

QUARTER 2

August 2023

Contents

From the ED's Desk

Important dates and notices

SACRRA Support
Station Performance
Metrics

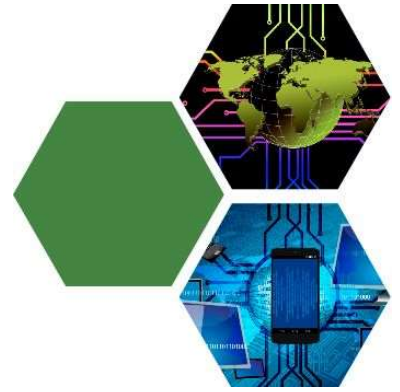
Data Submission
Statistics

Initiatives and
Projects

New Members
onboarded and
Stakeholder
Engagements

Outcome of the AGM

SACRRA NEWS



From the ED's Desk



Welcome to our second newsletter of the year. It's been an extraordinarily busy and productive quarter, some of the highlights of which are covered in this newsletter.

Collaboration and Cooperation Paying Off

Reliable systems and processes that facilitate the submission of accurate and up-to-date data are our reason for being, but we cannot do it on our own. I am glad to report that through positive engagement, collaboration and changing how we do things, we have managed to improve our response time and collectively resolve many of the data quality pain points raised by members. This includes the introduction of authorisations for replacement and ad hoc file submissions via SACRRA Connect, giving Stakeholder Managers more control over the quality of data routed through the Data Transmission Hub. The team will be reaching out over the

next few weeks to ensure that members have all the information they need to take maximum advantage of this new functionality.

Additionally, we have managed to obtain significant improvements by working closely with the CBA and our bureau members to align data quality statistics, while our warehouse has been updated to include SACRRA Support System data. We are very excited about our first dashboards in Power BI and their ability to give us better insight into what's trending and why.

Living our Values

One of the values we have adopted as a team is **Ecosystem-Centricity**, a mindset that helps ensure that everything we do is guided by the understanding and consideration that we operate in an ecosystem comprising members and stakeholders with both competing needs *and* value-adding input. I am confident that this approach will resolve the remaining historical data quality issues.

Please do reach out directly to me if you are experiencing any unhappiness and your issue has not been resolved at Team Leader or Head of Department level.

BusCRI Gets a Boost

One of our key strategic projects – facilitating the sharing of Business and Credit Risk Information (BusCRI) in South Africa – has also been boosted. A large majority of our data-contributing members have indicated that they support the initiative but would like the legal framework updated to accommodate recent legislative changes. We have therefore appointed one of the big law firms to do a legal review and opinion. Thereafter we will update the legal framework with a view to the implementation of BusCRI, particularly as it applies to the Protection of Personal Information Act (POPIA), the National Credit Act and the Competition Act. The legal review will also inform any changes to the project principles and the rules around what data can be shared and with whom.

In the interim, we are completing the operational groundwork that will allow us to capture and share sole proprietor data. We invite all our members to participate in the consortium of data contributors and hosts that have volunteered to inform the development of the funding model and agree on project deliverables. BusCRI has the potential to do for the small business sector what SACRRA has done for the consumer credit space. Our data-sharing model is widely regarded as one of the best in the business, as confirmed by a delegation from the Bank of Uganda that spent four days with the SACRRA team on a benchmarking visit in July.

Strategic Planning Process Near Completion

Further to the Strategic Planning session held in May, the key strategic objectives and measurement criteria were developed and presented to the Governing Body on 21 June, and some changes were identified to the proposed Vision and Mission. Our immediate focus now is to finalise the strategic measurements, the development of the operational plan as well as organisational structure review, which we expect to be

SACRRA has identified Five Strategic Themes that will drive its strategic efforts in the next three years...



concluded by October 2023.

Thank You, and Welcome!

Finally, a warm welcome to Illana Melzer, who was appointed Governing Body Independent Lead on 1 July. We are grateful to our members for providing their nominations and participating in the vote to fill this key role. A big thank you, too, to all our members that attended the Annual General Meeting on 18 May. I am happy to report that all motions tabled were passed.


It also gives me great pleasure to welcome Data Specialist Tebogo Mokgonyana (right) to the team. Tebogo’s extensive knowledge in credit vetting, customer acquisition, collections, customer management, and credit bureau management will be key to helping us realise our strategic data goals.



Sincerely

Magauta Mphahlele

Magauta Mphahlele



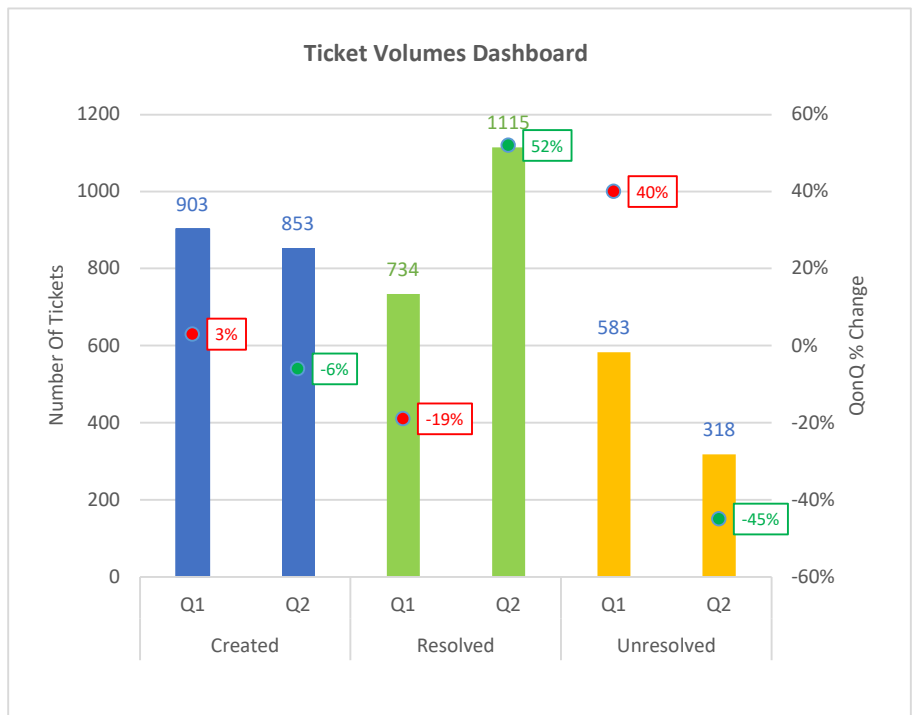
Dates / Notices

The Governing Body’s re-election process for those roles reaching their end-of-term, commences soon. Certain existing Governing Body members have indicated their availability for re-election. Members will be approached to submit nominations for the vacancies.

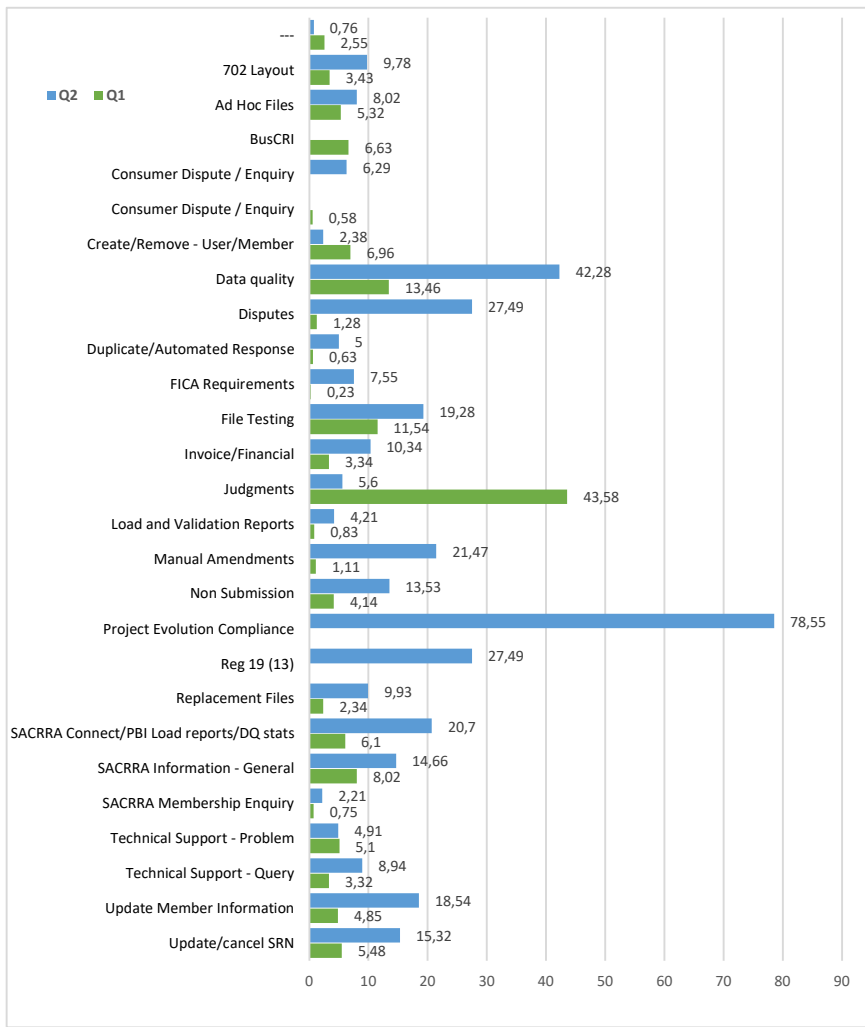
SSS Performance Metrics

The SACRRA Support Station (SSS) was developed to enable SACRRA members to log and track queries. Even though there were fewer queries logged during the second quarter, the number of unresolved tickets was reduced, and there was a 52% increase in the number of tickets resolved.

Our focus in Q2 was on ticket resolution, and this has resulted in a marked increase in the number of tickets resolved quarter on quarter.



SSS Average Response Time by Type



While we made good progress on resolving long outstanding tickets, our turnaround seems longer because it was stretched by old tickets being resolved. The most common issues pertained to data quality, followed by disputes and updating or cancelling of Supplier Reference Numbers (SRNs).

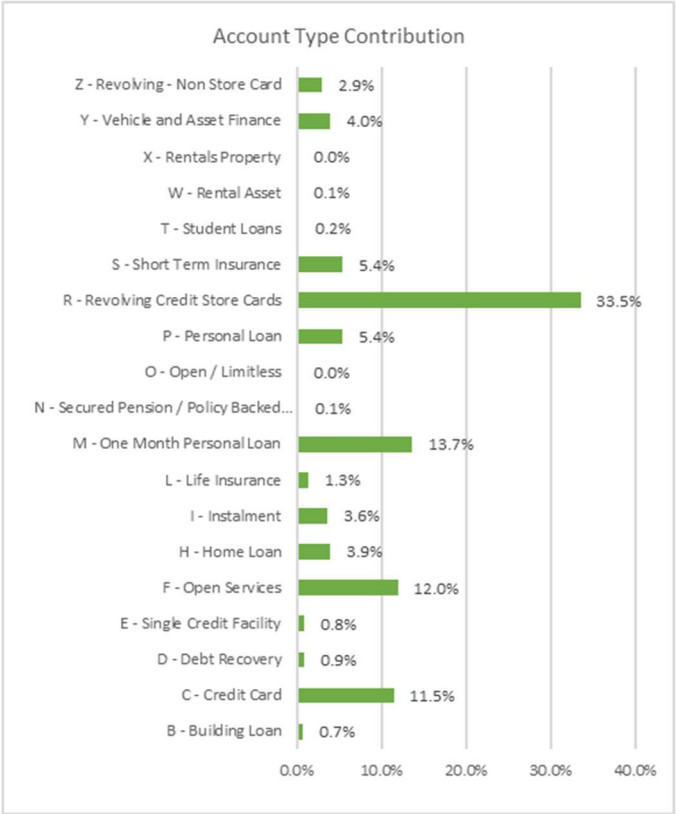
The trends will be used in future to inform the publication of Data INSight Cards or Circulars or to convene training workshops to provide clarity on pertinent issues and/or process requirements.

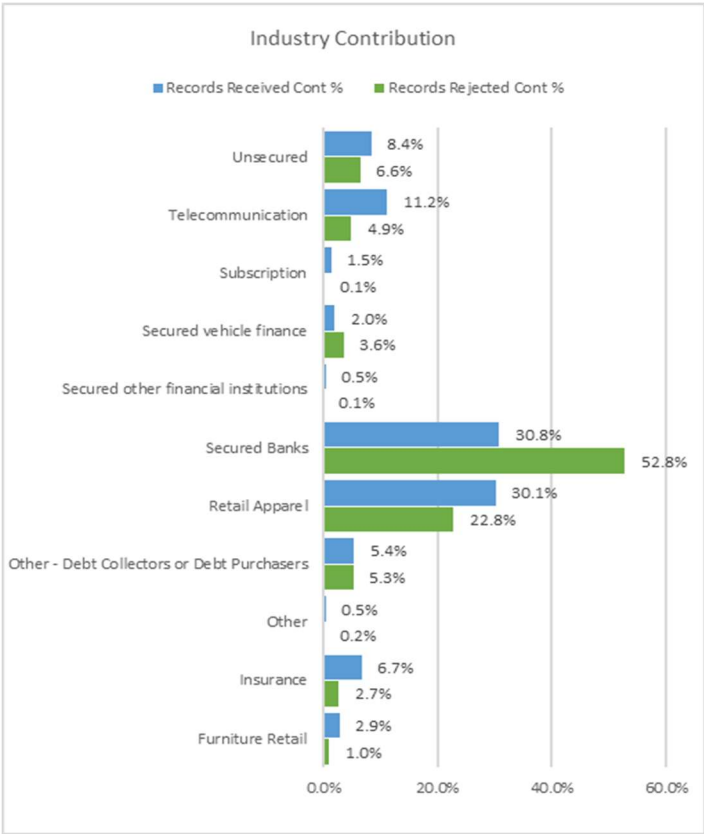


Data Submission Statistics

From 1 April 2023 to 31 June 2023, an average of 56,4 million payment profile lines were submitted each month via the Data Transmission Hub to all the bureaus. An average of 448 000 records were rejected, representing a rejection rate of 0,80%. This is slightly higher than the previous quarter due to an anomaly in the Retail Apparel sector. This has been resolved and is not expected to reoccur.

Average Records Submitted	Average Records Rejected	Average Rejection %
Q1: 54.5m	Q1: 366K	Q1: 0,67%
Q2: 56.4 m	Q2: 448K	Q2: 0,80%





The previous table shows the contribution of submissions by account type, with the largest contributor in terms of volume being the revolving store card product, followed by personal loans (one month and longer terms).

Sector Contribution to Records Submitted

Retail apparel and secured banks contributed the most records by sector, with the largest contributors towards rejected records being the secured banks.

This is a focus area for the banking sector, and the contribution has improved slightly compared to the first quarter. Continued improvement is anticipated going forward.



Initiatives and Projects

The Joint CBA/SACRRA Paid-up Judgment Submission Project

SACRRA and the Credit Bureau Association (CBA) are embarking on a joint project to ensure that all industry Paid-up Judgments (PUJs) are sent via the Data Transmission Hub (DTH), through the population of a CBA Webform. The Webform has been designed by the CBA and implemented on their SFTP platform. Data contributors are already using the CBA platform for the submission of manual amendments to the credit bureaus, and this platform has now been extended to include PUJs.

Meetings have been held with several members to participate in the pilot, and to start testing and using the solution in anticipation of the planned bulk upload solution. The project roll-out date for all data contributors to be onboarded will be communicated in due course.

Automation/IT projects

A number of IT initiatives are underway that will have a positive impact on our data quality.

These include the introduction of authorisations for replacement and ad hoc file submissions. This authorisation will be done via SACRRA Connect. This means that unless a Stakeholder Manager has authorised the submission, the file will not be routed through the Data Transmission Hub. This initiative is planned to go live within the next few weeks, and members will receive more information on how to use this functionality shortly.

We have worked closely with the CBA and our bureau members to align data quality statistics, resulting in significant improvements.

Our warehouse has also been updated to include SACRRA Support System data, and we have built our first dashboards in Power BI that will give us better insight into trending and analysis of these statistics.

Business Credit and Risk Information (BusCRI) Initiative

We are excited to share with you the progress and developments of the BusCRI initiative. In 2011, the National Treasury, along with key stakeholders such as the Department of Trade, Industry and Competition (dtic) and the National Credit Regulator (NCR), recognised the importance of establishing an initiative that promotes business credit information sharing, especially for small businesses.



After a series of workshops and collaborative efforts, the Founding Members of BusCRI expressed their support for the creation of a collectively reported commercial database. The goal was to facilitate the reciprocal sharing of standardised, high-quality credit and risk business data. This initiative aimed to accelerate financial inclusion and benefit both the formal and informal business sectors.

Over time, representatives from the Founding Member companies and the SACRRA Office worked diligently to establish a legal framework and project principles for BusCRI. Additionally, they developed a comprehensive Data Specification that caters to commercial product offerings and B2B lending information requirements. The Data Specification underwent revisions to include agricultural products, which was subsequently endorsed by the National Credit Regulator.

Unfortunately, due to various factors such as the COVID-19 pandemic and internal business priorities, the progress of BusCRI in terms of data input and output development was not as anticipated. However, recent engagements at the executive and association-wide level have prompted a review of the Legal Framework, particularly in light of the Protection of Personal Information Act (POPIA) and Competition law. To ensure that the implementation of BusCRI has a solid foundation, a reputable legal firm has been contracted to provide a legal opinion.

The legal opinion will focus, inter alia, on the following key considerations:

Competition Act: To assess the impact of information sharing among competitors and to ensure compliance with these regulations. To provide guidance to help determine which information can be shared and what controls can be implemented to mitigate competition law risks.

POPIA: To consider the eight conditions for lawful processing of personal information, the roles of the parties involved and whether the approved Code of Conduct under the Credit Bureau Association can be utilised to cover business information under POPIA.

National Credit Act (NCA): The application of the NCA, particularly regarding consumer and credit agreements for both natural and juristic persons, is to be assessed. Given that the NCA may have limited or no application to juristic persons, the confidentiality provisions in section 68 of the NCA are to be considered.

In addition, the law firm to consider any alternate legislation or legal obstacles that may impact the project's success. It is crucial to have a comprehensive understanding of applicable laws and potential legal implications as the opinion will inform the development of a Legal Framework. The Framework is to provide adequate protection from a legal risk management standpoint and ensure compliance with relevant legislation associated with this initiative.

We are committed to addressing all legal considerations and creating a secure and legally compliant environment for the BusCRI initiative. The opinion will also inform any changes to the project principles and/or Data Specification and/or processing and sharing rules.

While we await the completion of the legal opinion, our focus lies on finalising the development of the Data Transmission Hub, reviewing policies and SOPs, updating rules in the DMA/DSM, and engaging in acquisition and onboarding activities within the scope of Regulation 19(13) relating to sole proprietor data.

To drive the implementation of this initiative, we are establishing a consortium of data contributors and hosts to inform the development of a funding model and agree on project deliverables. The active participation of our members is crucial for the development and submission and/or receipt of data extracts.



We invite all interested members to get involved and contribute to the success of BusCRI. If you would like to learn more or join the initiative, please contact our office at sacrra@sacrra.org.za using the subject line "BusCRI".

Together, let's create a groundbreaking platform for data sharing and drive financial inclusion for small businesses.



New Members Onboarded & Stakeholder Engagement

Welcome to Our New Members

Five Full Members in category F joined in June as well as two new Group Leaders. We look forward to completing their onboarding and increasing the data pool with good quality data, and also reaching more smaller lenders via our new Group Leaders.

Unfortunately, in the first six months of the year, we lost revenue in terms of member cancellations as well as movements between the membership fee categories:

ALG Leader	Apr	May	Jun	Total
ACPAS	2	1	1	4
Calidad Technology CC	1	2	1	4
Experian	12	15	13	40
DelterIT	70	68	62	200
Ke Concepts (Pty) Ltd		1		1
Modality Apps (Pty) Ltd		2	18	20
Mycomax	4	6	5	15
Paypocket (Pty) Ltd	2		1	3
Grand Total	91	95	101	287

Fee Income Changes	No of Members	Amount
Total Cancellations	15	-R 669 463
Total Movements within categories	15	R 93 376
Total New Members	20	R 362 485
Financial Impact		-R 213 602

This table reflects the number of new Supplier Reference Numbers (SRNs) requested by Affiliate Group Leaders during the second quarter. There is a steady growth in Affiliate-Led Group (ALG) Membership.

Buy Now Pay Later Product Reporting

The SACRRA Office, Associate member representatives and the CBA Office met in June to discuss and agree a way forward on various data anomalies as well as new products introduced into the market and the reporting thereof.

A non-binding opinion was received from the NCR on Buy Now Pay Later (BNPL) products. After further collaboration with affected members to reach agreement on these submissions, a member circular on the treatment and reporting of this data will be circulated.

NCR and Stakeholder Collaboration

The SACRRA Office presented at two NCR industry workshops on Regulation 19(13) Compliance in which the importance of continued data submissions and payment of Group Leader fees (under the ALG membership) were stressed.

Additionally, the Executive Director presented on the *Future of Data: the importance of data and regulatory requirements* at the MFSA’s Digital Transformation Workshop on 6 July.

The SACRRA team also hosted the Bank of Uganda for a benchmarking visit during 10-14 July 2023.

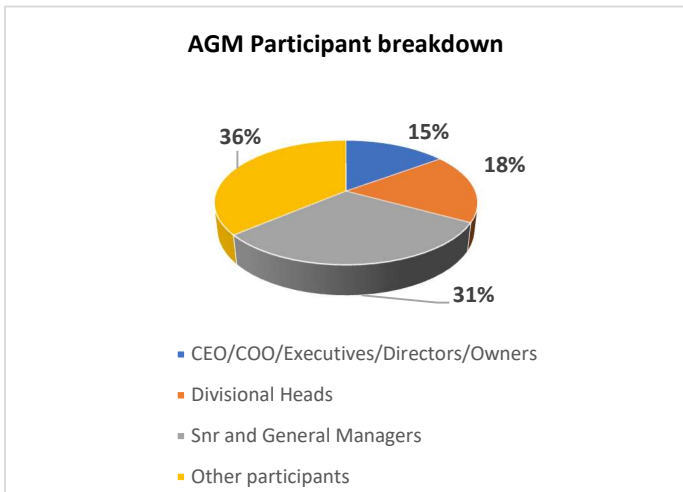
Bank of Uganda, NCR and SACRRA delegates >



Outcome of SACRRA AGM

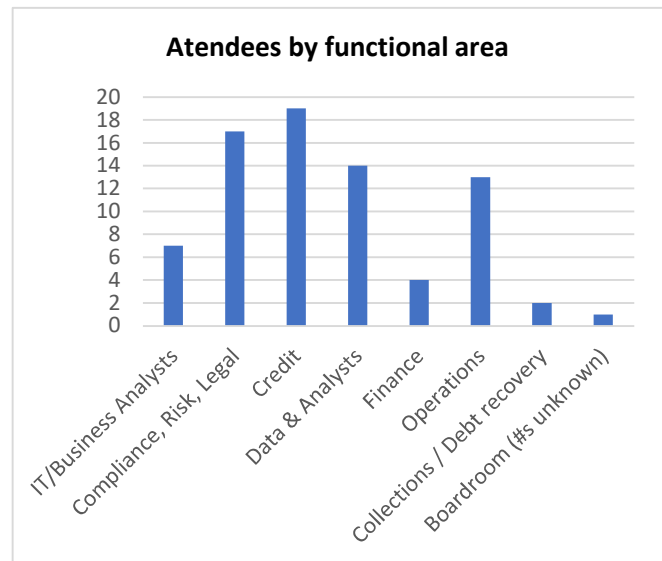
The Annual General Meeting was held on 18 May 2023, and the Governing Body and Office would like to express our appreciation to all the members who attended, participated and cast their votes on the motions tabled (all passed).

The meeting was well attended and represented as indicated below:



“Very Insightful information, thanks for the awesome presentations all ...”

“That was a really good AGM.”



“THE DATA AND PMT WORLD WILL MOVE IN TANDEM IN THE VERY NEAR FUTURE...let us be super creative.”

Members and guests enjoyed an insightful interview between our new ED and Wendy Knowler of Consumer Watch regarding Magauta’s journey from consumer to data champion. A big thank you to our guest speakers, Shergeran Roberto Naidoo, Head: Stakeholder Engagement and Nkateko Mabaso, Chief Risk Officer at Bankserv, who shared pertinent information on the Rapid Payments programme and the recent launch of PayShap. Please join us for our next Member Meeting in October. Invitations to follow shortly.

CONTACT US

SACRRA Support Station: sacra@sacra.org.za

Phone: 087 701 3254