOA with the NCR and CBA.

2017	Number of MDM Alerts
January	2
February	–
March	4
April	1
May	4
June	3
July	3
August	8
September	1
October	3
November	4
December	9
Grand Total	42

Industry Category	Number of Alerts per Category
Furniture Retail	3
Other	3
Retail Apparel	3
Secured	11
Sole Proprietor	1
Subscription	2
Telecommunication	3
Unsecured	16
Grand Total	42

NLR Decommissioning

The decommissioning of the NLR dataset has been a priority and the ultimate goal of Project Evolution. The NCR requires the decommissioning of the NLR before the end of 2018. The SACRRA team has been and remains committed to delivering the outputs required, but are heavily dependent on all other stakeholders, particularly the Affiliate-Led Group Leaders who manage the data submissions of their clients and thus are ultimately responsible for the migration of their clients’ data from the NLR to the Project Evolution dataset. The SACRRA Stakeholder Management are engaging the Group Leaders to encourage progress. The SACRRA Office is totally dependent on the support of all stakeholders in our effort to finally deliver a successful, comprehensive dataset for both consumer credit and risk decision-making and for policy support and/or intervention.

Our intention is to be able to confidently, during 2018, advise the NCR that the NLR data has been successfully migrated or managed to extinction, to facilitate the decommissioning as envisaged originally in 2011 at the outset of Project Evolution.

Operations Overview



Project Evolution Phase 2: Compliance

The compliance phase refers to:

- Removal of Paid-up Adverse data, which has been catered for in the daily submission data specification through the inclusion of new status codes
- Overdrafts
- Mortgage pre-registrations
- Prescription of Debt

Most of the Data Contributors are compliant with the removal of adverse information as envisaged in Section 71A of the NCA, however, there are still a number of key Data Contributors who have yet to comply with this requirement. The matter has been escalated in these companies for urgent attention. This compliance requirement was restated in the Guidelines on Regulation 19 (13) and affects all Data Contributors who use adverse classifications to list their customers.

Regarding the "Prescription of Debt changes", many credit providers are uncertain about the requirements and workshop are being conducted before rollout to avoid lengthy delays in implementation. The intention of the workshops is to ensure sufficient comprehension and to avoid the prolonged use of workarounds which are counterproductive as these impact on bureaus' production and load processes.

A need was identified in a Project Evolution Steering Committee for the alignment of IT developments across the bureaus and the Data Contributors. Two workshops were held during 2017 where the SACRRA Office and SACRRA members who attended these discussions agreed the following:

- Deadlines to be set for all developments
- Effort and investment made by both bureaus and Data Contributors should be acknowledged. A quid pro quo relationship should exist between parties
- Negotiated solutions for development must be attained

A further workshop will be scheduled in January 2018, to agree development principles for both data "Inputs" and "Outputs" for all developments. "Input" development is defined as "Data Contributors to submit and bureaus to develop to accept and validate the data" and "Output" development as "bureaus to develop to return and Data Contributors to develop to receive the data". The development principles will be circulated for sign-off during 2018.

Upon acceptance of the development principles, it would be required from the credit bureaus and Data Contributors to confirm completion dates to SACRRA Office for the relevant development phases.



The BusCRI initiative aims to accelerate and enhance extension and management of financial and other services to commercial enterprises. This plan is to assimilate the benefits derived from the collective consumer credit and risk data pool. The experience SACRRA has in facilitating reporting for consumer credit will be used within the realm of commercial credit and risk data. If sufficient momentum can be attained, small to medium enterprises will be assisted in their quest for sustainability and growth.

A funding drive was conducted during the first quarter of 2017, where founding members and other interested project stakeholders shared their views, needs, recommendations, and verbal commitments with the BusCRI Marketing Consultant. This input resulted in various changes to the BusCRI project management structure and stakeholder engagement strategy.

The SACRRA Manco approved that the BusCRI project be incorporated into the normal SACRRA operational environment and is being managed accordingly. This decision resulted in:

- Business Credit and Risk data being recognised as an additional data stream within the SACRRA operations
- The BusCRI Steering Committee changed to a Reference Group providing strategic project input into the Manco decision processes
- The stakeholder strategy was agreed as indicated
- Approval for the appointment of a dedicated Data Specialist

Stakeholder classification	Involvement
Committed members who submitted their signed financial commitment forms and/or contribute funds annually	Participation in BusCRI Reference Group, e.g. work streams and/or sub-committees and provision of expert insight, advice, and recommendations to ensure the Project is strategic and relevant.
Those interested, but who cannot contribute or participate at this stage	Will be kept informed of progress via email notifications and/or regular fact sheets. No participation in the Reference Group or information sharing until these parties are on-boarded as Full Members.
Those not interested	Excluded from Reference Groups and any future updates and communications.

Founding Members confirmed and paid for 2017

Absa	Compuscan	First National Bank	Landbank	Standard Bank
Accountability	Experian	Inoxico	Nedbank	TransUnion

Two Founding Member bureaus are still considering continued participation, whilst grant funding of R300,000 from the FinMark Trust was confirmed for 2017/18 which is conditional on the delivery of certain milestones.

Various developments for the Data Transmission Hub (DTH), will impact on the costing of the DTH and ultimately the funding model to be developed for the BusCRI Memberships. The SACRRA Office received multiple requests where Founding Members proposed a sliding scale for the fee model, with some benefits for early adopters. This will be explored and addressed in 2018.

The business rules for the Banking Data Specification were finalised in November 2017 and after extensive review by the Data Specialist, SACRRA Office and BusCRI project participants, will be shared for final review and sign-off in early 2018.

Parallel to these activities, the replication of certain data management tools is underway. SACRRA is looking forward to finalising this phase and moving forward into actual development of the Data Specification extracts and the submission of live business and credit risk data.



SADC Credit Reporting Alliance Project

A "SACRRA-Lite" strategy was developed by the FinMark Trust for each country in 2017 and submitted to the country coordinators for implementation. The next phase was to operationalise the Associations. This was impeded due to the lack of funds within the various countries. Additionally, many of the credit providers in these countries are already members of the SACRRA as they have their Head offices in South Africa and some countries only have one bureau which could fulfill the association's role.

Botswana was the exception and have since progressed their own course of action.

The SACRRA Office submitted a proposal to the Financial Sector Deepening Trust in Africa (FSD Africa) for donor funding. The objective was to replicate the SACRRA Tools for SADC countries to facilitate and accelerate credit and risk data sharing. After various engagements, FSD Africa indicated that they could not provide funding to SACRRA at this stage as they are focused on developmental countries. These countries had either not even considered sharing credit data as yet, or have only one bureau which uses their own data format.

The SACRRA Office determined not to explore further individual engagements with SADC countries about the adaptation of our proprietary tools. We continue to support the FinMark Trust and participated in a study tour by Botswana and DRC delegates during December 2017 to advise them on credit and risk data reporting.



NCR MOA

As part of the amendments to the National Credit Act, published in March 2015, Regulation 19 (13) was added and reads as follows:

“A credit provider must submit credit information to the credit bureaus in the manner and form prescribed by the National Credit Regulator through conditions of registration and any guidelines that may be issued by the National Credit Regulator from time to time”.

A Memorandum of Agreement (MOA) concluded between the Credit Bureau Association (CBA), the National Credit Regulator (NCR) and SACRRA was signed on 31 May and 8 June 2017 respectively. The purpose of the MOA, as well as, several guidelines published by the NCR on Regulation 19 (13), is to prescribe the Data Transmission Hub which is co-owned by the CBA and the SACRRA (the manner) and the SACRRA’s Data Specification – Layout 700v2 (the form) in which a credit or data provider must submit credit information to the approved credit bureaus.

One of the SACRRA responsibilities under this MOA, is to onboard NCR registrants and any data providers that would want to access payment profile information. During June-September 2017, the SACRRA Office conducted an assessment exercise to establish the number of entities to be onboarded in order to inform any fees to be prescribed. The assessment exercise included various e-mail campaigns and a call centre campaign. The campaign necessitated the qualification of more than 6 000 NCR registrants to determine the onboarding plan for those entities who are required to submit consumer credit information to the approved credit bureaus.

The appointed call centre’s operators were trained by the SACRRA Office to enable them to conduct an intensive review of the NCR registrant listing to qualify these registrants as candidates for engagements by the SACRRA Office in regard to the required credit and risk reporting.

The result of this campaign was reported to the NCR at the end of November 2017. A limited number of credit providers responded to this campaign and consequently there is a limited number of entities that are expected to be onboarded in 2018 and a final onboarding plan will be provided to the NCR once developed.

A MOA Steering Committee was established in accordance with the provisions set out in the MOA to identify and, where practical, address industry wide and individual data issues at both a strategic and an operational level.

The MOA Steering Committee comprises representative from the CBA, NCR and SACRRA. The NCR chairs these meetings and the SACRRA Office is provides the secretariat services.



From left to right: Ismal Kharwa and Andrea van der Westhuizen (SACRRA), Marina Short (CBA), Darrell Beghin (SACRRA), Alison Magrath and Mike Reilly (CBA), Mpho Mackenzie and Mmabatho Senyarelo (NCR) and Carika Gerber (SACRRA).

SACRRA’s Automation Vision

The Automation vision was born several years ago when the need to balance human resources with that of advanced automation capabilities was identified. Given that considerable initial capital investment is required for automation projects, it was decided that the Automation Project should roll out over a 5-year period to apportion the expenditure accordingly. The phased approach will see various IT developments and automation enhancements on current infrastructure being developed separately in order to show continued value to members. The final stage would be the integration of these various systems and developments.

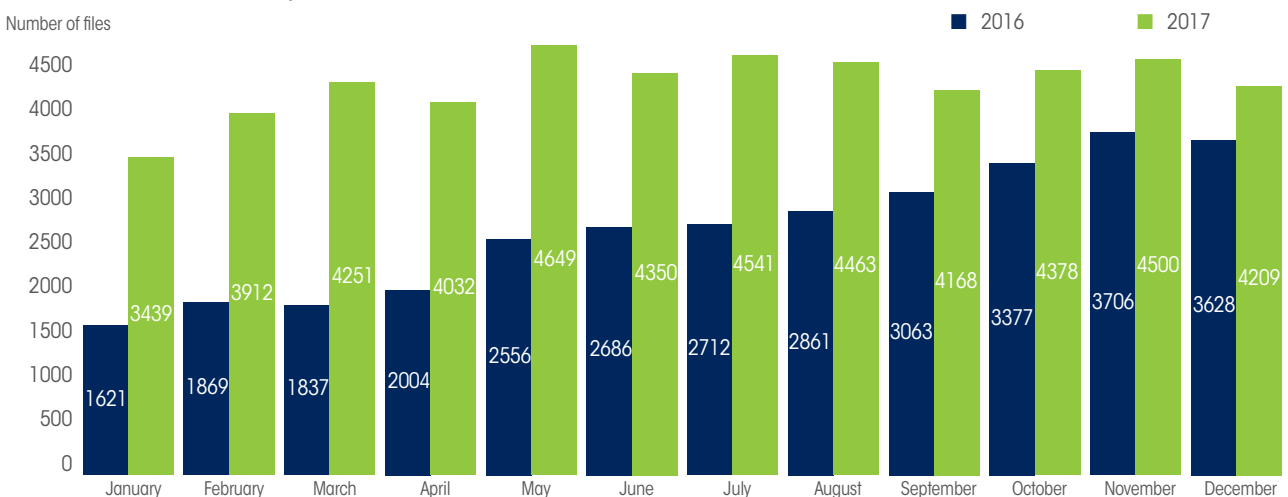
The Project commenced several years prior with the implementation of the Data Quick Measure (DQM) Tool. At the time the Automation Vision was not yet a reality, but the development and implementation of this tool set the scene for future automation plans. This DQM system, using the Qlikview software has allowed the SACRRA Office to analyse and identify members’ data quality issues much more rapidly and has gone a long way in moving the SACRRA data management function into a more proactive mode of operation.

The first official project that was part of the Automation Vision started with the concept of the Data Master Application (DMA) in 2014. This validation tool resides within the members own environment and allows the interrogation for correction of the quality of their data submissions before they send it to the credit bureaus. This validation tool has proven to be invaluable and has not only had a substantial impact on decreasing the testing period for new files but has also shown a major cost saving benefit to members. Since the release of the DMA the difference in data quality between members activity utilising this validation tool compared to those members who do not, has become very noticeable. We therefore continue to encourage our members to make use of this tool.

The next step in moving towards completion of the Automation Vision was the enhancement of the current Data Transmission Hub’s (DTH) file handling capabilities. This was initiated with the purchase of the Advanced Workflow Engine (AWE) module within the Globalscape software. Although most of the AWE benefits lie within the enhanced management of the file transfer process within the DTH itself, all members will see additional benefits. The implementation of this module has allowed us to develop email notifications based on exceptions only and will therefore considerably reduce the number of emails received by members and the SACRRA Office. It has further allowed us to enhance the reporting capabilities within the DTH environment. These reports will be in csv.format and contain all relevant information required by members and the SACRRA Office to manage data submissions by all Data Contributors. These reports will further allow for the automated monitoring of file submissions by the SACRRA Office within the next phases of the Automation Project.

As this AWE module will have a major impact on the file handling process, extensive testing was undertaken by BCX and the SACRRA Office towards the last quarter of 2017. The next step in the testing process will include both Data Contributors as well as credit bureaus and it is anticipated that this project will be completed by the end of the second quarter of 2018.

Data Transmission Hub Activity 2016 vs 2017



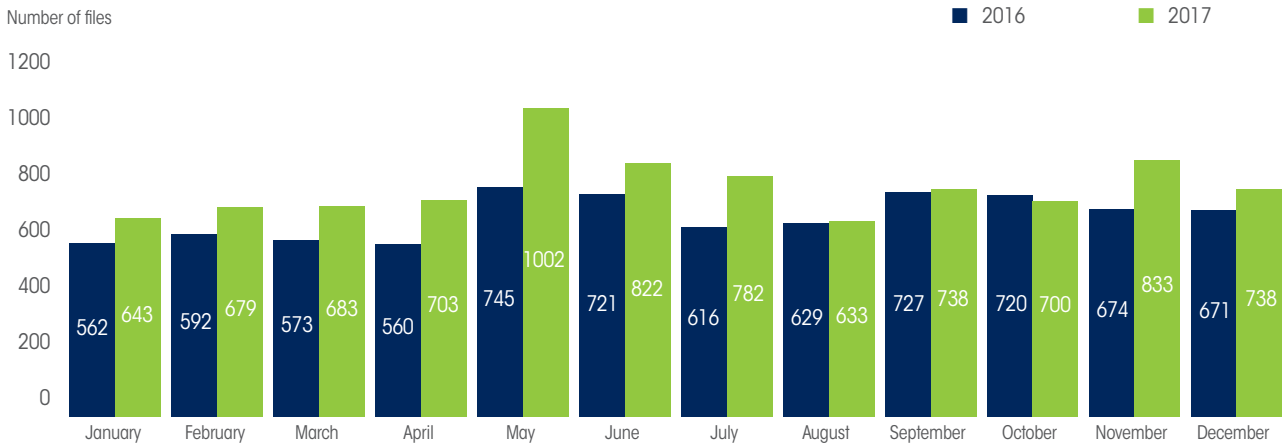
The total number of live files submitted via the DTH increased by 5.1% from 2016 to 2017. This is attributed to the increase in the number of SACRRA Members onboarded in 2017 in the Telecommunications, Insurance, Retail Furniture and Unsecured Finance Sectors, Non-SACRRA Members as well as the continued success of Project Evolution.

The total number of files consists of CATB, L700, L700v2, Ad Hoc and Paid-Up Judgment files uploaded via the DTH.

■ Total Files 2016	31 920	Total Emails Received by SACRRA for 2016	336 370
■ Total Files 2017	33 637		



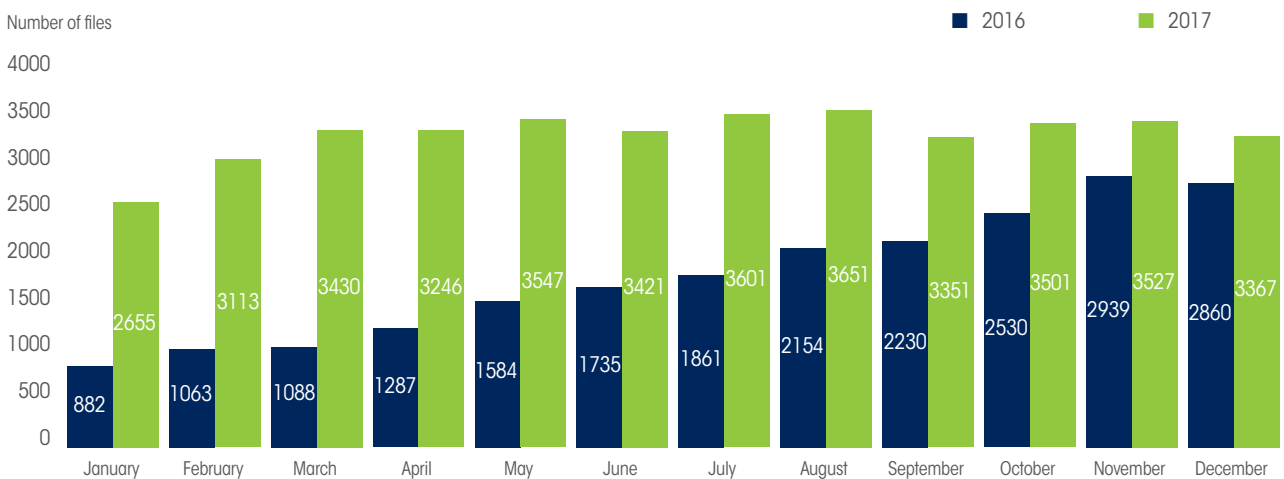
Monthly files 2016 / 2017



The number of monthly files includes all live files in CATB, L700 and L702. The number of monthly files increased by 10.64% from 2016 to 2017.

■ Total Files 2016	9 806
■ Total Files 2017	10 973

Daily files 2016 / 2017



The number of daily files includes L702 submissions and has increased by 42.91% from 2016 to 2017.

■ Total Files 2016	24 222
■ Total Files 2017	42 427

The file submissions resulting from the NCR's Guidelines for Regulation 19 (13) will see an increase in onboarding of new Data Contributors some of whom will elect not to be SACRRA Members. This increase will impact the DTH capacity, which we are closely monitoring, so that proactive changes can be made to ensure optimal performance of the DTH.

During 2017, the automation of the SACRRA Data Specification was initiated when EnterpriseWorx (EWX), who is also the software vendor for our Data Quick Measure Tool (Qlikview), was appointed as the preferred software vendor for this project. The system will allow an online portal for the SACRRA Office to manage the entire Specification Document which is currently over 300 pages, or to create new specifications and rules. Changes to the Specification will be logged with strict version control policies that will also trigger an automated notification process to all SACRRA Members. This will ensure that members are informed of any changes that may affect them during their data submission process or any interpretation by their risk and assessment functions.

The Data Specification Matrix will also be accessible to all SACRRA Members once they are registered on the system. This will allow approved users access to the Data Specification document in an online environment with links between relevant fields and tables that will allow the users to select the information they wish to view or extract. The inclusion of multiple Specifications within the consumer data stream as well as specifications related to the BusCRI project have already been catered for. The system is currently in user testing phase after which the current Specification will be captured. It is anticipated that this system with its multiple perspectives will be released to members in various phases over the course of 2018.

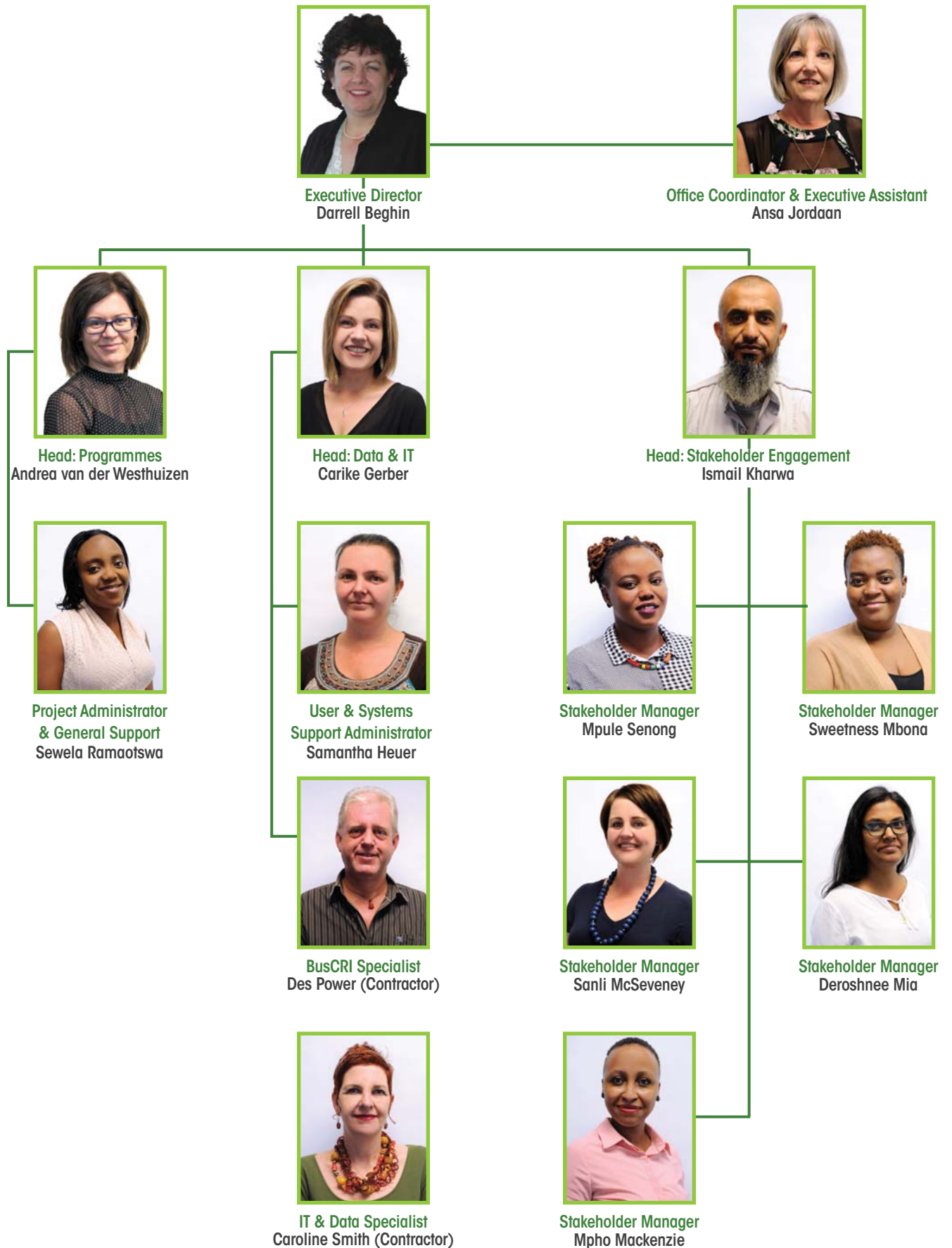
The next phase of the Automation Vision will be the development of the Supplier Reference Number Masterlist Management System. Supplier Reference Numbers are unique identifiers that are allocated to each member file and are used by credit bureaus to identify which members' data is being loaded. There is a considerable amount of information linked to each file and the suppliers of each file. This information is vital for the SACRRA Office to fulfil its role of data quality monitoring and management for its members as well as reporting under the MOA with the National Credit Regulator.

This system will form the basis of the Members Management system which is the final standalone development project within the SACRRA Automation Vision. This system will incorporate workflow to automate and track the SACRRA Office data quality management functions. The roll out of this system will also be completed in phases. This system will allow for automated notifications to be sent to members as well as their dedicated Stakeholder Managers on pertinent data quality exceptions or concerns. These notifications will be based on reports received from the credit bureaus and contained within the Data Quick Measure Tool as well as reports generated from the DTH regarding timely file submissions.

It will further automate some of the financial functions within the SACRRA Office and allow for members to log into a single portal to access all SACRRA Tools. The end vision also includes a portal for members to access all their data quality reports, so they are able to view the same information as the SACRRA Office. This will include some level of integration between the file validation results within the Data Master Application and submission requirements contained within the Data Specification Matrix.

The SACRRA Automation Vision Project is immense and has spanned several years, often making it difficult to keep the end goal in mind. The SACRRA Office along with the Management Committee have kept this vision alive and have been working diligently in moving the Association towards its Automation Vision. The final phases of this project are the integration of the various information streams. We look forward to members experiencing the full benefit of their investment as we embark on these stages.

SACRRA Team







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