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Publication date of Annual Report – October 2020



CELEBRATING OUR 30TH ANNIVERSARY

On the 22 April, we celebrated our 30th Anniversary with a lunch which was held at the Park Hyatt Hotel in Rosebank. Our cover depicts some of our guests and members who attended this lunch. We had several speakers regaling us with a fascinating walk down memory lane, a review of South Africa today and some insights into the future.

We would like to thank all past and present Members, suppliers and stakeholders who contributed over the years to the successful collective data pool our country benefits from today.



FROM SACRRA'S CHAIR



CELEBRATING 30 YEARS

Pearls are traditionally associated with 30th anniversaries and are formed when an irritant makes its way into a mollusc which then secretes what is commonly known as "mother of pearl" to produce a beautiful gemstone.

Just as sand is often the irritant that forces the creation of a pearl, so is the SACRRA Office team, drawing on our Members' years of collective data expertise, to stimulate growth in the shared credit and risk data pool housed by the National Credit Regulator (NCR)-approved credit bureaus who participate in the SACRRA as our Associate Members.

The SACRRA celebrated 30 years of successful member co-operation building on our vision:

"To facilitate quality timeous standardised data to enable informed decision-making on natural persons and commercial entities."



Going into a new era the Manco developed and proposed the vision, mission and six supporting strategic pillars for the mission for approval by our Members at the Annual General Meeting in April 2019.

The approved mission is both focused to allow defined and specific execution and yet sufficiently broad to position us for future changes within the Association's operations to optimise opportunities as they are presented:

"To support fair and equitable decisions through our role in data reporting and data-dependant decision support. To continuously and pro-actively maintain and improve the quantity, quality and consistency of financial obligation and payment performance data by supporting all member categories and other key stakeholders, covering the perspectives of both data inputs and outputs."

Six strategic pillars which speak directly to the key focus areas required to deliver on the SACRRA's 3-year strategy objectives were also agreed and put into execution by the SACRRA Office, namely:

- Appropriate legal structure with effective governance
- Ensuring the sustainability of SACRRA
- Promoting effective quality data management
- Improving stakeholder relations
- The retention, fostering and acquiring of appropriate talent
- Proactively addressing the legislative environment

In developing the plans for the strategic pillars, the key deliverables were developed and agreed within the Manco and thereafter placed into the realm of the SACRRA Office to jointly with the Manco Office Bearers (MOB), develop the key outputs and performance indicators against which the Office team can be measured over time.

- **Appropriate legal structure with effective governance** – the key output was to be the formulation and implementation of the new Governing Body structure with defined mandates for the representatives in the new governance structure.

The Members agreed originally to register the SACRRA as a not for profit company, but upon further consideration, the Manco proposed and with Members' agreement, determined to not change the legal structure of the Association and to rather retain the legal status as a voluntary not for profit industry association, but with a smaller, agile Governing Body. The new Governing Body would be comprised of representatives with specific skills' focus as opposed to the Manco structure which was based on industry sector representatives.

FROM SACRRA'S CHAIR

- **Ensuring the sustainability of SACRRA** – this pillar seeks to ensure that the financial practices, service determinations and project investments are both financially astute and operationally effective with that focus being to utilise more technology solutions to contain other costs, for example human resource requirements. Our unused funds are invested to earn interest until such time as we draw down on them to cover costs and we adopted a moderate investment approach for this purpose.

As a component in this pillar we established a Pricing Committee to review the pricing and terms of the membership fees. We appointed Mazars as an independent service provider to do the review and to engage the members of the committee – whose service we are grateful for. They are Alison Magrath (CBA), Eugene Ehlers, Hendrik Heyns, Hennie Ferreira, Hugh Wroe-Street, Marc van der Zon, Mark Seymour, Marina Short and Thabo Hermanus.

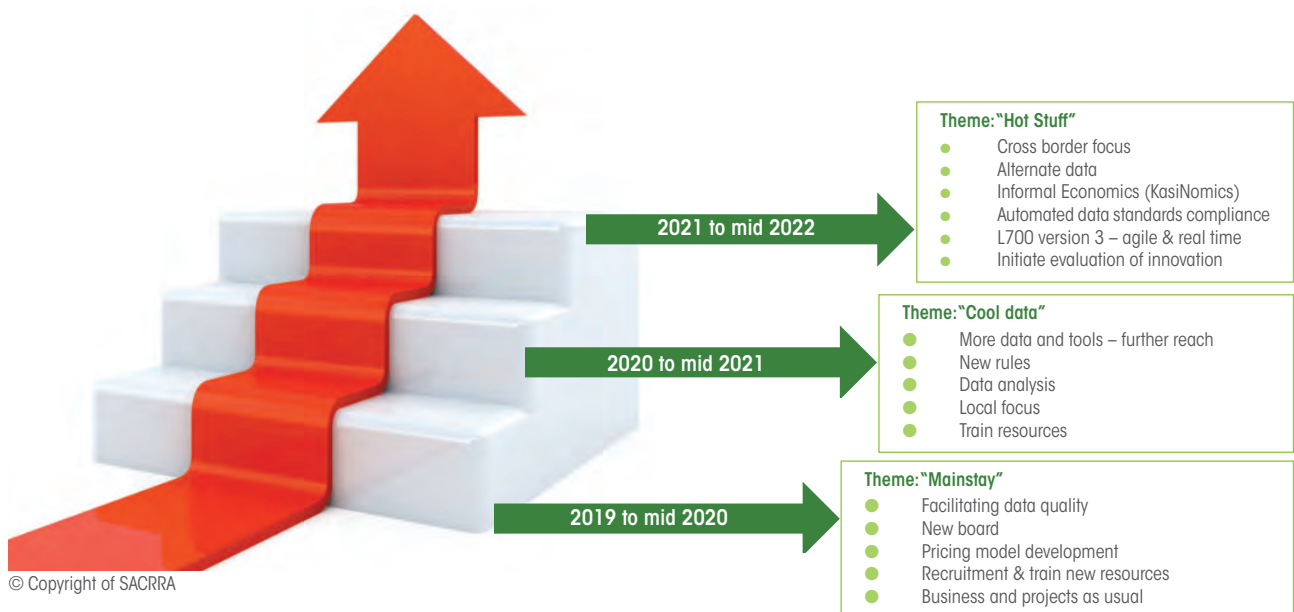
Our financial management policy is to retain a financial operating reserve of 6-8 months' coverage and we successfully achieved this for the year with the guidance of our Treasurer, Eugene Ehlers.

- **Promoting effective quality data management** – this is a vital performance area for both the SACRRA Office and the Members – contributors and hosts alike. Just as a pearl cannot be formed without the irritant of the sand, so too can the goal of quality shared data not be achieved without the full cooperation and collaboration of the data contributors and the data hosts. The SACRRA Stakeholder Management team forms an essential role in bridging these two worlds and assisting in the resolution of data anomalies – either at source or after loading at the bureaus. Their focus for 2019 was primarily the progression of Members' developments and file testing to support the requirements of Project Evolution's Compliance Phase and to drive towards the decommissioning of the National Loan Register (NLR) data, by resolving voluminous data anomalies within the various NLR databases held at the bureaus.

The overall operational approach adopted in the Data Pillar for 2019 was to focus on embedding and finalising the requirements of the key consumer data programmes – Project Evolution and the NLR. The work on the BusCRI programme was focussed on finalising the business data submission specification and resolving challenges in defining the appropriate validation rules for collective business data sharing, engaging the NCR in assessing and approving the BusCRI Data Submission Format. The agricultural sector played a significant role in the BusCRI process as under the National Credit Act (NCA) Regulations and Guidelines this sector is required to submit data on their farming clients who are mostly sole proprietors. We are appreciative of the sector's support.

This graphic depicts the overall approach to the Data Pillar :

HIGH-LEVEL 3 YEAR STRATEGIC CONCEPT



FROM SACRRA'S CHAIR

- **Improving stakeholder relations** – this pillar focused our attention on improving engagements with the Members and other key stakeholders. Workshops were held in Durban, Johannesburg and Cape Town, wherein the Office took Members through the detail of the Project Evolution's Compliance requirements, the importance of quality data submissions and a view of how the data is utilised in the NCR to gauge the overall credit market performance. The venues for these sessions were sponsored by Maravedi Credit Solutions, MTN and RCS.

The MOB and the SACRRA Office management, together with the management of the Credit Bureau Association (CBA) embarked on a series of workshops to define the roles of the respective Associations in relation to their duties regarding data facilitation and management, and overall engagement models for effective collaboration and cooperation in the pursuit of the common industry interests, the member management approach as regards common members as well as the management, maintenance and enhancement of the co-owned Data Transmission Hub. As the year drew to a close it became evident that this process would continue into the next year as both Associations are extremely passionate about their shared members and the roles the Offices play in servicing them and the overall data quest.

- **The retention, fostering and acquiring of appropriate talent** – The approach to this pillar is centered off the necessity to have a compact skilled team within the SACRRA Office, equipped and able to serve Members' needs and to drive the successful execution of the Association's mission. For this purpose the balance between technology and human deployment was considered, recognised and endorsed for further investment in technologically based tools for both the retention of intellectual property and the delivery of quality service to support the drive for quality data sharing.
- **Proactively addressing the legislative environment** – the legislative environment is a dynamic one and the approach here was to continually engage the NCR for the purposes of the MOA delivery and in seeking to understand the needs of the NCR, whilst tracking which aspects of law might need to be addressed in our data and operational missions and taking the appropriate actions to safeguard and legitimise our operational and data management practices. For this purpose we had a legal review conducted which considered all acts with data implications and the SACRRA environment. The review led to the creation of a legal framework for the Office to reference.

As we move into the new year the MOB will continue engaging the SACRRA Office team and other key stakeholders to refine execution and delivery on these pillars in pursuit of the vision and mission approved by our Members.

MEMORY LANE...

Given that we were celebrating 3 decades of service to our Members and in recognition of what was a significant milestone for a voluntary industry association which has stood the test of time, we embarked on a series of celebratory functions with members in Johannesburg, Durban and Cape Town, with the much appreciated support and sponsorship of three Associate Members – TransUnion, CPB and Compuscan at the respective locations.

TransUnion generously sponsored not only the venue for our AGM at the Park HYATT, but also our fascinating speaker, Adam Pantanowitz of the Singularity University on "Hacking Humans". He amazed the audience with his views and insights of future utilisation of technology – not least of which was a demonstration of sending communication between two laptops using the human brain between the two end points!

Lee Naik, CEO of TransUnion, spoke informatively about insights into the future of data.

Illana Meltzer of 71point4, presented on "South Africa today" – a fascinating review of our country and its challenges which the credit market can assist in addressing by making credit facilities available to worthy customers at affordable rates.

Devi Govender of Carte Blanche fame, chaired a panel of well recognised SACRRA personalities and heroes, who regaled us with fun facts and stories from the SACRRA's past. The panelists were Ansa Jordaan, Hugh Wroe Street, longest server member of the SACRRA who also retired in the year, Hendrik Heyns, Lee Naik and Mark Seymour.

CPB hosted us at the beautiful Oyster Box Hotel in Umhlanga Rocks and Marina Short, CEO of CPB, shared views on the role of bureaus as business enablers and Manie van Schalkwyk, CEO of SA Fraud Prevention Service (SAFPS) presented an insight to SAFPS' initiatives and an overview of SA's Fraud Trends.

FROM SACRRA'S CHAIR

The October meeting saw us sponsored by Compuscan at the Erinvale Hotel in Somerset West, where again we were treated to interesting presentations to celebrate our anniversary. Annelene Dippenaar, Chief Legal and Compliance Officer, Africa of Compuscan shared a presentation on Debt Intervention Insights to inform the audience on what to expect and the likely manner in which industry would need to respond.



It was at this meeting that we said our fond farewell to Hugh Wroe-Street and in recognition of his service the SACRRA procured 15 indigenous forest trees from the reforestation project at the Platbos Conservation Trust in South Africa's most southerly forest and Hugh was awarded the certificate recognising the trees planted and tended in his honour. It seemed a fitting recognition of Hugh's legacy.

Grant Lottering, famous ultra-endurance cyclist shared his life story of dying during a race and being revived to live again to succeed in his endurance racing quest the next year at extreme altitude in the French Alps! The SACRRA Office had asked Grant to share his story to demonstrate what true commitment can achieve and requested our Members to commit to our quality data quest as strongly as Grant is committed to his!

GROWING THE BASE...

We were pleased to sign off on VeriCred Credit Bureau (VCCB) coming on board as the 6th official NCR approved hosting bureau. Thinus Nortje and his team did their organisation proud in developing and testing so well – and we are looking forward to a long and mutually beneficial relationship with VCCB.

We gained 10 data contributing entities (non-members) through the Memorandum of Agreement (MOA) on-boarding process and converted 15 others into being members of the SACRRA.

GROWING THE TEAM...

Operationally we saw 2 staff members, Samantha Heuer and Sewela Ramaotswa, being promoted internally to the roles of Stakeholder Manager and 2 new comers in the roles of User Support & System Administrator, Thato Diseko, and Data Design Officer, Charlette Findlay, and our consultant, Des Power's contract ended in October 2019. We appointed Carike Gerber in a new combined role as Head: Data Design, Deployment & Stakeholder Engagement and Caroline Smith to permanent staff in the role of Head IT Projects & IT Infrastructure at the end of the year.

GROWING KNOWLEDGE...

The SACRRA Office designed and developed electronic training materials for use by both Members and non-members. We demonstrated the videos at the General Member Meetings held through the year.

Additionally we held a webinar, which was sponsored by Delter IT. We reached out to our members in the Affiliate-Led Groups (ALG) to inform them about the need and manner to submit quality credit and risk data. Our Stakeholder Manager, Dee Mia, showed her able continuity and hosting skills in running the Webinar and member feedback was extremely positive.

To assist members in using the over 300-page Data Submission Specification more easily we introduced the Data Specification Matrix (DSM), which is an automated version of the Data Specification with various perspectives – business, technical and legal to aid users' comprehension and application of the specification.

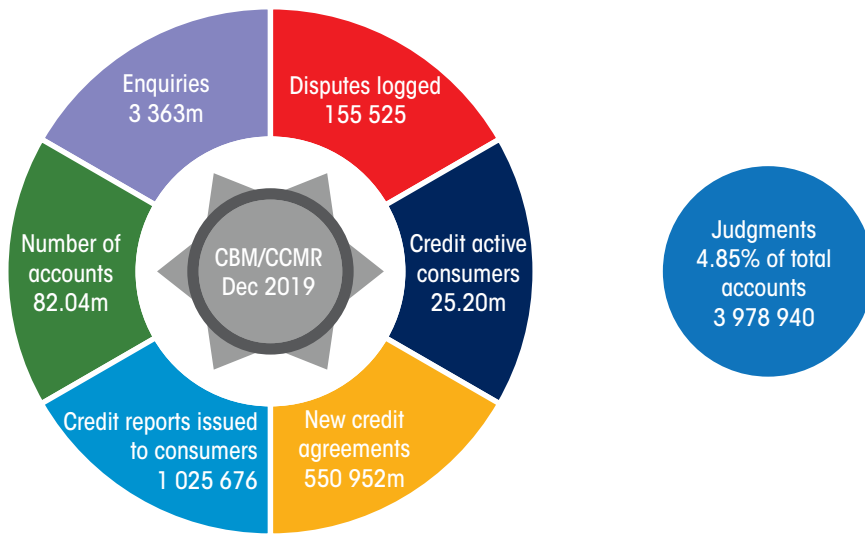
Members of the SACRRA Office team were also trained on basic statistics by a recognised supplier, Tony Sham and Principa's representatives Jaco Rossouw and Faakhirah Waggie trained the office to ensure our effective comprehension of data value and contribution of data components when data is deployed in predictive models.

FROM SACRRA'S CHAIR

GROWING THE MARKET...

As seen in the NCR's CBM and CCMR publications the credit and risk data environment were dynamic. The graph below illustrates the state of play.

THE CREDIT & RISK DATA ENVIRONMENT



Credit standing of accounts	Dec 2018	Dec 2019
Good standing (#)	59.54m	60.09m
Good standing (%)	74.14	73.25
Current (%)	64.34	63.63
1-2 months in arrears (%)	9.80	9.62
Impaired records (#)	20.77m	21.95m
Impaired records (%)	25.86	26.75
3+ months in arrears (%)	19.58	19.71
Adverse listings (%)	5.05	6.03
Judgments and administration orders (%)	1.23	1.01
Consumer accounts (#)	80.31m	82.04m

Source:
Credit Bureau Monitor,
Fourth Quarter
December 2019

In closing I would like to thank the SACRRA Office management and staff and my fellow Manco Members for their support and service to the Association. Most importantly thank you to our members, across all our member categories, without you all the Association's value would be eroded.

Leila Cassim
Chair

STATEMENT OF MANAGEMENT COMMITTEE

For the year ended 31 December 2019

RESPONSIBILITY AND APPROVAL

The Management Committee are required in terms of the Association's Constitution to maintain adequate accounting records and are responsible for the content and integrity of the Annual Financial Statements and related financial information included in the 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 Standards applicable to 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 Standards 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 2019.

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 Annual Financial Statements has occurred between 31 December 2019 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 herein.

Financial results

The financial results show that the Association has made a surplus during the 2019 financial year. The Management Committee expects that the Association will perform adequately in the new financial year. The Association is expected to have sufficient cash resources to meet its obligations.

Auditors

Carlisle Financial Services will continue in office as the auditor of the Association for the 2019 financial year. The appointment of auditors to serve in office for the 2020 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 up to and including April 2020 are as follows:

Industry Represented	Representative	Organisation
	Darrell Beghin	SACRRA
	Hennie Ferreira ¹	MicroFinance South Africa (Pty) Ltd
Affiliate Member	Jaco Rossouw ²	Principa South African Data Analytics, Consulting & Software
Affiliate Member	Jaco Schutte	Information Capital
Affiliate Member	Steve Monty (replaced by Jaco Schutte, November 2019)	Information Capital
Associate	Alex Moir	Xpert Decision Systems
Associate	Marina Short	Consumer Profile Bureau
Associate	Thabo Hermanus	Experian South Africa (Pty) Ltd
Insurance	Hendrik Heyns (resigned in November 2019)	Brolink (Pty) Ltd
Insurance	Chris Franken ¹ (replaced Hendrik Heyns)	Telesure Group
Insurance	Marc van der Zon	Hollard Insurance Company (Pty) Ltd
Other	Samantha Boucher	DMC/Real People
Retail Apparel	Hugh Wroe-Street (replaced by Pieter Maritz, September 2019)	Truworhts Ltd
Retail Apparel	Pieter Maritz	Truworhts Ltd
Retail Apparel	Sharief Allie	The Foschini Group Ltd
Retail Apparel	Thamsanqa Msimang	Edcon (Pty) Ltd
Retail Furniture	Eugene Ehlers ³	Connect Financial Services (Pty) Ltd
Secured Finance	Leila Cassim ⁴	Nedbank Ltd
Secured Finance	Louise le Kay	First National Bank Ltd
Secured Finance	Paul Middleton	Absa Bank Ltd
Telecommunications	Riaan Smit ¹	Vodacom Ltd
Unsecured Finance	Christina Diedericks	African Bank Ltd
Unsecured Finance	Hein Olivier	Capitec Bank Ltd
Unsecured Finance	Mark Seymour	Thuthukani Financial Services (Pty) Ltd

Notes

- 1 Non-voting member as per clause 9 of the Constitution
- 2 Treasurer
- 3 Vice-Chair
- 4 Chair

“ If you are not willing to risk the usual,
you will have to settle for the ordinary.”

JIM ROHN

STATEMENT OF FINANCIAL POSITION

At 31 December 2019	2019 R	2018 R
ASSETS		
Non-current assets	228 146	305 100
Equipment	228 146	305 100
Current assets	20 868 966	17 022 125
Trade and other receivables	562 847	661 423
Cash and cash equivalents	20 306 119	16 360 702
Total assets	21 097 112	17 327 225
EQUITY AND LIABILITIES		
Capital and reserves	17 679 216	14 228 214
Retained income	17 679 216	14 228 214
Current liabilities	3 417 896	3 099 011
Trade and other payables	3 110 803	2 892 597
Short-term bank borrowings	2 051	4 901
Provisions	305 042	201 513
Total liabilities	3 417 896	3 099 011
Total equity and liabilities	21 097 112	17 327 225

STATEMENT OF COMPREHENSIVE INCOME

At 31 December 2019	2019 R	2018 R
Comprehensive income	18 953 562	17 223 665
Gross surplus	18 953 562	17 223 665
Other income	474 688	733 635
Audit fees	(40 870)	(39 009)
Depreciation	(133 253)	(126 728)
Employment costs	(10 455 162)	(10 187 202)
Other operating expenses	(6 712 383)	(5 075 005)
Surplus from operations	2 086 582	2 529 356
Investment income	1 364 420	1 152 478
Surplus on disposal of non-current assets	-	229
Surplus before taxation	3 451 002	3 682 063
Taxation	-	-
Surplus for the year	3 451 002	3 682 063
Other comprehensive income	-	-
Total comprehensive income for the year	3 451 002	3 682 063

The full audit report is only available to SACRRA Members. For a copy of the full audit report, kindly contact our Office via email to ansaj@sacra.org.za

MEMBER OVERVIEW

MEMBER OVERVIEW

The SACRRA membership base grew significantly when comparing 2010 to 2019, with an increase of 97.39% in Full Members, 76.92% in Affiliates and nearly double for Associate Members. Membership pricing was reformulated in 1991 and turnover Category A – R5m plus and Category B below R5m, were introduced for Full Members. In the Association's first Annual Report published for the Financial Year 2010, these categories were further segmented into the categories which are in place today. The Affiliate-Led Group (ALG) Membership category introduced in 2017, now constitutes an average of 2500 supplier reference numbers representative of the smaller data entities contributing to the collective risk and data pool.

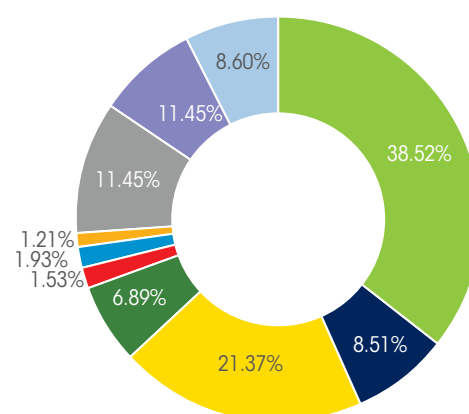
Membership Category	1999	2010	2019
Category A		35	50
Category B		11	18
Category C		36	52
Category D		17	31
Category E		16	16
Category F		0	60
Total Full Members	15*	115	227
Affiliates		13	23
Associates	2	4	6
Group Member		1	
Affiliate-Led Groups (ALG)			8
Total	17	133	264

*Total Full Membership count not previously categorised beyond "Full".

In terms of financial contribution, the Full Members are contributing 78.74% of total membership fee income of which the bulk of members fall within Categories A and C. The 6 Associate Members contributed 11.45% (R2.1m) of the overall income. The Pricing Committee established in 2018 continues to examine the most appropriate membership pricing models and in future we may see changes in the membership categories and ratio of financial contribution.

Membership Category	2019		
	Member Count	Income Contribution R	% Contribution
Category A	50	7 107 913	38.52
Category B	18	1 570 365	8.51
Category C	52	3 943 775	21.37
Category D	31	1 271 226	6.89
Category E	16	281 501	1.53
Category F	60	355 569	1.93
Total Full Members	227	14 530 349	78.74
Affiliates	23	222 560	1.21
Associates	6	2 112 564	11.45
Affiliate-Led Groups (ALG)	8	1 587 019	8.60
Total	264	18 452 492	100

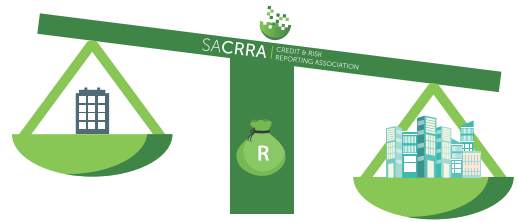
Financial Contribution per Category



OPERATIONS OVERVIEW

BALANCING COST WITH VALUE

The Manco mandated a Pricing Committee in late 2018 to investigate various pricing issues and challenges logged by the SACRRA Office and Members over the years, and to propose an alternative pricing model. During the review various options were proposed, and certain key principles were agreed.



The main objective was to retain the collective data quality pool and data sharing environment for effective credit and risk decision making while ensuring that the SACRRA function is sustainable and that membership fees are affordable. The principle for the fees would be fairness, alignment with data contributors' and data hosts' needs and a balance between cost and recognised consumption of the SACRRA services. The revised model would also need to attract new participants to the SACRRA.

Mazars (an Actuarial and Advisory Services company) was contracted during 2019 to conduct the necessary analysis, perform modelling, test and review the application of various pricing model methodologies, and to recommend an optimal and robust fee model which will support the principles identified by the SACRRA.

Mazars presented various models on 31 October 2019, where the current Revenue-based model (which was still rated as the best and "safe" option), together with a Pricing Rebalancing Model to create parity between member contributions and the SACRRA Office's level of effort, were proposed. The Pricing Committee recommended to Manco that fees be re-balanced over a period. The Manco also mandated the Pricing Committee to do further work on the re-balancing plan and incorporate any actions identified from the SACRRA strategy. Due to the strategic changes and volatility in the market this work was postponed to early 2021.

MEMBER ENGAGEMENTS

This was the name of the game for 2019. We conducted specialised workshops for members to inform them on data reporting requirements which were well attended and feedback was extremely positive with requests for more sessions dealing with specific matters of interest to members. We hosted a webinar for ALG members on the requirements of the NCR MOA and presented at the MFSA Big Member meeting and also attended their AGM. We held several engagements with the Insurance Sector in the form of the South African Full Term Association and the South African Insurance Crime Bureau to gain a deeper comprehension of the insurance sector's data needs and challenges.

We engaged with the management team of the Credit Ombud's Office for mutual understanding of each other's roles and the importance of data in both entities operations.

We met with the BASA to gain insight into their concerns about the general quality of data and explained our role and challenges we have in enforcing quality data.

Engagement with SAFPS increased our understanding of how data can be accessed and abused by fraudsters as well as the complexities our members deal with in protecting their data from fraudulent use.



“ SACRRA is a team of phenomenal people passionate about data integrity and data. It was an honour partaking in these workshops and gearing our organisation to becoming a compliant and credible data provider.”

WORKSHOP ATTENDEE

OPERATIONS OVERVIEW



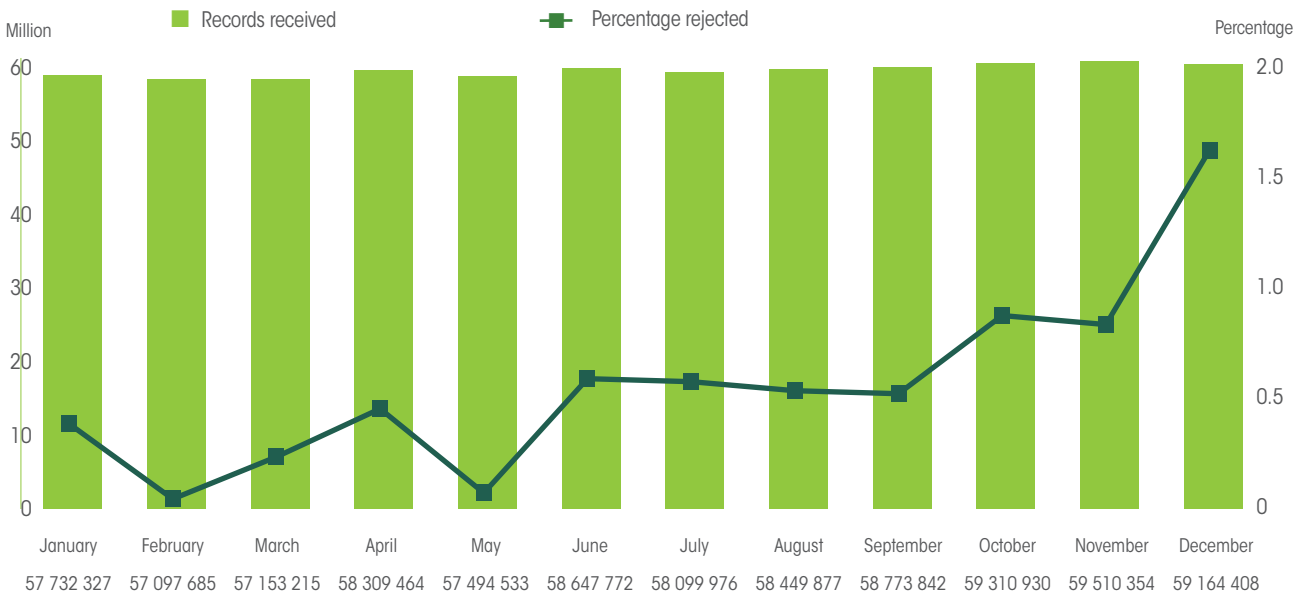
DATA OVERVIEW

Published in the annual report of 2010, the total number of records submitted increased from approximately 33 million in January to 38 million in December 2010 with an average rejection rate ranging between 1 and 2% across the year.

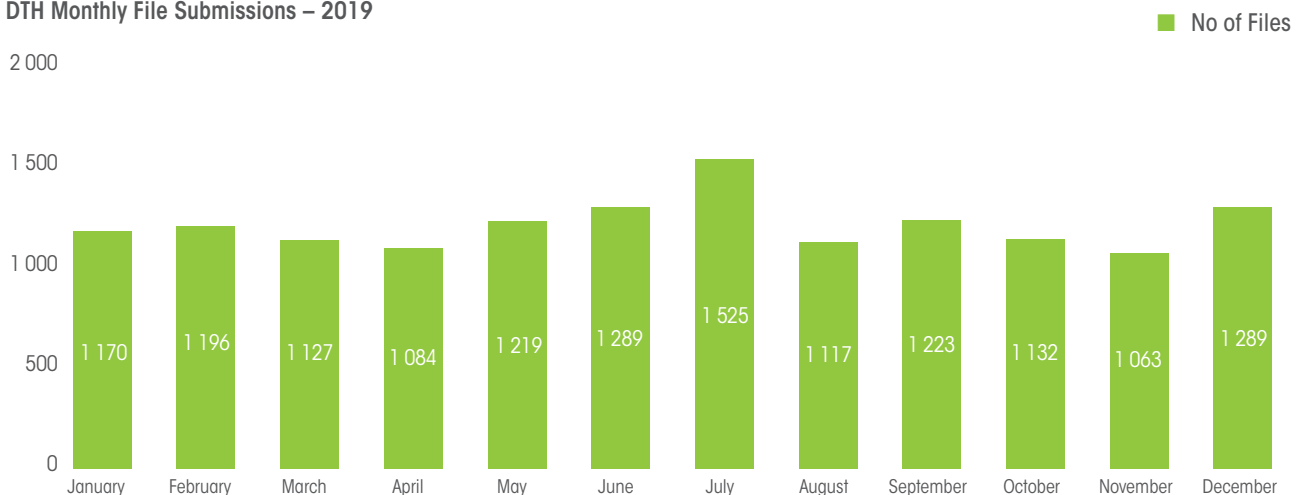
With the increased staff complement, the member support provided was enhanced and paid off in improved data quality. While the volume of records increased to just on 43 million at the end of that year, members achieved and maintained an average rejection rate of less than 1% in 2013.

It is noteworthy that the average rejection percentage across our member base remained below 1% for nine months and from October to December, two members experienced data challenges pushing the rejection rate beyond 1% for the last three months of 2019. As can be seen in the graph, an average of 59 million monthly records were submitted by December 2019.

L700v2 Data Volumes and Rejection Percentages

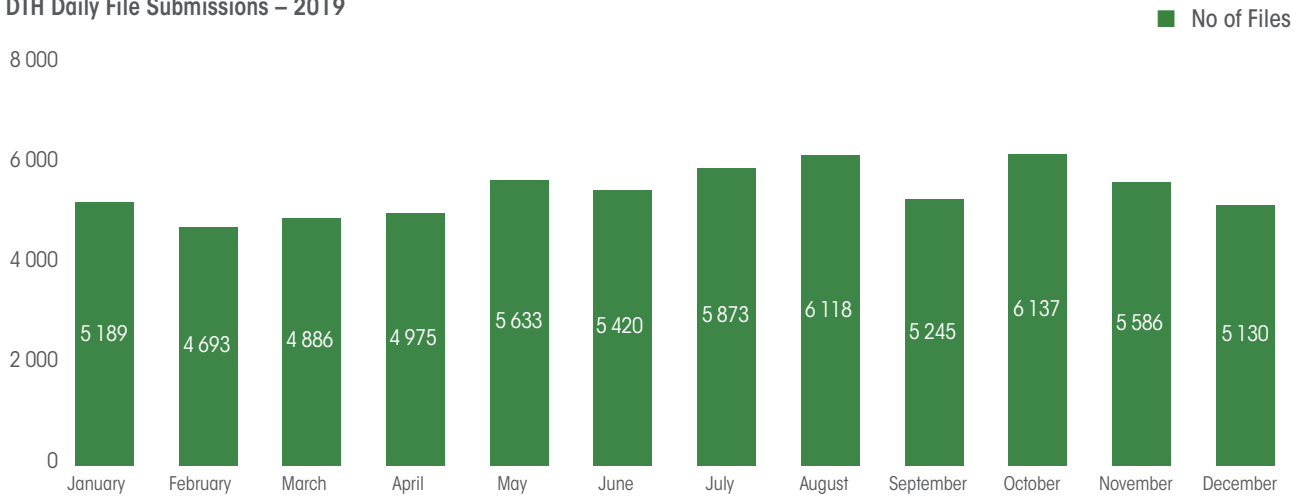


DTH Monthly File Submissions – 2019



OPERATIONS OVERVIEW

DTH Daily File Submissions – 2019



Emails reduced drastically by way of AWE implementation allowing for more flexible reporting in terms of email notification delivery. It is now also possible to specify email addresses based on file type, frequency and notification type (failure/success).

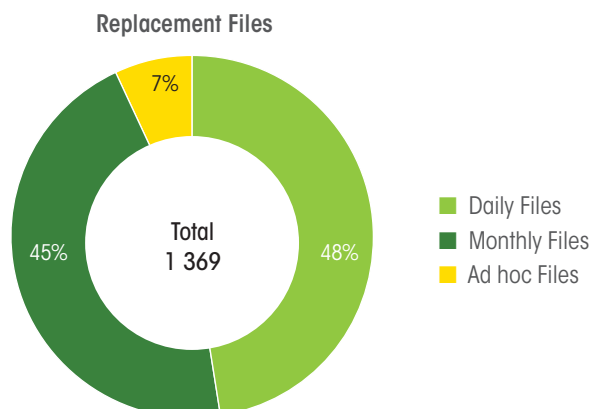
An additional enhancement made to the DTH in 2019 was the implementation of the test indicator. Should the file not be signed off by the SACRRA Office and the Data Contributor submits their file using L702 as the file type instead of T702 the DTH will reject the file. This assists credit bureaus in preventing test files from being loaded to production environments where automated processes are in place.

REPLACEMENT FILES

Replacement Files are submitted when data quality issues in previous submissions have been identified and require correction. In the event that a data anomaly was identified prior to loading the file, the replacement file will be loaded instead. If the previous incorrect data has already been loaded to the bureau live environment, it would necessitate the removal, or “backout” of these files prior to loading the replacement files.

During 2019, a considerable number of replacement files were submitted. This included replacement files for Ad hoc submissions where the files provided to address specific data anomalies were not in line with submission requirements.

A volume of 1369 replacement files were submitted and actioned during 2019. It must, however, be noted that 64% of all replacement files submitted, were from our Affiliate-Led Groups. This is indicative of the data quality challenges experienced within this industry sector and illustrates the effort and dedication off our Group Leaders. Replacement Files are a challenge to co-ordinate and manage effectively across the credit and risk industry and members were urged to continue in their efforts to ensure the quality and accuracy of their information prior to submitting files to the DTH.



OPERATIONS OVERVIEW

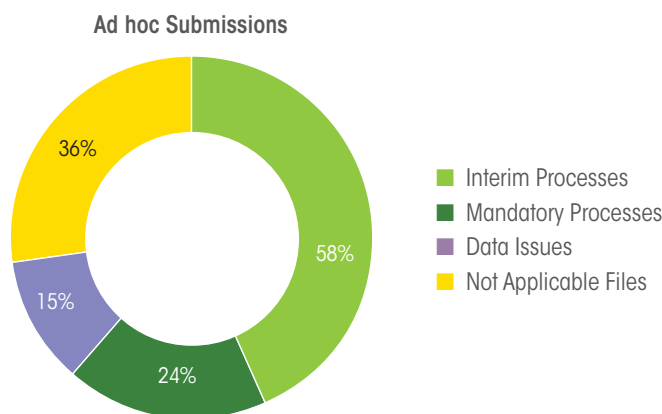
AD HOC FILE SUBMISSIONS

The majority Ad hoc file submissions relate to the interim processes agreed under the Project Evolution Compliance phase. Once this phase goes live, members will be required to complete development to submit these updates as part of their normal daily and monthly submissions. This will significantly reduce the risks relating to these manual data management processes as well as to the impact on various resources within industry.

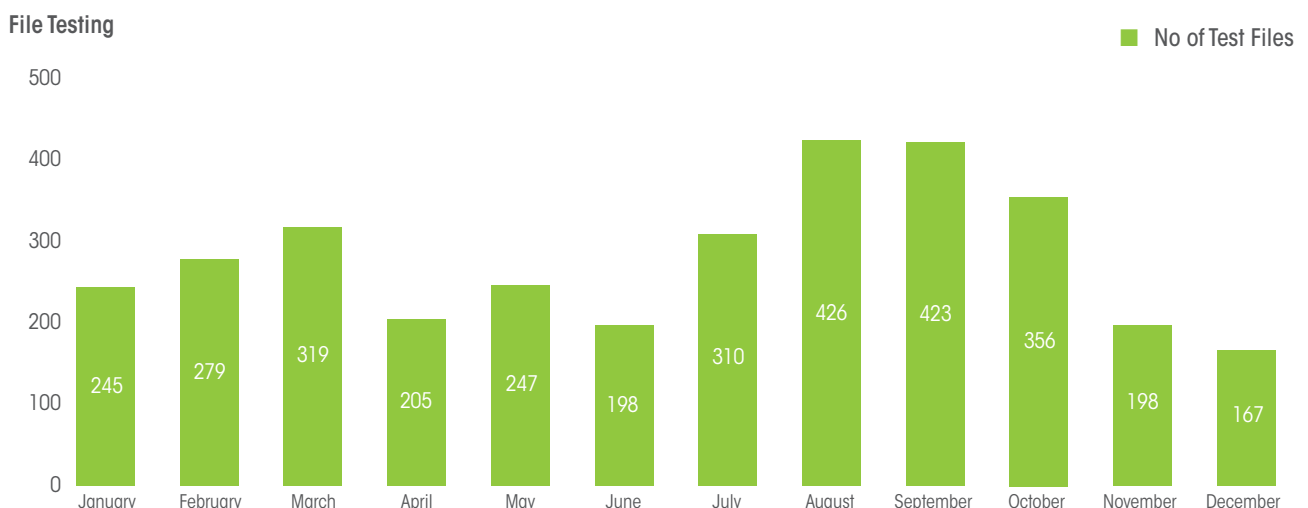
All data migrations that are performed due to industry standards or requirements, and not due to past incorrect data submissions, are viewed as mandatory processes and require remedial action. The migration of data from the NLR to the Evolution dataset as per the NLR Decommission Policy accounted for the majority of these migrations.

Data issues include files submitted to address QE1 records that have not been updated at Association Member Bureaus for more than 60 days. Various other data rectification actions are also included in this description and range from removing records from display that were incorrectly submitted to correcting or updating historic information that cannot be addressed with replacement files.

Files reported as "Not Applicable" refer to Ad hoc Files that were submitted, but not processed. This may be due to the matter requiring a different approach to resolve, i.e replacement files or manual amendments, or these files may have been submitted in error.



The volume of daily and monthly files submitted through the DTH for testing by our Associate Members are depicted below. These files were tested for reasons ranging from data contributed being onboarded, development for Project Evolution Compliance Phase and prior submissions where significant changes had been made to some members' systems.



OPERATIONS OVERVIEW

NATIONAL LOAN REGISTER (NLR) DECOMMISSIONING

The decommissioning of the NLR dataset, as per the Decommissioning Policy approved by the NLR Management Committee in 2017, has been a key priority for a number of years and 2019 was set as the final deadline, however it was evident by the year-end that a number of members were still needing to engage on the necessary development and testing.

One of the first mandates of the NCR-appointed NLR Management Committee was to address the NLR submissions and the quality thereof. When the first NLR Data Administrator was appointed in 2009, the average number of monthly records being submitted was approximately 6.5 million.

Due to the focus and ongoing efforts the volume of monthly records submitted increased to approximately 8.5 million records in 2011 and 9.3 million in 2012. At the height of submissions during 2014, the total monthly records increased to between 10 and 11 million.

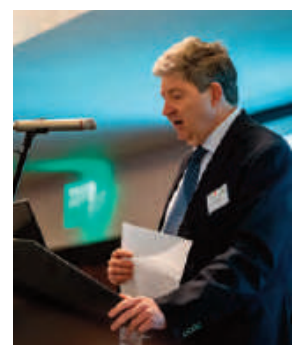
Another mandate given to the NLR Manco was to address the future submission environment. From here Project Evolution was initiated with the then chair of the NLR Manco, from African Bank – Hannalie Crous becoming the first Project Sponsor on the Project Evolution Steering Committee. When Project Evolution went live the number of monthly records submitted to the NLR environment drastically reduced to 3.1 million records at the end of 2015 as files were migrated to the new environment.

The decommissioning of the NLR dataset has received ongoing attention and at the end of December 2019, approximately 370 monthly records across 7 files were still being submitted. A significant and intended decrease.

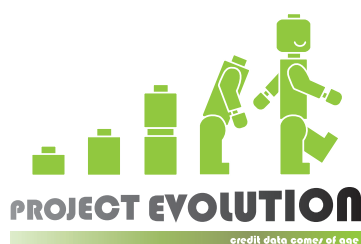
NLR File Submissions	File Count	Record Count
Pre-Project Evolution (May 2014 month end)	861	11 140 728
NLR Submissions (December 2019 month end)	7	371

“ There are no secrets to success. It is the result of preparation, hard work, and learning from failure.”

COLIN POWELL



OPERATIONS OVERVIEW



Project Evolution is comprised of two main phases, the first being the change to daily and monthly reporting with added status codes and product types and the second relating to requirements within the NCA. These compliance requirements affect pre-registration of mortgages, debt sold to third parties, prescription of debt and overdrafts. The SACRRA members together with the Office have been working diligently for a number of years to complete the required development and finalise the testing thereof. The approach for implementation of these changes necessitated a series of work-around and return-string mapping approaches to be agreed.

Even though the initial go-live date for input development was set for October 2019, the SACRRA Office identified some concerns regarding the return of this information to industry. A decision was made to not take any files live until these concerns had been addressed. Furthermore, quarter 4 was a high-risk period as many members entered their IT freeze or peak trading periods and/or key resources were on leave, which would have impacted their ability to manage any data anomalies or problems that may have arisen. Another factor impacting the decision was the need to maintain a stable data sharing environment for credit and risk decisions during peak trading.

The deadline of 1 March 2021 for the interim solution for data submissions to end was communicated at the SACRRA General Member meeting held in October 2019. The SACRRA Stakeholder Managers are actively engaged with members and non-members alike to make this compliance development requirement a priority.

At the end of the year only 4 members continued to submit information in the previous data specification, version L700, with the anticipation that their migration to the new formats would be completed rapidly.

The SACRRA Office continues to work closely with these members as well as those within the NLR Environment under our Affiliate Group Leaders and those full members in their development for Project Evolution's compliance phase, to achieve 100% compliance during 2020.

Member Category	Total Number of Files	% Non-Project Compliant	Non-Project Compliant Files	% Project Compliant	Project Compliant Files
Retail Apparel	114	0.00		100.00	114
Secured Finance	155	1.29	2	98.71	153
Unsecured Finance	116	0.00		100.00	116
Other	81	0.00		100.00	81
Telecommunications	11	9.09	1	90.91	10
Insurance	38	2.63	1	97.37	37
Retail Furniture	47	0.00		100.00	47
Affiliate-Led Groups	1 439	0.49	7	99.51	1 432
Grand Total	2 001	0.55	11	99.45	1 990

OPERATIONS OVERVIEW

MOA ONBOARDING

The NCR prescribed the Data Transmission Hub, co-owned by the Credit Bureau Association (CBA) and the SACRRA, as the “manner” and the SACRRA’s L700v2 Data Specification as the “form” in which a credit or data provider must submit credit information to the approved credit bureaus under Regulation 19(13).

During 2019, the SACRRA Office continued to deliver on SACRRA’s obligations as reflected in the MOA which was entered into between the CBA, the NCR and SACRRA in June 2017. The SACRRA Office indicated our intention to the CBA and NCR to renegotiate the terms of the MOA given that the agreement expires in June 2020.

A challenge with the publication of the NCR fee guideline impacted the SACRRA’s ability to collect fees from non-members for onboarding services. Consequently, the SACRRA services were limited to key obligations under the MOA. A MOA Pricing-subcommittee was established with a mandate to propose fees to the MOA Steering Committee.

STATUS AND PROGRESS UPDATE

There are 681 registrants in NCR categories 1-5 to be assessed and onboarded, and 7 177 in NCR categories 6-9. However, the commitment for compliance from registrants is slow as reflected:

Status	Cat 1 – 5			Cat 1 – 5 L700		
	Non-SACRRA	SACRRA	Total	Non-SACRRA	SACRRA	Total
Assessed	23		23	395		395
Invoiced	1		1	11		11
No Commitment	43		43	–		–
Onboarding	10	44	54	1	2	3
Live	8	234	242	–	1 161	1 161
Unique products	32		32	–		–
Sub-total	117	278	395	407	1 163	1 570
Not assessed	286		286	5 607		5 607
Sub-total	286	–	286	5 607	–	5 607
Total	403	278	681	6 014	1 163	7 177

A limited number of new files are being shared.

Membership Categories	Number of non-members	Number of files
Non-member	10	17

OPERATIONS OVERVIEW



BUSINESS | CREDIT & RISK
INFORMATION

BUSINESS CREDIT AND RISK INFORMATION (BUSCRI) SHARING INITIATIVE

The sharing of business financial obligation and payment behaviour was aimed at unlocking many opportunities for SACRRA members. It enables providers of credit to inform and support quality decisions on previously untapped markets and allows access to formal finance for businesses.

Subsequent to the SACRRA Manco approving the BusCRI Data Submission Specification for the banking sector in May 2018, the NCR endorsed the inclusion of the agricultural sector products into the BusCRI under Regulation 19(13). After many engagements and workshops the BusCRI Data Submission Specification and the Bureau Validation Specification were completed in July 2019.

The impact and unintended consequences of reporting Sole Proprietors' Data in both the Consumer and BusCRI Data Specifications were explored, as well as various options for data transmissions and for member pricing. The Manco approved the proposed pricing for BusCRI participation in November 2019, which was tested with the market and found to be acceptable. Engagements commenced with various BusCRI Founding Members as well as with the agricultural sector for support of their development and testing timelines.

The Banking Association South Africa, a Special Interest Group member, showed their continued support to the BusCRI project by donating R50 000 during 2019 to assist funding the BusCRI operations.

By being part of the BusCRI initiative data contributors will gain access to comprehensive credit profiles on businesses. Do not miss a critical opportunity to expand your client base, grow your business and ultimately stimulate economic growth.

“ Don't be afraid to give up
the good to go for the great ”

John D. Rockefeller



OPERATIONS OVERVIEW

SACRRA TOOLS

The following initiatives were addressed during 2019:



Completion of testing and rollout of the Data Master Application (DMA) in line with the Data Specification 700v2 amendments (Prescription of Debt, Debt Sold to 3rd Parties, Overdrafts, Mortgage pre-registrations).

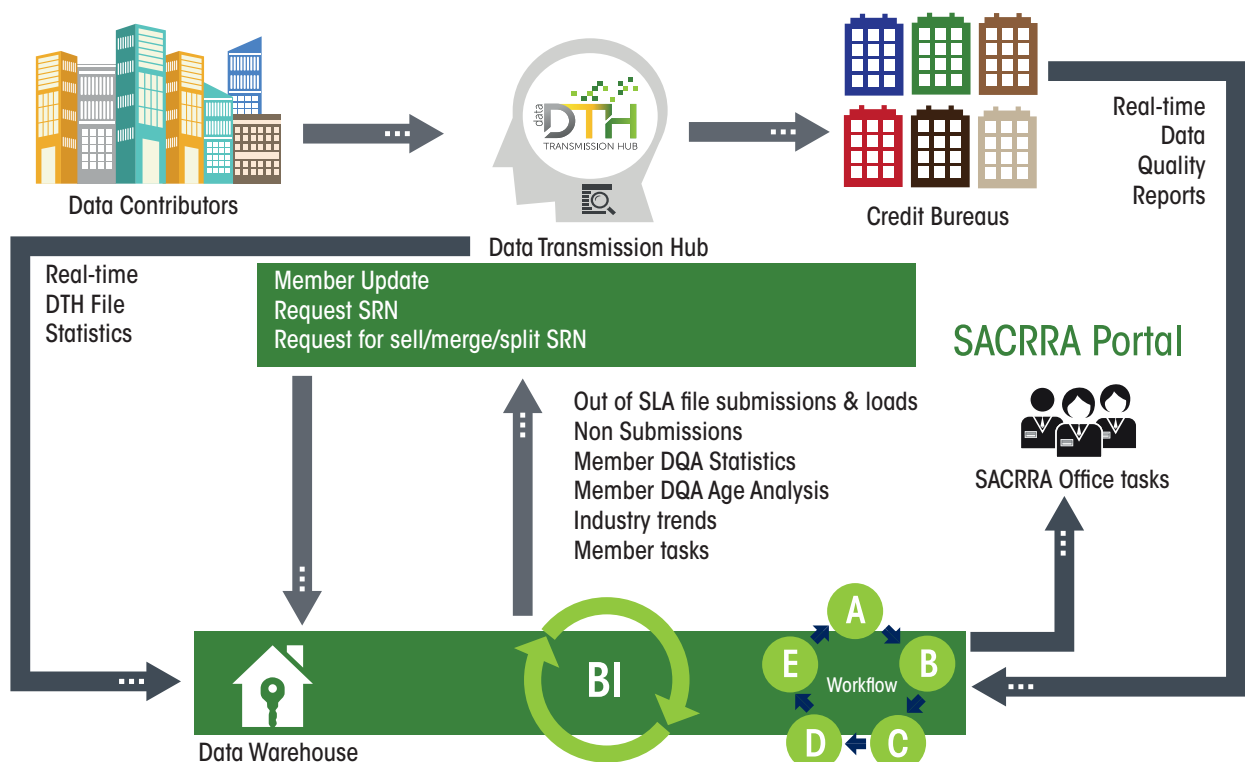


Creation of the technical, business and bureau rules within the Data Specification Matrix (DSM) and rollout of the completed application to interested members.

SACRRA AUTOMATION

Completion of the development phase of the automated system for the SACRRA includes a portal for member front-end, workflow, member database, data warehouse and business intelligence tool. The system will facilitate member registration and updates to member information as well as to the online request for new supplier reference numbers (SRNs) and requests for amendments of SRNs relating to merging, splitting, or selling of books related to existing SRNs.

This automated system will enable members to take ownership of their member information and data quality reporting and will allow the SACRRA Office to optimise the management of incoming work and focus on data quality anomalies in a pro-active environment.

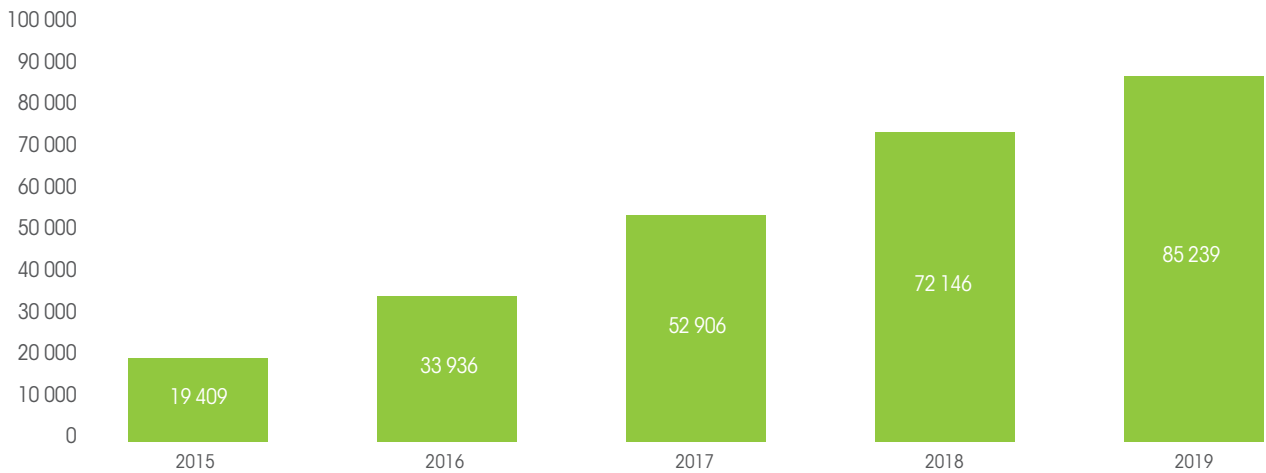


OPERATIONS OVERVIEW



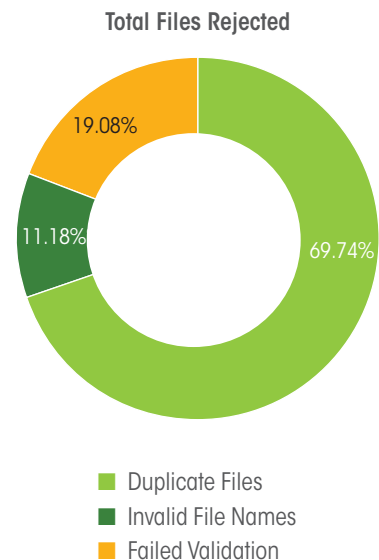
The number of files transmitted through the DTH, increased in 2019 with 15% from 2018.

DTH File submission growth



A total of 94,813 files were uploaded to the DTH of which 9,574 were rejected as indicated

Reason for File Rejections	2019 Total	% of Total Files Uploaded
Duplicate Files	6,677	7.04
Invalid File Names	1,070	1.13
Failed Validation	1,827	1.93
Totals Files Rejected	9,574	10.10

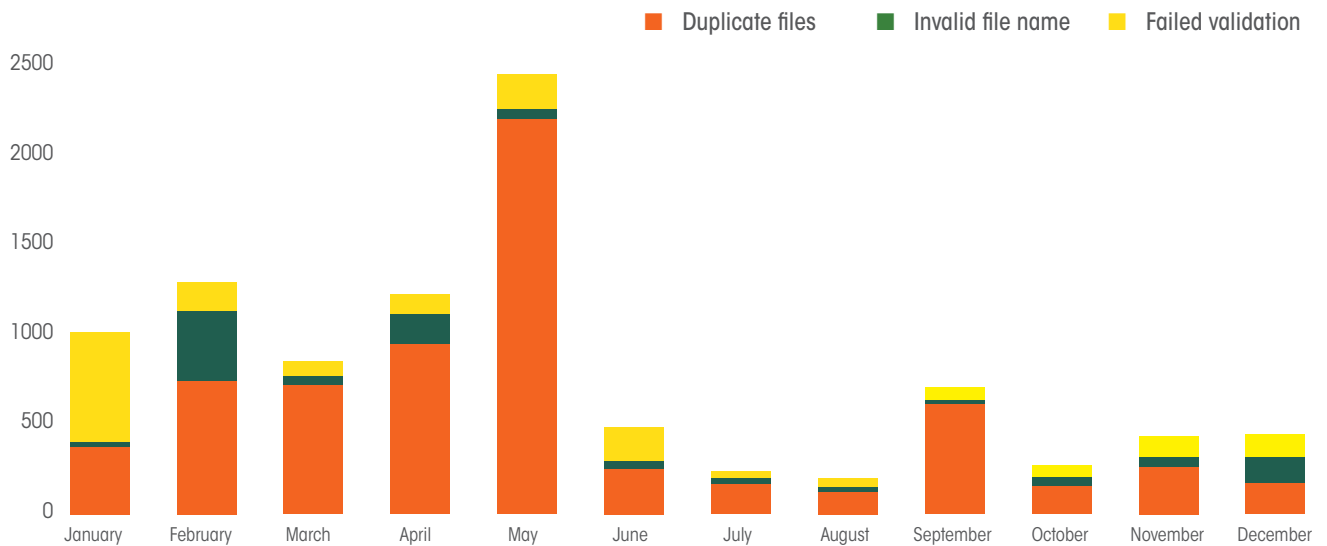


The growth in the number of files submitted since the DTH was first introduced clearly illustrates the success of members' investment in this initiative. The DTH not only ensures the secure transfer of a single file to multiple Associate Members, but it also informed the development requirements within the Automation project. Once completed, the automation project will allow all members as well as the SACRRA Office to better monitor and identify challenges with either late or non-submission of files.

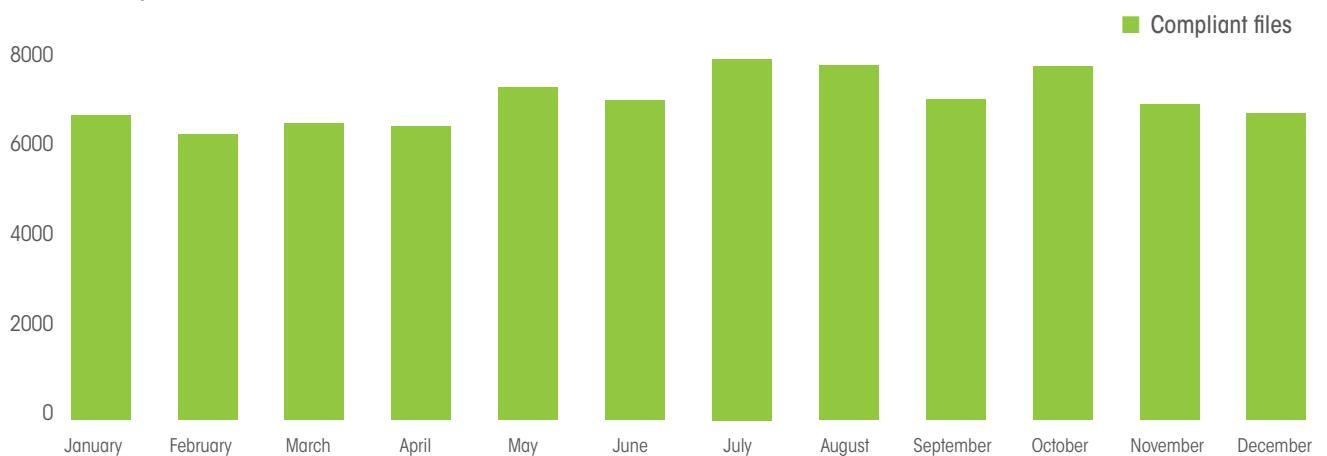
OPERATIONS OVERVIEW

The below graph reflects the total files uploaded to the DTH per month.

DTH files rejected



DTH files compliant files loaded



	January	February	March	April	May	June	July	August	September	October	November	December
Duplicates	372	739	713	942	2 186	250	163	122	608	152	261	169
Invalid File Name	25	385	50	168	59	41	36	29	25	53	53	146
Failed Validation	614	164	87	108	191	190	40	48	70	66	120	129
Total Rejected	1 011	1 288	850	1 218	2 436	481	239	199	703	271	434	444
Total Transmitted successfully	6 762	6 331	6 574	6 499	7 378	7 089	8 005	7 866	7 101	7 832	7 006	6 796
Total Uploaded (rejected + successful submissions)	7 773	7 619	7 424	7 717	9 814	7 570	8 244	8 065	7 804	8 103	7 440	7 240

SPECIAL RECOGNITION

In recognition of individuals for their sterling efforts we honoured these members with our Commemorative Certificates.



FULL MEMBERS

In recognition of timely submissions, data quality, pro-active engagement and general SACRRA compliance:

Sharief Allie, The Foschini Group – Retail Apparel Member Category
Nathan Baker, Woolworths – Retail Apparel Member Category
Walter Brink, The Hollard Group – Insurance Member Category
Bettie Richter, OUTsurance – Insurance Member Category
David Huang, Letsatsi Finance and Loan – Unsecured Member Category
Hein Olivier, Capitec Bank Ltd – Unsecured Member Category
Shaun Usher, Nedbank – Secured Member Category
Stuart Scott, Old Mutual – Secured Member Category
Ewan Abrahams, Lewis – Furniture Retail Member Category
Cornelia van Copenhagen, Shoprite – Furniture Retail Member Category
Marta Orgna, CarGet – Other Member Category
Sanesh Maharajh, Maravedi Credit Solutions – Other Member Category
Tebogo Mokgonyana, Cell C – Telecoms Member Category
Killandran Govender, Telkom – Telecoms Member Category

ASSOCIATE MEMBERS

In recognition of their willing assistance and alignment with SACRRA data requirements:

Kamala Premlall, Xpert Decision Systems – Associate Member Category
Ismail Kharwa, TransUnion – Associate Member Category

AFFILIATE MEMBERS

In recognition of their proactive management of their clients, innovation and participating in the NLR Decommissioning process:

Carel van Hemert, Delter IT – Affiliate-Led Group Member Category
Johan de Klerk, Loan Info – Affiliate-Led Group Member Category

We considered his promotion of the SACRRA mission and going the extra mile in training our staff and innovating our data

Jaco Rossouw, Principa – Affiliate Member Category




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