



SACRRA | CREDIT & RISK
REPORTING ASSOCIATION

2021

ANNUAL REVIEW



Quality Quest...

CONTENTS



1 Chairman's Report

5 Statement of the Governing Body

6 Statement of Financial Position

7 Statement of Comprehensive Income

8 Operational Overview of the past financial year

Publication date of Annual Report – May 2022

“Learn how to see. Realize that everything connects to everything else.”

LEONARDO DA VINCI



CHAIRMAN'S REPORT



The 2021 year was the first full year with the new Governing Body (GB) structure and organisation fully operative. The new structure bedded down well. To remind everyone, 6 of the 7 portfolios were elected, with one vacancy arising because the HR portfolio as it was defined at the time, failed to have any candidates nominated. This portfolio was expanded to include both external and internal stakeholders and the GB came into its full complement in August 2021 when we welcomed our Stakeholder Relations Lead, Hendrik Heyns, who was then elected.

During the 2021 year, the GB busied itself evaluating the vision, mission and operations of the SACRRA and its role in the total data ecosystem in which the SACRRA and all other industry participants and our regulators operate, to determine how best we can execute our own mission.

SA's data ecosystem is well established but fragile

The task of maintaining and expanding this ecosystem is somewhat daunting. The ecosystem incorporating providers of consumer data, the bureaus, analytics and the mechanisms of achieving data standardisation and distribution have become well established over many years, making South Africa a global leader. While this is testimony to the efforts of everyone involved, we must not take for granted that the system will just run itself or even that it will simply just operate as effectively as it has to-date.

South Africa knows well that ecosystems break down, and when they do, they threaten the very essence of all the business models that begin to rely on them. Witness the electricity and water challenges that South Africa experiences daily with the associated devastation throughout the economy. The impacts of ineffectual operation are both direct and indirect, but both have intensely adverse consequences.

Our national data system is more fragile than it appears, depending for its continued development and stability on its reputation as being reliable, having integrity, providing valid information to recipients and being safe for consumers, providing them with benefit and not harm. Data is our water and we need to keep it pure and uncontaminated.

To almost everyone, the workings of the ecosystem is somewhat invisible, with data being provided by consumers to their providers, mysteriously and simultaneously landing up with bureaus, who magically provide such data to new providers subject to the consumers' permission. However, the Protection of Personal Information Act (POPIA) has created new awareness of consumer data rights and the data attacks on the bureaus and other sources of data have created consumer fear that the ecosystem has the potential to create serious harm and not only benefit.

This will subject us all to greater scrutiny. We all need to stand guard that complacency does not lead to regression and that internal ecosystem disputes do not distract us or lead to a fragmentation of the ecosystem that will undermine its coherence and certainly its effectiveness.



The sustainability and value of the credit and risk data ecosystem in South Africa is completely dependent on the diligence that each member of that ecosystem applies to their roles and their performance within that system. More importantly the very sustainability and success of our consumer economy depends on the ability to properly assess, extend and manage the delivery of credit and risk services to the South African populace. Our collective data is integral to this and hence, in our view, there is a need to create not only an inclusive approach and delivery commitment with all the key stakeholders in our data ecosystem but also an inclusive national data strategy. Each stakeholder needs to protect and deliver on its own mandate but also be responsible and protective of other stakeholders' interests and roles within the data ecosystem. For our collective success it is imperative that we all co-operate and work to the highest ethics and common goals.

CHAIRMAN'S REPORT

Giving effect to the Governing Body mandate

This is the backdrop to the efforts of SACRRA over the last year. First and foremost, to ensure that we add value to the ecosystem, operate effectively in the best interests of all our members, ideally expanding our membership base through improved stakeholder management and that we position ourselves to play an enhanced role in improving the common data pool in our economy.

Central to this has been the development and operationalisation of the core metrics that would enable the assessment of whether SACRRA as a membership body and the SACRRA Office is meeting our objectives. The GB has agreed to group the metrics on the following basis:

- Data performance – data quality and compliance by data contributing and hosting members
- Tool performance – uptake and stability of core technology
- Financial Performance
- Risk Management Treatment Plan, and
- Legal and compliance

We are increasingly using these metrics as we operationalise their determination to achieve greater accountability for outcomes both for Office Management and GB performance. It is hoped that our members will in due course be in a better position to judge SACRRA's performance and ensure that SACRRA gives the value you are entitled to expect. Obviously, our success depends also on members and contracted parties fulfilling their obligations and roles.

With all this in mind, each of the GB Members has taken the lead in their respective roles. The governance structure of the Association saw the establishment of two key committees, namely Finance, Risk, Compliance and Audit Committee (FRCAC) and the DITSC (Data, Information Technology and Security Committee).

An important change that the new GB structure and mandate has achieved, is the level of transparency with which the GB Members can now operate, versus that with which the previous Manco Members had.



The GB Members, now located within the SACRRA confines, have full access to SACRRA information, having signed the appropriate confidentiality contracts to safeguard them and the information subjects that they may become knowledgeable about during the execution of their respective duties within the SACRRA.

Our comprehensive management metrics will certainly bear testimony to how well we within the Association are faring regarding the macro and micro goals established. This publication will provide some insights into our measurements and performance for this year based on the metrics. We are also in the process of redefining our strategy to take the Association forward in the dynamic market and data environments that exist today and which we anticipate for the future. Once finalised, our goals and plans will be put forward for Members to engage and vote on.

Great progress on industry rejection rate

I am pleased to report that, we, together with the industry, have achieved collective success with a less than 2 percent average rejection rate across the entire member base and contracted data contributors. This is to be celebrated. Our goal for 2022 is to reduce the average rejection rate to below 1% on an ongoing basis. Various processes and analyses have been introduced within the Office operations to enhance monitoring of file quality and anomaly resolution. Of concern, however, is the slow take-up of Project Evolution Compliance Phase requirements.

CHAIRMAN'S REPORT

SACRRA Tools

I want to stress the role our automation tools play in understanding data submission and loading trends. Using our automation tools, Power BI and SACRRA Connect, the definitive assessment of the data trends and anomalies was undertaken within the DITSC's mandate. Careful review of the load reports received from our Associate Members on file load performances and submission reports from the Data Transmission Hub was also conducted and significant insights into data trends and member challenges were obtained. The outcome of this is that we have been able to better target and prioritise which members, the Stakeholder Management team needs to focus attention on for purposes of remedial action. Under the newly formalised Stakeholder Engagement portfolio, relevant engagements and enhanced methodologies are being actioned.

Business information

An aspect that we have collectively not succeeded in so far is that of galvanising and implementing the data drive on business information and the GB has determined that this matter will require the enhancement of a relevant strategy with resource allocation to give effect to any goals for the BusCRI initiative. We remain determined to succeed within this domain as we regard the collective sharing of business or commercial credit and risk data as an essential component of the economic well-being of our country. Testing of files has commenced with some data contributors, but there are insufficient volumes at this stage to herald any hint of success.

Financial Management

We have managed SACRRA funds effectively and continued to operate off our fees and retained surpluses as indicated to our members in our budget proposals and financial management reporting.

We have achieved a clean audit with statutory compliance for the 2021 financial year.

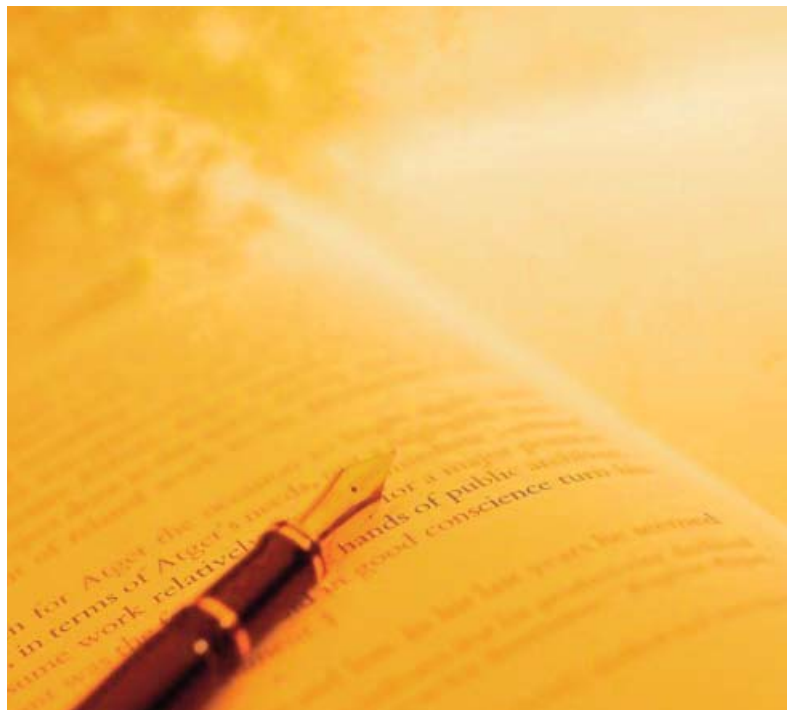
We retained 10 months' operating reserve, due to the rate of progress in projects and because of estimations made in the budgeting process. The GB approved an investment strategy for the surplus funds arising from under expenditure and generally from the cash flow management process. The investment plans will be implemented in alignment with our tax approach.

In terms of legal compliance, we timeously completed our activities in alignment with the prescripts of the POPIA and have implemented the relevant practices and policies within our operations.

The Memorandum of Agreement (MOA)

Following the conclusion of the previous Memorandum of Agreement with the NCR and the CBA, our SACRRA indicated to the NCR that many of our members were not comfortable with our Office having to report our members' data issues to the NCR.

Subsequently, the NCR concluded a separate agreement with the CBA to report on industry sectors and individual data contributors' file quality. Given the changed circumstances and our recognition of the importance of the sanctity and stability of the entire ecosystem, the new GB has decided that our position on reporting to the NCR should change and that it should ensure that the NCR is given access to the latest quality information in our possession to ensure that its approach is factually based. Also, we will be better placed to assist members who may experience compliance challenges by being part of the reporting process, rather than being outside of it.





CHAIRMAN'S REPORT

During the course of the various engagements in respect of the new MOA, the CBA raised a challenge to the SACRRA's ownership of the IP rights in the L700 version 2 data format and refused to sign a new MOA until the matter has been resolved. In the interests of the collective ecosystem of credit and risk reporting we together with the CBA agreed to an 18-month revival of the original MOA.

In addition though, the CBA and NCR have proposed a new annexure to the Revival MOA. This new annexure is still under discussion.

The IP challenge by the CBA is concerning and could, in our view, have damaging consequences for the data reporting and credit ecosystems. We have entered into a mediation process with the CBA in the hope of resolving the matter amicably.

The mediation process with the CBA is being conducted under the leadership of Arnold Subel SC. This process commenced in November 2021 and continues.

I would like to clarify that it is our intention to pursue our goal of a healthy, robust ecosystem for the sharing of credit and risk data in South Africa, but also to protect the interests and needs of all our members as we do so.

We are comfortable with the legal view obtained by us that the SACRRA owns the IP in the L700 version 2 data format. Thus, should the mediation process fail, we will need to consider how best to protect the investment made by our members over many decades in the data reporting format, the collective data sharing ecosystem and the SACRRA operations.

I want to emphasise that although we may differ from time to time with industry bodies that represent some of our members, we are committed to representing these members within our structures to the best of our ability. By considering the needs of all our members we intend to create a balanced approach which supports the health and continuity of the data ecosystem. We are committed to working together with all stakeholders and associations to further the interests of the industry.

In closing

We note with sadness the retirement of our Ansa Jordaan, the Finance and Office Administrator, after 30 years of service! Ansa has delivered excellent service to members through all the years and been a vital contributor to the success of our Association. We will surely miss her.

Additionally, we have received the resignation of our Executive Director, Darrell Beghin, who has headed up our Office team for nearly 10 years. It is difficult to overstate Darrell's role. Darrell has made a significant contribution to the Association and the industry in commencing the formalisation of our operations and technological solutions to equip us to meet the future. Darrell has offered to assist with the transition. We are appreciative of her contributions to the SACRRA and the industry generally and wish her well.

In closing I would like to thank the GB Members for their support and for diligently taking on the challenges and extra work their roles in the GB require. Thanks also to the SACRRA Office team who serve with great dedication, our suppliers who enable us in so many vital ways, our members whom we hope are well served by our collective efforts and our key stakeholders – regulators, other industry associations and most importantly the consumers whose data interests and rights we seek to protect and honour.

Charles Chemel
SACRRA Chair

STATEMENT OF THE GOVERNING BODY

For the year ended 31 December 2021

RESPONSIBILITY AND APPROVAL

The Governing Body is 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 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 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 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 Governing Body acknowledges that it is ultimately responsible for the system of internal financial control established by the Association and places considerable importance on maintaining a strong control environment. To enable the Governing Body to meet these responsibilities, the Governing Body 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. The Governing Body is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the Annual Financial Statements. However any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Governing Body has reviewed the Association's 31 December 2022 cash flow forecast and the impact that COVID-19 will have on the Association's ability to generate sufficient cashflows to meet its ordinary obligations as they arise. In light of this review, and the current financial position, they are satisfied that the Association has, or will have access to adequate resources to continue in operational existence for the foreseeable future.

Besides the disclosure in the Governing Body's report, nothing has come to our attention after the year end, that will impact on the Financial Statements presented.

The external auditor is responsible for auditing and reporting on the Annual Financial Statements. The Annual Financial Statements have been examined by the external auditors and his report is contained in the full Annual Financial Statements.

The Annual Financial Statements, which have been prepared on the going concern basis, were approved by the Governing Body on 30 March 2022 and were signed on its behalf by:

Charles Chemel
Chair

Chazlian Jaffha
Treasurer



“Everything is connected, even opposites.”





THE GOVERNING BODY'S REPORT

The Governing Body presents their Annual Report which forms part of the Annual Financial Statements of the Association for the year ended 31 December 2021.

Main business and operations

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

During the current financial year the following matter relating to the Intellectual Property of the Association occurred:

Challenge to the SACRRA's Intellectual Property

During the renegotiation of the Memorandum of Agreement between the Credit Bureau Association (CBA), the National Credit Regulator (NCR) and the SACRRA (MoA) to give effect to Regulation 19(13), the CBA has challenged SACRRA's ownership of copyright in the SACRRA Data Specification, L700v2, and claims that this is owned by some of the credit bureaus and other contributing industry participants.

It is and remains SACRRA's position that all participants that have collaborated with the SACRRA and provided input into the data formats over time have done so as Members of the SACRRA and on the understanding that this was being developed by the SACRRA as the owner thereof and as the body representing its industry Members.

The SACRRA also remains firmly of the view that the degree of change between previous data formats and the L700v2 Data Specification, and the amount of work, skill and effort expended by it in developing the L700v2 Data Specification, is significant enough to render the L700v2 Data Specification an original work for purposes of copyright, irrespective of who can lay claim to ownership of the copyright in any previous format(s).

The SACRRA approached Wim Trengove SC in June-July 2021 to provide a Legal Opinion on the copyright ownership of the L700v2 Data Specification. His views were aligned with those expressed in the aforementioned SACRRA position.

The CBA and the SACRRA entered into a mediation process which commenced during October/November 2021, with Arnold Subel SC acting as mediator. The parties are currently engaging in mediation to address the matter of ownership rights.

As an integral asset of the SACRRA and its Members, the challenge to the Data Specification is unfortunate and one that must be resolved.

The Governing Body's aim and approach for the mediation is to reach an amicable solution that would meet the needs of all our Members as a collective, and may proceed as appropriate.

Financial results

The financial results show that the Association has made a surplus during the current financial year. The Governing Body 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.

Going concern

The uncertainty caused by the COVID-19 pandemic and the ongoing mediation process with the CBA. This indicates an uncertainty that is caused by factors that are out of management's control. However the Governing Body still believes, after reviewing the budgets and the resources available to the Association, that the Association will remain a going concern for the foreseeable future. Consequently the Annual Financial Statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent liabilities and commitments will occur in the ordinary course of business insofar as it is within the Governing Body's control.

Auditors

Carlisle Financial Services continued in office as the auditor of the Association for the 2021 financial year. Auditors will be appointed annually by the Governing Body and any such appointment will be ratified at the Annual General Meeting of the Association.



Governing Body

The Governing Body of the Association from 15 October 2020 to the date of this report are as follows:

Representative	Seat
Charles Chemel	Chair
Chazlian Jaffha	Finance and Audit
Gabriel Davel	Independent
Louise le' Kay	Risk
Rubendran Naidoo	Technology
Sharief Allie	Data
Hendrik Heyns ¹	Stakeholder Relations

¹ Hendrik Heyns joined the Governing Body of the Association on the 28th of August 2021

STATEMENT OF FINANCIAL POSITION

At 31 December 2021	2021 R	2020 R
ASSETS		
Non-current assets	144 806	200 777
Equipment	144 806	200 777
Current assets	22 994 650	23 275 434
Trade and other receivables	512 121	465 210
Cash and cash equivalents	22 482 529	22 810 224
Total assets	23 139 456	23 476 211
EQUITY AND LIABILITIES		
Capital and reserves	21 293 522	19 738 185
Retained surplus	21 293 522	19 738 185
Current liabilities	1 845 935	3 738 026
Trade and other payables	1 550 358	3 395 634
Short-term bank borrowings	7 953	4 745
Provisions	287 624	337 647
Total liabilities	1 845 935	3 738 026
Total equity and liabilities	23 139 456	23 476 211

STATEMENT OF COMPREHENSIVE INCOME

At 31 December 2021	2021 R	2020 R
Comprehensive income	21 097 885	19 487 263
Gross surplus	21 097 855	19 487 263
Other income	41 935	284 867
Audit fees	(47 075)	(45 693)
Depreciation	(104 065)	(124 907)
Employment costs	(10 942 708)	(9 624 027)
Other operating expenses	(9 507 422)	(9 008 424)
Surplus from operations	538 550	969 079
Investment income	1 016 787	1 089 890
Surplus before taxation	1 555 337	2 058 969
Taxation	-	-
Surplus for the year	1 555 337	2 058 969
Other comprehensive income	-	-
Total comprehensive income for the year	1 555 337	2 058 969



OPERATIONAL PERFORMANCE

MEMBER OVERVIEW

The ongoing negative effect of COVID-19 and the lockdown period were strongly felt by the Association too. There was an overall R759 669 reduction in membership fees for the 2021 financial year due to cancellations (mergers, liquidations, business closures) and Full Members moving within the fee categories or downscaling to the Affiliate-Led Group membership category as depicted in the table:

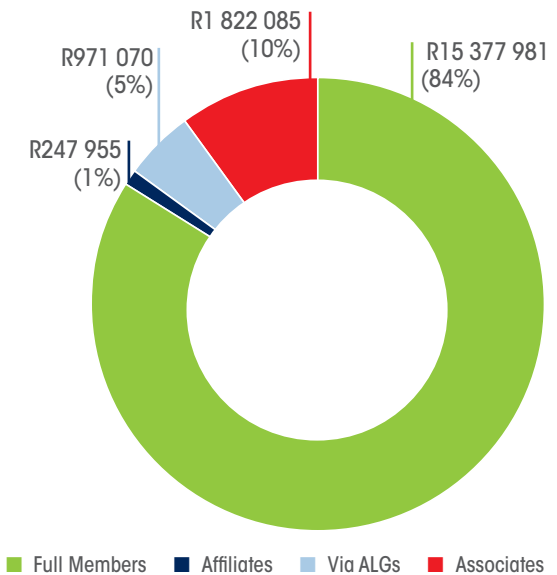
Fee Income changes	No of Members	Value
Cancelled	22	-1 225 890
Category movements	39	65 444
New Members	29	400 777
Total		-R759 669

Irrespective of the negative financial impact, the SACRRA membership base has increased with 6% from 2021 to 2022. The Full Membership category reflects an increase of 3.38%, the Affiliates a 19.23% increase with a remarkable 62.50% increase in new Affiliate Group Leaders joining the SACRRA. Once these Group Leaders completed their development, we hope to see an uptake of smaller data contributors joining through these loan management system vendors affiliated with us.

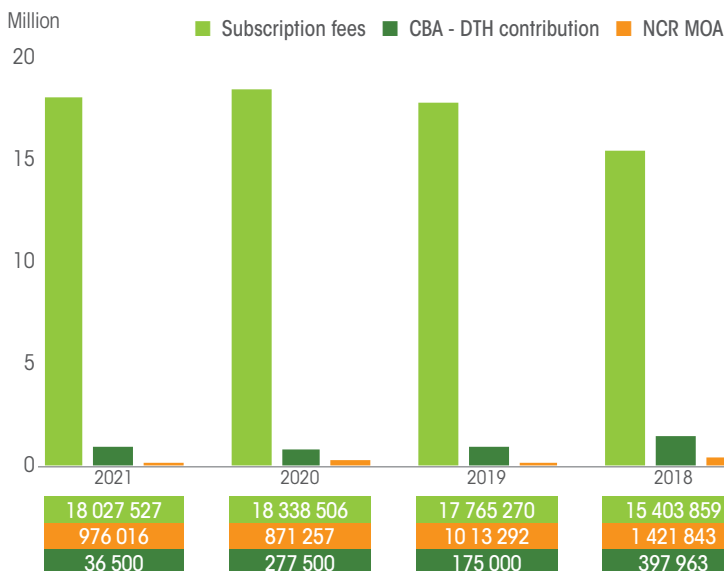
Membership Category	Member Count	
	2020	2021
Category A	54	54
Category B	16	17
Category C	57	59
Category D	34	30
Category E	20	23
Category F	56	62
Total Full Members	237	245
Affiliates	26	31
Associates	6	5
Affiliate-Led Groups (ALG)	8	13
Total	277	294

Membership Fee income enables the Office to continue driving our mission for accurate and up to date quality data and to provide the necessary services and support to our valued Members. Collectively, the Full Members contributed 84% of the total fee income. Even though the Associate Members comprise the smaller number of Members, they contributed 10% towards the total fee income.

Membership income contributions



Comprehensive income over 4 years



The comprehensive income of the Association consists of subscription fees (member contributions) equalling R18m in 2021, 50% contribution from the Credit Bureau Association (CBA) towards the co-owned Data Transmission Hub (DTH) totalling R976K for 2021 as well as the prescribed fees paid by non-members under Regulation 19(13) under the Memorandum of Agreement (MOA) with the National Credit Regulator (NCR) equalling R36 500.

OPERATIONAL PERFORMANCE

DATA QUALITY OVERVIEW

The key objectives set for the 2021 financial year were as follows:

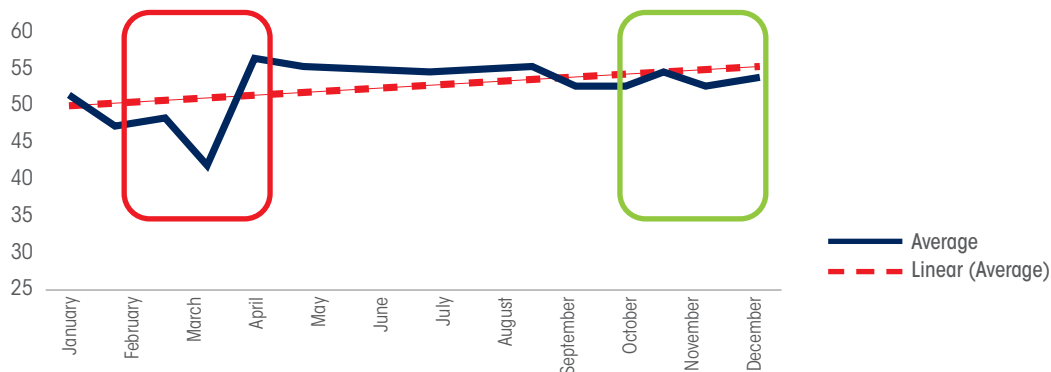
- Utilising capabilities gained from the implementation of Power BI and SACRRA Connect, perform **data analysis** to obtain data insights, establish baseline information for measuring and monitoring purposes, and allow for the informed creation and setting of key performance indicators that are achievable and measurable.
- Drive **stable** data submission volumes across all data contributors.
- **Maintain** the level of data quality carried over from 2020.
- Support member **compliance** by driving the development and testing for Project Evolution Compliance Phase.

DATA ANALYSIS AND HOW IT ASSISTED IN SUPPORTING AND MAINTAINING GOOD QUALITY AND A STABLE DATA SHARING ENVIRONMENT

- The 2020 statistics showed a potentially volatile trading period between October to December.
- This was identified as a high priority key focus area to mitigate and manage the potential risk. Additional processes and monitoring activities were implemented over this period.
- The 2021 statistics indicate the success of these undertakings in ensuring a stable reporting environment.
- Overall, the submission volumes remained rather static throughout the year. The slight visible decrease in volumes is due to known reporting anomalies impacting the calculated average and therefore overall reporting statistics.
- The average load volume reported is obtained from the reports received from the 6 NCR authorised hosting credit bureau environments.

Load Volume

Million

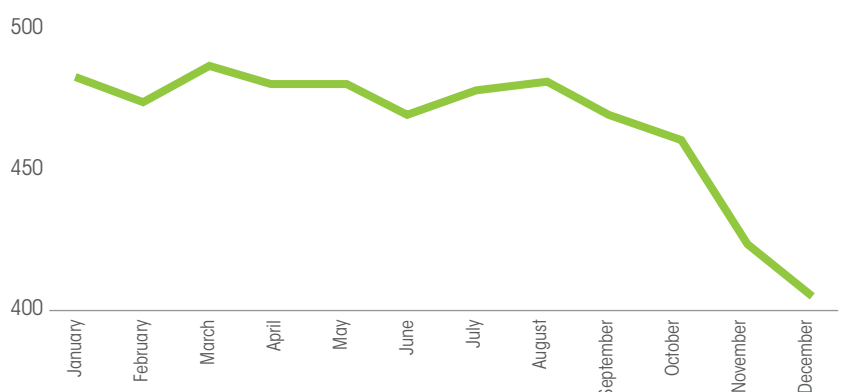


NON-SUBMISSIONS PER MONTH

Every file with its unique Supplier Reference Number (SRN) has a specific submission expectation date and status. This status is based on and calculated within the SACRRA environment on the "known" trading status of a data contributor. Therefore, every signed-off file has an attached status indicating it as "live" and therefore a monthly file submission is expected.

Where it is identified that a data contributor has ceased operations, the status of the data contributor is accordingly adjusted within the SACRRA environment.

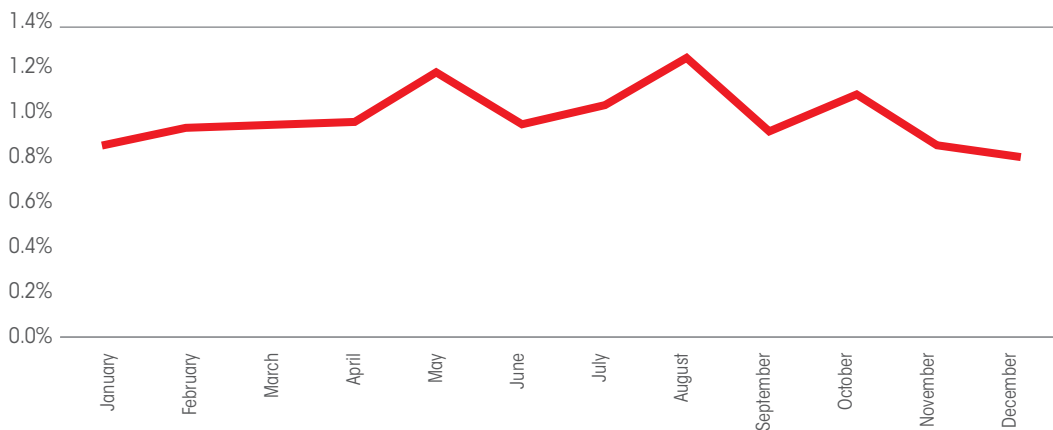
Non-submissions per month



OPERATIONAL PERFORMANCE

A visible decrease in the volume of files not being submitted can be seen in the latter part of the year. It is noticeable that approximately 400 data contributors' files were consistently not submitted throughout the year. These data contributors are primarily within the unsecured microlending industry where the data submissions are being managed by our Affiliate Group Leaders. This is a particularly challenging industry as there are continuous fluctuations in the status of these data contributors, including company's starting operations, stop trading or move between service providers.

Average Rejection %



Throughout the year rejection percentages remained below 1% which is just over 500 000 records. Visible increases in rejection volumes in May, August and again in October were due to known system reporting anomalies that impacted the overall average calculation. These volumes are, however, not indicative of the actual records rejected which is more in line with the visible trend across the rest of the year.

A combination of actions ranging from clean-up activities to data contributors being signed off and taken live under the Project Evolution Compliance Phase contributed to the downward trend in volumes toward the end of the year.



STAKEHOLDER ENGAGEMENT

Most of our engagements with our Members over the past year has been around our quality quest. We continued our bi-weekly meetings with our Associates Members where pertinent data quality matters were debated and agreed. Our Stakeholder Management team has been engaging our Data Contributing Members directly, assisting them to resolve various data quality challenges, testing files for alignment with the Project Evolution Compliance addendums, and facilitating processes and communication between our membership categories. The stability visible in the data reporting environment, especially over the festive trading period, is testament of targeted communication efforts to ensure Members are alerted of any data quality concerns. New data alerts were issued to keep Members informed as we continued with the implementation of the Project Evolution Compliance Phase. The SACRRA Office team also had numerous sessions with individual Members to provide training and understanding of the functions and information available in SACRRA Connect and how it can be used to aid in the management of data quality. Data INSight Cards were launched with the intent to provide Members with quick insights into some pertinent data matters.

The SACRRA Office also engaged various other industry stakeholders during our quest. Engagements ranged from regulators, industry bodies and individuals, all with an interest in the SACRRA cause. Specific industry associations were approached and matters relating to concerns around their data quality was highlighted and discussed. Debates on potential specification enhancements for other industry sectors took place and the SACRRA Office also presented in a digital contact session of the Microfinance South Africa on data insights for the microlending industry gained from our monitoring and reporting activities.

During the latter part of the year the Governing Body Stakeholder Relations Lead, Hendrik Heyns, was appointed. With his guidance a robust stakeholder engagement strategy for the coming years will be created and we look forward to engaging our Members and the broader stakeholder environment during our continued efforts to deliver on the SACRRA vision and mission.

OPERATIONAL PERFORMANCE

INDUSTRY SECTOR ANALYSIS

Every file with its unique Supplier Reference Number (SRN) has a specific submission expectation date and status. This status is based on and calculated within the SACRRA environment on the "known" trading status of a data contributor. Therefore, every signed off file has an attached status indicating it as "live" and therefore a monthly file submission is expected.

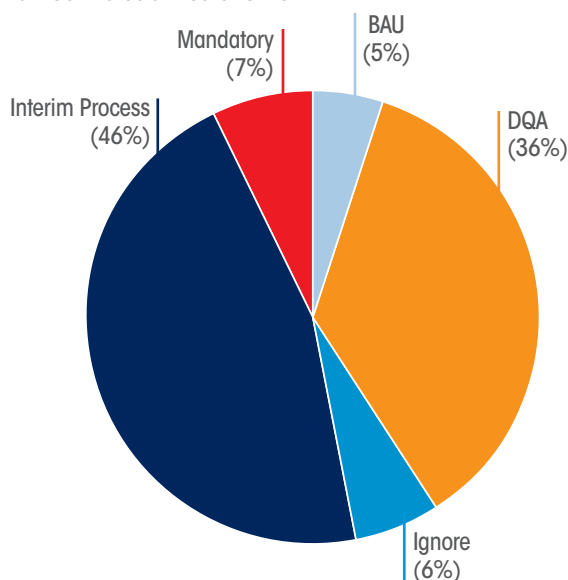
Where it is identified that a data contributor has ceased operations, the status of the data contributor is accordingly adjusted within the SACRRA environment.

Industry Sector	Records Loaded Cont %	Rejection Cont %	Number of Files Cont %
Secured Banks	32.14%	57.17%	5.60%
Retail Apparel	30.38%	17.20%	5.01%
Telecommunication	11.04%	8.36%	0.51%
Insurance	7.64%	2.35%	1.36%
Other - Debt Collectors or Debt Purchasers	4.29%	3.76%	2.02%
Unsecured	4.07%	2.98%	2.14%
Furniture Retail	3.27%	1.31%	1.83%
Unsecured - ALG	2.91%	1.53%	77.11%
Secured vehicle finance	2.31%	4.79%	0.97%
Subscription	1.05%	0.13%	0.23%
Other	0.46%	0.35%	1.09%
Secured other financial institutions	0.45%	0.07%	1.63%

As seen in the table, the Secured Banking and Retail Apparel industries remain the largest contributors of records.

The Secured Banking industry remains challenging with the highest contribution to the overall rejection rates. Concerted efforts are underway to address this in the coming year. Members within this sector have various projects underway which are expected to show an improvement in the future rejection volumes. These Members will also commence and continue with testing under the Project Evolution Compliance phase which is currently the biggest contributing factor to these high volumes.

Ad hoc file submissions 2021



A significant 77,11% of number of files are being submitted by the Unsecured sector through our Affiliate Group Leaders. These are predominantly companies within the microlending industry, where despite the large percentage contribution of files, they contribute only 2.91% of the total number of records.

BAU	Includes standard account or SRN migrations or conversions
Mandatory	Debt sold to third party and updated with Status Code A
Interim Processes	Debt sold process, Prescribed account closures
DQA	Any action to address data quality concerns, e.g., QE 1 clean ups, duplicate merges, correcting historical financial information etc.
Ignore	Files incorrectly submitted and not processed

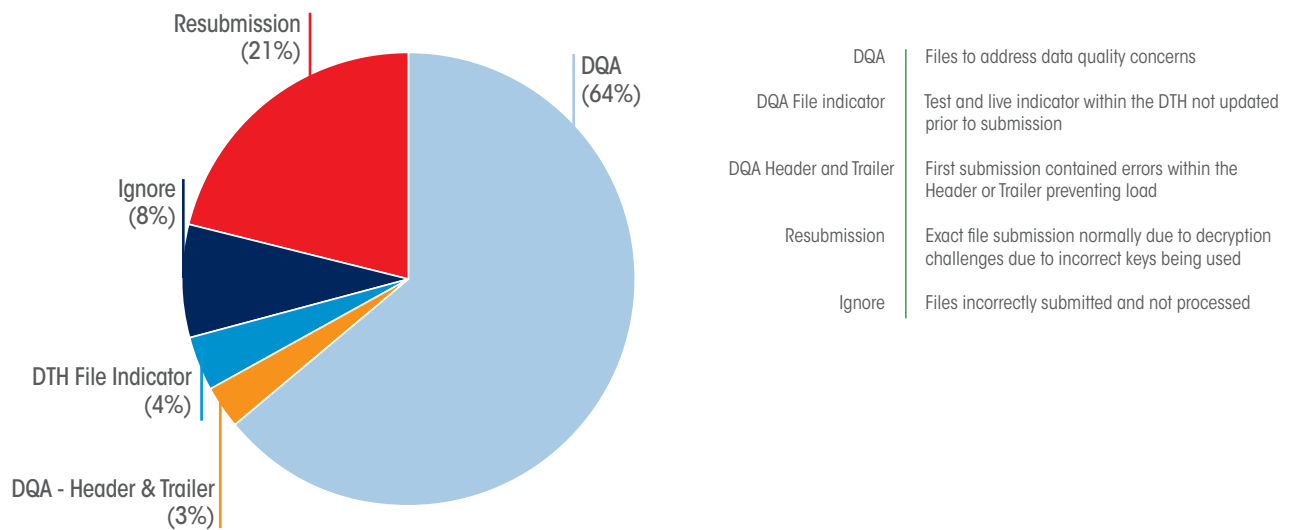
OPERATIONAL PERFORMANCE

There has been a considerable increase in the number of Ad hoc file submissions compared to the previous year. Ad hoc files indicate activities undertaken to correct erroneous data that was already submitted and loaded or to update the status of records that was not done in normal submissions.

This is a concerning trend as although it indicates Members’ efforts to ensure correct data, it is expected that data submissions should be managed to ensure the correct submission as opposed to undertaking corrective action after the fact.

Ad hoc files are extremely resource intensive to manage and create a considerable risk to industry while these files are being processed. Members are encouraged to utilise the Data Master Application (DMA) to ensure acceptable data quality prior to the submission of their live files to the DTH.

Replacement files 2021



The rectification of data quality issues has been the primary reason for the submission of replacement files throughout the year. This is a high-risk process, because Associate Members load files shortly after receiving them from the DTH, and then it often requires these loaded files to be backed out before the replacement file can be loaded. This creates a considerable risk for industry as incorrect credit and risk decisions can be made while the back out and reload process is still underway.

Members are urged to ensure the quality and accuracy of their data prior to submission.

File submission volumes

Industry Sector	Count
Other (paid up judgments)	266
Live Files	86 852
Test Files	2 621
Total	89 739

A total of 2 621 test files were submitted during the year. This was for testing Project Evolution Compliance Phase, data quality testing prior to load, new files from existing member, or new Members being onboarded.

Considering that the test process generates results from 6 Associate Member’ databases, the consolidation process is highly resource intensive and takes a considerable amount of effort and time from the SACRRA Stakeholder Managers.

In the year 2020, a total of 84 260 files were submitted compared to the increased volume of 89 739 for the 2021 reporting period. This is aligned with the year-on-year growth we have been seeing for the past several years when comparing the number of files submitted by data contributors.

OPERATIONAL PERFORMANCE

PROJECT EVOLUTION COMPLIANCE PHASE

The majority of Members going live was for the implementation of Status Code A for Sold Debt as well as the submission of the Y indicator and B Status Code where Prescription was interrupted or already prescribed.

The most files signed-off across both these Addendums to L700v2 are from the Retail Apparel sector with other signed-off files from the Retail Furniture, Telecommunications, Affiliate-Led Group Members, as well as the Other industry sectors.

Currently more than 20 Members are underway with testing and this amounts to more than 100 individual files to be tested, test results to be consolidated and the process repeated until suitable sign-off status is achieved.

This is a compliance requirement, and we therefore urge all Members to undertake their development and commence with testing as soon as possible to avoid any risk of being found non-compliant with the requirements of the NCA and the Guidelines to Regulation 19(13).

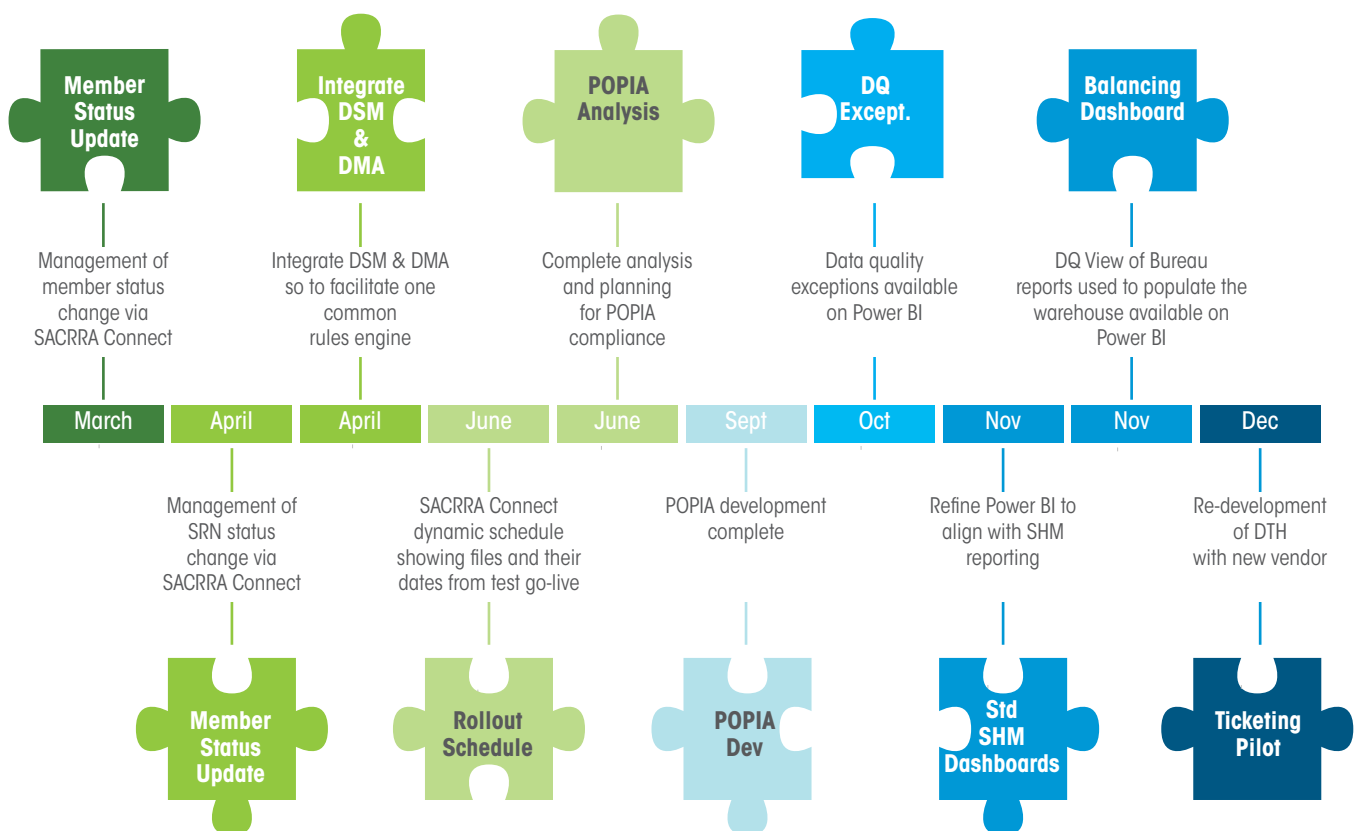
SACRRA AUTOMATION AND TOOLS

The year was a year of stabilisation and growth for SACRRA Connect and Power BI. As more and more Members signed up to this tool a number of enhancements were put in place to align the systems to new business needs.

POPIA compliance was also a key focus area, with the IT team making sure that the office infrastructure and software applications were ready for the new legal requirements.

Our established tools remained stable with the Data Transmission Hub achieving an above 99% uptime.

The key initiatives are highlighted in the timeline below:



OPERATIONAL PERFORMANCE

POPIA COMPLIANCE PROJECT

To ensure compliance with the Protection of Personal Information Act (POPIA), the Information Regulator requires all organisations to develop and implement a compliance framework including a wide range of technical and organisational security and other measures to protect the privacy rights of data subjects. Even though the SACRRA Office embarked on this compliance journey in 2016, the 2021 year was kicked off with a few workshops with security and legal experts to explore how best to gear the SACRRA Office towards POPIA compliance and to gain clarity on priorities to inform the development and finalisation of the implementation roadmap.

The approved roadmap was implemented, which included, inter alia, a gap analysis, data inventory, review of processing activities, systems, storage, data flows, approval of policies, the registration of the Information Officer, staff training, revision of supplier contracts, and the establishment of a governance committee, the Data, Information, Technology and Security Committee where one of their mandates relate to providing strategic oversight and guidance on the design and implementation of an Information Security Management system (ISMS).

Part of the compliance project was to issue memorandums to provide clarification to the SACRRA Members and/or non-members in respect of the SACRRA's role in the data sharing environment and under Regulation 19(13) and specifically regarding the Data Transmission Hub. The other memorandum dealt with obligations and responsibilities where the SACRRA acts as an Operator under POPIA in assisting data contributors and credit bureaus with the resolution of data quality issues as part of our mandate. Please contact the SACRRA Office if you have not received these memorandums.

MEMORANDUM OF AGREEMENT (MOA) FOR ONBOARDING DATA CONTRIBUTORS TO SUBMIT DATA

The initial Memorandum of Agreement between the National Credit Regulator (NCR) and the Credit Bureau Association (CBA) as the co-owner with SACRRA of the Data Transmission Hub, concluded in June 2020 but was extended to November 2020 to allow for renegotiations on a new contract.

The renegotiations continued during 2021 and an agreement was reached to do a Revival MOA in December 2021. In January 2022 the NCR proposed to do an Addendum to the Revival MOA to include data quality and non-submission reporting requirements which was developed and agreed between the CBA and the NCR. The CBA and NCR is currently reviewing these documents. Reporting workshops will be scheduled between the parties to discuss these reports going forward.

The assessment of NCR registrants as well as onboarding of parties continued during the year. We anticipate concluding the Revival MOA in due course to facilitate the publication of the Fee Guideline prescribing SACRRA Membership fees for non-members too.



“All is connected ... no one thing can change by itself.”

PAUL HAWKEN



**“ The unexpected connection
is more powerful than one
that is obvious.”**

HERACLITUS



SACRRA | CREDIT & RISK
REPORTING ASSOCIATION

www.sacrra.org.za