

Spring 2014 • Volume 48

ADRA LINK



ASSOCIATION OF DEBT RECOVERY AGENTS NPC

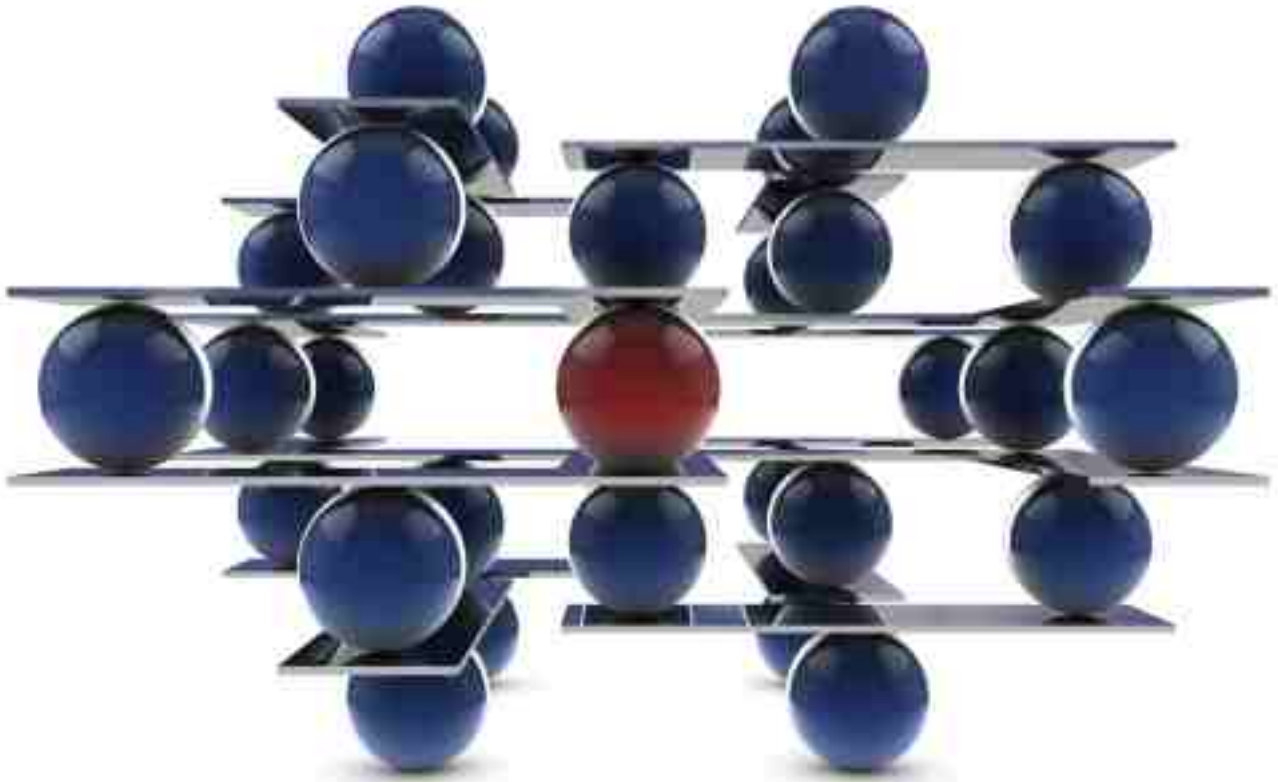


*the latest in your
'recovery' circles*

Women's Month edition

Real Pay

Your Payments Specialist



NAEDO COLLECTIONS

perfected

since 2006

South Africa | Namibia | Botswana | Swaziland

The most advanced collections solution in Africa

www.realpay.co.za | +27 (0)83 657 9136 or +27 (0)12 347 0729



BOARD MEMBERS

CHARL VAN DER WALT

011 560 6112

charlvd@mbdcs.co.za

ARNOLD OLIVIER

018 294 1000

oliviera@vericredonline.com

MARIUS JONKER

041 399 7600

jonker.m@randw.co.za

STEPHEN LINDSAY

043 702 4600

slindsay@dmc.co.za

BAKER MASEKO

012 432 5000

baker@nics.co.za

AMANDA OOSTHUYSE

011 491 8820

Aoosthuyse@edcon.co.za

THINUS NORTJE

011 359 7003

thinus@htnattorneys.co.za

JULIE WIGGINS

021 405 5700

jwiggins@itcba.co.za

MARINA SHORT

010 590 9505

marina@cpbonline.co.za

CLYDE JOHNSTON

011 877 0200

[Honorary Member]
clyde@johnstonandpartners.co.za

EUGENE JOUBERT

011 760 4106

[Honorary Member]
eugene@rebels.co.za

IN THIS ISSUE

ADRA PRESIDENT'S REPORT	4
AGM2014	5
NEWS FROM THE COUNCIL	6
FASSET KEEPS YOU IN THE PICTURE	7
FROM THE CREDIT OMBUD	8
INTERNATIONAL NEWS	9
FOCUS ON WOMEN IN DEBT	10
MCS DEBT RECOVERY	11
FINANCIAL WELLNESS OF HOUSEHOLDS	13
ADRA IN MOTION	15
NATIONAL ROADSHOW SPONSORS	18
THE SPRINGBOK IS DEAD	20
ADRA ROADSHOW	23

The view expressed in the articles and letters are the responsibility of the respective authors and are not necessarily those of ADRA or its Board. The acceptance of advertisements does not necessarily indicate editorial endorsement

ADRA SECRETARIAT OFFICE

Colin Carmichael | P. O. Box 3476 | RANDBURG | 2125 • Tel: 011 476 4922 | Fax: 086 612 1579 | 011 476 4920
Email: info@adraonline.co.za | Website: www.adraonline.co.za



CHARL
VAN DER WALT

ADRA PRESIDENT'S REPORT

The second quarter of 2014 has been as eventful and challenging as the first quarter. Industry legislation continues to evolve at an alarming pace and all members are cautioned to stay abreast of developments as these developments must form part of future operational planning. The ignorant will most definitely be left behind as recent developments demand operational and compliance change.

The most prominent development for our industry remains the promulgation of the National Credit Act as amended by the National Credit Amendment Bill, and more particularly the introduction of section 126B thereof. The bill was signed off by the president but the implementation date has not yet been set as the implementation is dependent on the regulations to the act which are nearing completion. ADRA is actively participating as a member of the Credit Industry Forum in deliberating the content of the regulations. Alongside the regulations an industry Code of Conduct is being deliberated which will eventually also be elevated to the status of statutory regulation. More detail appear elsewhere in this publication on ADRA's continued active involvement in these deliberations.

A set of Draft Regulations dealing primarily with the affordability assessment of consumers at the origination of a credit agreement, credit bureau data and the extended operations of the Consumer Council was published on 8 August 2014 for public comment.

The Magistrates Court Act and Rules has been amended. The most notable feature is the removal of any doubt on who may grant default judgements. Only a magistrate (and not the clerk of the court as well) may grant default judgement in future. These amendments will result in an increased administrative burden on members involved in debt enforcement via legal action, an increase in legal costs and an extension of turn-around times of court process. It is anticipated that the industry Code of Conduct referred to above will contain additional requirements for default judgements and emoluments attachment orders being granted.

The PSSF is still pushing ahead with its mandate from the Reserve Bank and all indications are that Non Authenticated Early Debit Orders (NAEDO) will be abandoned in favour of only Authenticated Early Debit Orders (AEDO). ADRA continues its active participation at the PSSF and members will be kept advised of progress made on this front. The current deadline for the PSSF to present a solution to the SARB is May 2015.

In the face of the legislative and regulatory pressure bearing down on our industry, consumer indexes indicate that household vulnerability is increasing rendering it more difficult for consumers to meet their growing debt burden. According to the Momentum/Unisa Household Wellness Index the Anchored Unwell and Drifting Unwell income groups, comprising 38.4% of all households, has a debt to income ratio of 185% and 145% respectively. The bulk of debt enforcement action is taken against consumers/households in this category.

On the positive side, ADRA appointed Marius Jonker as CEO with effect from 1 August 2014 and ADRA will in future have a full-time and dedicated representation in its various projects. ADRA is in deliberation with the Credit Providers Association in attempting to develop structures through which ADRA members can directly report to credit bureaux. Should this be successful ADRA members will be able to get access to payment profiles of consumers which will be of great assistance in their core business. In consultation with ADRA Centracom developed additional products in the telecom space and preliminary tests results of a random telephone number generator were very positive. This product will drastically improve productivity of members. We especially wish to thank Arnold Olivier and his staff at VeriCred for facilitating the testing hereof through one of their call centres. The industry benchmarking project conducted in conjunction with UNISA is gaining momentum and we are in a test phase in which four ADRA members are participating. The purpose of the test phase is to ensure that all relevant data is obtained and that once it is rolled out to all members that the process of providing the data required is as painless as possible.

Following on last year's successful 25th AGM and in an attempt to make ADRA more accessible to all members the 2014 AGM will be hosted in Cape Town on 8 October 2014. Not only will it be the first AGM to be hosted outside of Gauteng but the format will be different and more interactive. The AGM also coincides with the annual convention held by Institute for Municipal Finance Managers which is an event not to be missed. The question on how to deal with the R94bn arrear municipal debtors books will feature very prominently at this convention and the CEO of IMFO has challenged ADRA and its members to participate in finding a solution.

Hope to see you all at the AGM
Best Regards
Charl

THANK YOU TO REALPAY FOR SPONSORING OUR KEYNOTE SPEAKER FOR OUR AGM2014

Thanks to a substantial sponsorship by our president, Charl Van Der Walt and MBD Credit Solutions we were able to celebrate our 25th anniversary and AGM on the sky-roof of the luxurious and prestigious venue, The Venue, World Trade Centre in Santon. We are equally proud to announce that the 2014 AGM will be hosted on 8 October 2014 at the equally impressive venue, The Hathersage, in the picturesque Summerset West. It is the first time that the AGM will be hosted outside Johannesburg. The AGM coincides with the Institute of Financial Managers annual conference hosted in Cape Town from 7 to 9 October 2014. Members attending the AGM are encouraged to also visit the IMFO conference as it will be an ideal opportunity to network with key decision makers in this substantial segment of our members client base.

We are proud to further announce that we have secured the services of Mr. Daniel Silke to appear as keynote speaker at the 2014 AGM. Mr. Silke is a foremost South African political analyst and world renowned keynote speaker on this topic. Unlike most doom and gloom profits he recognises the positive and potential as well, and is sure to deliver some interesting perspective on

and insight in the SA political scenario. We thank Real Pay for their very gracious offer of, as was the case in 2013, sponsoring the cost of this prestigious keynote speaker.

The format of the AGM will be more interactive with extensive participation from the floor and extended networking opportunities. A panel of experts will attend to all questions posed by members. Members are requested to communicate specific questions and/or topics to the ADRA office in order to ensure in advance that the panel is composed of experts on topics relevant to our members. With the deluge of game changing legislation introduced during the past year it promises to be a controversial and informative session.

Members traveling to Cape Town for the AGM must please inform the ADRA office by no later than 22 September 2014 should they require transport from the airport to the venue and back to the airport following the AGM.

The 2014 AGM promises to be an exceptional event adding real value to our members. We hope to see you all there.

Real Pay as strategic partner elevating ADRA to new heights

Real Pay has been actively involved with ADRA as an industry sponsor and contributor since 2008.

During this time, numerous ADRA members have benefitted from our advanced payments system with success stories in abundance.

Most recently, ADRA made a decision to ease the payment of membership contributions by making use of the Real Pay payments system.

Real Pay offered their services to ADRA at no cost; therefore, giving ADRA members the option of paying their membership fees via a NAEDO debit order on a once-off or monthly basis.

Real Pay is looking forward to building on the already successful relationship with ADRA and its members. We are committed to continuing our specialised payments input to the industry and offering optimised solutions to users across Africa.

Real Pay
Your Payments Specialist

“Real Pay is looking forward to building on the already successful relationship with ADRA and its members”



NEWS FROM THE COUNCIL

After a 6 month period in which no appointments were made for the vacancies on the Council, the Minister of Justice and Constitutional Development appointed new members to the Council on 20 May 2014.

The members appointed until 3 March 2015 is:

- Ms S Machaba as Chairperson appointed in terms of Section 3(2)(a)
- Mr P du Rand from the Department of Justice appointed in terms of Section 3(2)(b)(iv)
- Ms J Ntsingila a Magistrate from Pretoria nominated from the Magistrates' Commission and appointed in terms of Section 3(2)(b)(i)
- Ms J Wiggins as a debt collector nominated by ADRA and appointed in terms of Section 3(2)(b)(iii)
- Mr A Olivier as a debt collector nominated by ADRA and appointed in terms of Section 3(2)(b)(iii)
- Ms M Viljoen nominated by a organisation representing consumer affairs and appointed in terms of Section 3(2)(b)(V)
- Mr D Lamola as a debt collector, nominated by NAMA and appointed in terms of Section 3(2)(b)(iii)

The three remaining members not appointed at this stage terms of office also expire on 3 March 2015, those three members are:

- Mr j van Rensburg a attorney nominated by the Law Society and appointed in terms of Section 3(2)(b)(ii)
- Mr B Maseko a debt collector nominated by ADRA and appointed in terms of Section 3(2)(b)(iii)
- Mr C Senzani appointed in terms of Section 3(2)(b)(iv)

Steps to have the members appointed for a 3 year period as

provided for in the Act has already been instituted.

Even though there was no Council for the period 1 December 2013 to 20 May 2014, the day to day activities of Council continued unabated and without any incident. For this achievement I congratulate and thank the dedication and commitment of the staff.

Legislation

The substantial amendment Act is still on the judicial program for this year, indications are that it should be promulgated during the course of the year.

Challenges

The Council's website has become outdated due to the language in which it was originally programmed. Instruction has already been given to a service provider to redesign the website as a matter of urgency. The website will be replaced as soon as this has been completed and tested.

The changes to the Mora interest rate from 15.5% to 9% has been incorporated into the software program developed and distributed to entry level collectors.

The issue surrounding the debate around prescription, after the changes to the NCA and the possible impact on the way in which debt is collected, is being monitored by the Council.

A CORNELIUS
CHIEF EXECUTIVE OFFICER
COUNCIL FOR DEBT COLLECTORS



Customize and build your way to debt collection excellence with VoyagerNetz Enterprise

For more information call us on 086 111 2556
or e-mail sales@microworks.co.za

VOYAGERNETZ 5

www.voyagernetz.com

© 2014 VoyagerNetz. All Rights Reserved. VoyagerNetz is a registered trademark of Microworks (Pty) Ltd.



FASSET KEEPS YOU
IN THE PICTURE

FASSET RESTRUCTURES

The Minister of Higher Education and Training, Dr Blade Nzimande released the White Paper for an integrated Post-school Education and Training System on 16th January 2014. The White Paper provides a blueprint for creating a post-school education and training system over the next twenty years. The Department of Higher Education and Training (DHET) is developing the roll-out plan.

Recognising the need to ensure that Fasset is closely aligned to the White Paper, Fasset recently undertook an exercise to assess whether its areas of strategic focus are aligned to the White Paper. The process revealed the need for a much stronger focus on research, monitoring and evaluation. Although Fasset has been involved in research since inception, the Seta has never had a very strong focus on monitoring, evaluation and impact.

Responding to this challenge, Fasset has restructured. Fasset has established a Research, Monitoring and Evaluation Department and a Processing and Quality Assurance (PQA) Department. The role of the Projects Department has also been expanded.

Headed up by Lauren Derman, the Research, Monitoring and Evaluation Department will assess the impact of Fasset interventions, enabling Fasset to make more informed strategic decisions in terms of where the Seta will direct funding in the future. In addition, the department will focus on producing research for the sector and for the DHET; it will also update Fasset's Sector Skills Plan on an annual basis.

The Processing and Quality Assurance (PQA) Department is headed up by Natércia Faustino. The grants processing portion of the previous Skills Planning and Quality Assurance and Learnerships Departments have been amalgamated, and now

fall under the PQA Department. This change is expected to streamline the processing of learnerships and grants.

The quality assurance function will reside in the PQA Department. In addition to fulfilling the traditional quality assurance function of accrediting providers, the department will also be responsible for quality-assuring Fasset's internal audit function. The emphasis on the internal audit function will be on ensuring that Fasset is meeting all of its legislative requirements and working towards best practice across all departments. This growing area at Fasset has also been tasked with quality assurance in terms of whom Fasset allocates money to. Projects will be assessed to establish whether project money is being used wisely and efficiently. Organisations, which have received grants, will be assessed to ascertain whether these are being used for the purpose for which they were intended, and whether these grants are having an impact on skills shortages within the organisation.

Fasset has always had a Projects Department. This department is headed up by Tania Lee. As a result of restructuring, all projects, including projects that previously fell within the scope of the Skills Planning Department, and projects, which fell within the scope of the QAL Department, have been integrated into the Projects Department.

It will take time to fully implement all of these changes. However, once implemented, restructuring will create efficiencies which will enable Fasset to deploy its resources optimally. It is important to note that the benefits our stakeholders currently enjoy will not change and we will be using this focus on research to better define our strategy.



FROM THE CREDIT OMBUD

The office of the Credit Ombud's annual results show that 5 878 disputes opened in the office during 2013. The 2013 financial year saw a 6.67% increase in the number of disputes opened as compared to 2012 with the office closing 7 164 disputes, an increase of almost 40% when compared to the previous year.

The Credit Ombud's office is an independent and impartial body which assists to resolve the complaints consumers may have with credit bureaus as well as non-bank credit institutions such as clothing and furniture retailers, micro financiers and motor and housing financiers.

'Last year we recovered a record figure of R3.78 million for consumers. This figure is made up of amounts refunded to consumers, debts written off and accounts adjusted in favour of consumers,' says van Schalkwyk. 'This is money that makes a real difference to consumer's pockets, especially in this tough economic climate,' he adds.

On average it took 47.7 days to resolve disputes, with each dispute costing in the region of R2 199.

Non-bank Credit Disputes

There has been a continued increase in the number of disputes in the non-bank credit category, with 3 483 disputes opened in 2013. This amounts to a 57% increase when compared to the previous year, with an average of 290 cases being opened each month.

Complaints about emolument attachment orders, which was a much talked about and researched topic in 2013, also increased by 53% when compared to 2012. 'A considerable amount of work went into investigating practices around emolument attachment orders in a bid to stamp out abuse and ensure fair treatment of consumers. The Emolument Attachment Order Task Team, as well as other committees, were all working hard to resolve the problems in this space. We hope that work done will soon result in a much improved system to benefit both consumers and business,' states van Schalkwyk.

Credit Information

The office opened 2 265 credit information disputes in 2013, a decrease of around 19% when compared to the previous year. On average 189 disputes were lodged each month, with a

majority of these disputes falling in the 'insufficient/incomplete credit information' category. 'This category of complaints, although still coming out as one of the most common type of complaints for 2013 where credit information is concerned, decreased by 30% when compared to 2012. This speaks to the improved integrity of credit bureau information and the fact that credit bureaus are doing a good job in resolving such complaints' notes van Schalkwyk.

The categories of 'prescription of debt' disputes and 'granter not supplying accurate information' disputes showed significant growth, but constitute a small percentage of complaints in this department. 'The National Credit Amendment Act which was recently signed into law will definitely aide consumers when it comes to the unfair practice of listing and collecting on prescribed debts as it has increasingly become a problem that consumers were faced with,' he adds.

Debt Counselling

The withdrawal of the Credit Providers Code of Conduct by the National Credit Regulator (NCR) last year had a significant impact on the operation of our office. As a result of the withdrawal, it was agreed that the office of the Credit Ombud would no longer deal with debt counselling complaints and the last complaints were accepted in June 2013.

As a result, a total of only 130 debt counselling disputes were opened in 2013. All matters relating to debt counselling, totalling 249 for the year, were finalised by December 2013. The NCR and the Credit Ombud have an agreement in place where all further disputes of this nature are referred to the NCR.

Consumer Education and Awareness

Consumer education remains one of the priorities which requires attention in the credit industry in order to address issues such as over-indebtedness in this country. One of the mandates of the Credit Ombud is to educate consumers on finance and credit related matters. Last year the office embarked on a new education strategy and formulated a training course that would benefit employees. 'We realised that the information we shared with consumers during our workshops would be beneficial more so to credit active employees as they are more inclined to have credit related problems,' says van Schalkwyk.

As a result, the Credit Ombud spent a good part of last year formulating a training strategy and material that was tailor made for employees.

In addition to delivering well packaged training material, part of the training includes conducting pre-workshop surveys which compare delegates' knowledge and understanding of financial products to the results obtained by the Human Sciences Research Council when they conducted the same survey on the South African market.

'After conducting the first pilot in August last year, we went on to conduct numerous sessions which all received raving reviews from the delegates and participating credit provider management teams alike,' adds van Schalkwyk.

2013 marked a turning point in the credit industry with many legislative changes being introduced and implemented. 'These changes will certainly change and shape the way our office operates in the future and will definitely benefit consumers in many ways. Our office remains committed to serving consumers and credit providers and being a leading body within the credit dispute landscape,' says van Schalkwyk.

Manie van Schalkwyk's tenure as Credit Ombud will come to an

end at the end of this year after serving in this position since the inception of the office in 2004. "It is a great privilege to work in this environment and to feel that one makes a difference in people's lives. The work is very rewarding and although we have made a significant impact in the last 10 years, there are still some challenges that needs attention. I am sure the person who will follow me as Ombudsman will have the correct skills to take the organisation to the next level,' adds van Schalkwyk.

The office of the Credit Ombud offers consumers assistance free of charge in any disputes they may have regarding unfair or inaccurate credit bureau listings as well as any disputes regarding garnishee orders, debt collection, statements of account or any disputes regarding their credit agreements. Consumers can contact the on 0861 66 28 37 or email ombud@creditombud.org.za.

NEOLOETO
PUBLIC RELATIONS MANAGER
CREDITOMBUD
Tel: +27 (0) 11 781 6431
Cell: +27 (0) 71 687 7594
Fax: 086 683 6350
Email: nloeto@creditombud.org.za
Web: <http://www.creditombud.org.za>



INTERNATIONAL NEWS

It has been revealed that Liverpool City Council is owed a staggering 97.5m in unpaid council tax which is more than the total owed across the whole of Wales.

The vast sum outstanding equates to a shocking £450 per household in Liverpool and is the second highest amount owing amongst councils in the UK.

Only Birmingham shows a higher level amount of debt but they have over twice the population of the Merseyside situated city.

Mitigating the situation, local government leaders have stated that they do not write off as much debt as other Councils resulting in this colossal outstanding amount but the city's leaders have started the fightback.

In an interview with a local newspaper, Mayor Joe Anderson is

quoted as saying, "We don't want people thinking they have got away with it after not paying for two or three years"

"The very idea that we don't collect all this unpaid council tax is a slap in the face for those that do"

Over the past year alone, internal council tax debt collectors have managed to recover millions of pounds, including poll tax debt, dating back to the 1990's.

On a national scale, non payment of council tax rose by 20% across the country last year, the highest level in over 10 years.

Many experts are blaming this on the welfare cuts and the 10% reduction in Council Tax benefits made by the government last year.



FOCUS ON WOMEN IN DEBT

It seems that time is running out for women under debt restructuring, as they are not getting any younger and their debt is piling up

August being Women's Month naturally places women's finances and other controversial matters on the media's news agenda. This year, we saw the media report on 2.1 million women who find themselves in arrears on clothing accounts. Furthermore, it has been reported that retailers have been limiting credit granting in the clothing industry. The Foschini Group recently published their full-year results, showing consumers are struggling to pay their store accounts and that credit growth has decreased significantly. With 2.1 million women three or more months behind on their instalments at various retailers, these figures make for good reading, but a closer look at the female population reveals that a significant number of women are in even more trouble than having missed a few payments on their clothing accounts.

What is perhaps more interesting is to consider the state of women under debt restructuring. Credit bureau, Compuscan's data sketches an interesting yet alarming picture of these women's financial wellbeing. Out of the 9 million credit active women in South Africa, the bureau's data shows that almost 59 000 women are currently under either debt review or restructuring*. Even though this comprises a small percentage of credit active women, these individuals seem to find themselves between a rock and a hard place.

The data study reveals the average woman who currently finds herself in this position is 41 years old, has a credit score of 596 (medium to high risk), has eight credit agreements and spends R1 600 every month to meet her credit obligations.

As a solution for women to easily and conveniently keep up to date with their financial standing, Compuscan has launched the first personal online credit report portal called My Credit Check (www.mycreditcheck.co.za). This is a user-friendly way for South African women with valid identity numbers to monitor the complete record of their financial history, their borrowing and spending, payment trends and contact details and to ensure that this information is correct. My Credit Check allows users to select whether they would like to view a once-off report or unlimited reports on an affordable three, six or twelve month subscription basis. A comprehensive alerts system that notifies credit-active consumers of any changes on their credit reports is also part of the subscription package.

Her total debt is R43 000 and she is R6 700 in arrears, of which R1 024 is on overdue clothing accounts.

Furthermore these women earn an average of R12 500 per month which indicates that almost 13% of their income goes towards paying off debt. When compared to statistics provided by WageIndicator.org, South African women in general earn 25% less than their male counterparts. This is putting more pressure on them to manage their expenses and save for retirement during increasingly tough times.

What is perhaps most alarming is that 98% of females under debt restructuring have missed one or more payments in the last three years.

The picture gets bleaker with more than 80% of these women that have either been subject to enforcement action or are 9 or more months in arrears with at least one account.

This confirms that these women are under extreme financial pressure – a key driver of the decision to go under debt restructuring in the first place. More so, 15% of these women have had one or more accounts written off as credit providers do not expect to get their money back.

What is evident is that these women are at a point in their lives or careers where they need to be thinking about retirement. Whether or not they are in this position because of reckless borrowing, unscrupulous debt counselors or because they do not earn enough to make ends meet, these individuals still have a tough time ahead. Is society placing too much pressure on a woman that she is willing to get a bad credit rating by over-indebting herself?

**The data sample included individuals that fall under the following status codes: declared over-indebted, has repayment agreements with creditors (with and without court orders) and currently under formal debt restructuring through the courts.*



FOCUS ON WOMEN IN DEBT | MCS DEBT RECOVERY

A nurturing workplace and an uncompromising commitment to customer service is the winning combination that's propelled MCS Debt Recovery from a start-up with three staff members, including the founder, to one of KZN's premier collection companies.

Women are at the centre of the company, with CEO Saskia Hill leading a team comprised almost exclusively of women.

"At MCS Debt Recovery we pride ourselves on our service to our clients," says Saskia. And it's clear she isn't merely paying lip service to the concept. The company has a rule that management are required to answer emails and return calls to clients and debtors within 24 hours.

The company, located in modern offices in the heart of KZN's call centre hub Mt Edgecombe, celebrates its 20th anniversary next year. The slick 14-hour operation you'll find if you visit today is a far cry from its humble beginnings.

MCS Debt Recovery started life in 1995 as Associated Credit Specialists and was run from founder Jo Tets' home with two employees, Jo's wife Joan and Connie Govindsamy. The business relocated to offices in Pinetown as it grew.

Saskia, the company's accountant, bought it from Jo in 2008 when he emigrated. "I sold my accounting practice and headed into the big unknown world of a debt collecting call centre," she recalls.

A qualified CA with experience at major banks and multinational companies in South Africa, London and New York, Saskia is an

entrepreneur at heart.

She acknowledges that the pivot from running an accounting practice to debt collecting and call centres was a big step out of her comfort zone. "But to be successful you need to be prepared to take chances. It doesn't come easy for me, being a conservative accountant. But I have learnt over the years that if you don't take chances, you will never learn."

Together with colleague Mike Roy, Saskia has grown the business, attracting a mix of new clients into their stable. MCS Debt Recovery collect in both the retail and unsecured lending space. They find this to be a good synergy. Clients include Mr Price Group, Tracker Connect, African Bank, and Galaxy Jewellers. In late 2010 the company sold a portion of its operation to one of its clients, with founding staffer, Connie Govindsamy, moving over with 50 staff and continuing to run that operation. It was this purchase that led to the name change to MCS Debt Recovery. The company continues to work closely with the client.

The company relocated to their current premises in March 2011. "We recently introduced a night shift and this has proved to be beneficial as the contactability after hours has been very high," comments Saskia.

Client retention is 100%, almost unheard of for an industry as competitive as this. Saskia attributes this to the company's customer service focus. "If we say we are going to do something, we do it. It seems some companies promise the world, but don't follow through."

She believes it's no coincidence that MCS Debt Recovery also

FOCUS ON WOMEN IN DEBT | MCS DEBT RECOVERY



enjoys an extremely low staff turnover. "A happy staff is a motivated staff, which translates into more collections and satisfied clients. We pride ourselves on handing out long service certificates to our staff who have been with us for five, 10 and 15 years. Our manageress, PreshenaTakurpersad, steers the ship and has been with the company for 17 years."

The five supervisors have a combined service at the company totalling 32 years.

All employees are assigned an anonymous "angel" who takes them under their wing, leaving motivating messages or chocolates.

All managers have an open door policy, including Saskia who sits on the call centre floor with her staff.

The company has historically been a women only business. "It has always worked well in the collections environment as, generally speaking, women have slightly more empathy than men," says Saskia. That said, the company has been experimenting and has employed a few men to "test the waters".

Saskia's passion for sport led her to meeting the love of her life, Grant, at the airport on their way to the Rugby World Cup in New Zealand. They were married two years ago and have three children: Lara (10), Matt (9) and Ross who has just turned one.

They're currently training to compete in cycling races on a tandem bicycle.

Saskia feels that one of the biggest challenges of owning your own business is to find the right balance between work and personal life.

Her advice to budding entrepreneurs is to dream big and aim high. "Success takes hard work. I really like the quote: 'The harder you work, the luckier you get.'"

She believes empathy is important, particularly in the collections industry which has a reputation for being uncaring. "Remember, one kind word can change someone's entire day. Everyone you talk to is fighting a battle you know nothing about. Be kind. Always."

Most importantly, Saskia believes an entrepreneur should always stay hungry. "At MCS Debt Recovery we never rest on our laurels. We love new challenges. We're always looking for new work."

To contact Saskia:

Email saskia@watts.co.za or call 082 321 3219





FINANCIAL WELLNESS OF HOUSEHOLDS

Financial Wellness of households is a relatively new concept designed to among others gauge the strength/weakness of households' financial situation in the long run. Due to the manner in which households' financial wellness is calculated, information thereof can be applied fruitfully in many areas. For instance, the risk of financially well households to default on a credit payments is much smaller compared to that of financially unwell households. On a macroeconomic level a large and growing number of financially well households will increase the economic growth potential of a country.

Against this background Momentum and Unisa constructed a South African household financial wellness index based on international practice. In this context, the financial wellness of a household is determined by five types of capital that is embedded in each household. These are Physical capital (income and expenditure), Asset capital (Assets, liabilities and net wealth), Human capital (level of education), Environmental capital (settlement structure and living conditions) and Social capital (sense of control over finances). In this index each type of capital affect the others to allow for an improvement or weakness in a capital type to influence other capital type scores. Although the overall financial wellness score of a household and collectively for a country is important, it is vital that this be assessed in conjunction with the distribution of households - in other words, the percentage of households that is financially well or unwell. In this context households were categorized in four groups based on their financial wellness score as determined by their five types of capital. These are the Anchored Unwell, Drifting Unwell, Drifting Well and Anchored Well where the first is basically stuck in an unwell position and the latter relatively rooted in a financially well situation, whilst households in the two middle two groups are in a state of flux.

So, what message did the household financial wellness index deliver? The news is not good, unfortunately. The index, which was first measured in 2011, declined from 65.24 points to 64.77 in 2012 and further to 64.06 in 2013. The main reasons for the decline can be ascribed to:

- The number of Anchored well households declining. Whereas 27.2% of households were Anchored well in 2011, this number declined to 26.4% in 2012 and 21.8% in 2013.
- The main reasons for this waning number of Anchored well can be found in the deterioration of their Asset capital (due

their debt being unaffordable) and Physical capital (insufficient improvement in income to finance all commitments).

The table below shows the distribution of households across the four wellness categories over time.

CATEGORY	2011 (%)	2012 (%)	2013 (%)
Anchored Unwell (AU)	4.5	5.6	5.4
Drifting Unwell (DU)	35.4	34.2	33.0
Drifting Well (DW)	32.9	33.8	39.8
Anchored Well (AW)	27.2	26.4	21.8

Deeper analysis on the two capital types that deteriorated shows the differences between the four wellness groups in 2013. It is important to note, however, that households from all income-, asset- and education groups are distributed among the four financial wellness groups. The table below shows the main differences between the groups.

	% of households	% of income	% of liabilities	% of mortgages	% of other debt	Debt to income ratio	% of assets	Solvency ratio	Cash (months)
AU	5.4	0.5	1.5	2.4	0.6	185	0.1	0.6	0.4
DU	33.0	8.6	21.7	21	22.3	145	3.3	0.9	0.6
DW	39.8	32.0	37.6	38.4	36.7	67	24.3	3.8	1.1
AW	21.8	58.9	39.2	38.2	40.4	38	72.3	10.9	5

The Anchored Unwell (or the worst of the worst) comprised only 5.4% of households in 2013, received 0.5% of all income and had 1.5% of all liabilities. However, they were deeply indebted with a debt/liabilities to income ratio of 185%, were insolvent as their liabilities exceeded their assets and had less than one months' of cash to cover their expenditure. Contrastingly, the 21.8% Anchored Well households received 58.9% of the income, had 39.2% of all liabilities that comprised 38% of their income, whilst possessing 72.3% of all assets. Furthermore, their assets were 10.9 times larger than their liabilities, whilst they had 5 months of liquidity available to cover their monthly expenses.

In sum, the financial wellness index clearly shows that aspects such as education, assets and social capital may count as much as repayment history in determining for instance the affordability of debt in the long run.

Johann van Tonder
Economist, Personal Finance Research Unit
vtondja@unisa.ac.za

Leaders in VoIP Technology

Centracom Announces *Beta* testing of our Random Number Generator Outgoing Call Distribution System - the first of its kind in South Africa!

Random Number Generator VoIP Services

Beta Testing

Final week of *Beta* testing, results pending September 2014. Final stages of ICASA approval



Overview

Outgoing calls routed through Centracom's Random Number Generator (RNG) display a different number each time a call is made to a client:

- Numbers are predefined and are fully traceable, allowing clients to return calls.
- Issued RNG numbers are random VoIP, fixed line and GSM numbers ensuring clients cannot track who the call is from.
- Centracom's RNG tracks each number used for each client and dials from a different number each and every time a call is made, allowing further anonymity.

Increased call-answer rates lead to improved debt recovery!

HOW TO ORDER OUR SERVICES

To order any of our services or to get more information, please feel free to contact **Revel Schooling**.

- Carrier-grade quality of service*
- Industry leading call rates, specific to ADRA members**
- Remote fault resolution
- Country wide technicians
- Inter-network redundancy across 4 networks
- Voice Recording (POPI compliant)
- Online TMS
- Random Number Generator in *Beta*

*Average MOS Rating of 4.33 out of 5. Each call on the Centracom Network is rated every 10 seconds by Centracom's industry leading Oracle Communications Operations Monitoring (OCOM) software.

**ADRA Rates

Landline - Peak	18c
Vodacom/MTN Mobile - Peak	25c
Cell C/8ta Mobile - Peak	54c
International	Avg. 50% less than Telkom
Inter-Branch/On-Net	Free





ADRA IN MOTION

This article serves to keep the reader updated on the most prominent ADRA projects and progress made therein.

Council for Debt Collectors

An effective Board of The Council for Debt Collectors, and industry representation thereon, is critical to our industry. The board was dormant for a period of five months as a number of former director's terms of appointment lapsed leaving this board with less than the statutory minimum number of directors required to constitute a board. This resulted in various ADRA projects being delayed. The newly appointed minister of Justice and Constitutional Development accepted ADRA's nominations of Arnold Olivier and Julie Wiggins and their appointments were announced on 20 May 2014. Mr. D. Lamola was also appointed in the category as debt collector. Mr. Baker Maseko's appointment is still in place and we do have a properly constituted board again which includes four debt collectors.

The Department of Justice and Constitutional Development also objected to the proposed and previously adopted amendment to our act allowing for a "trainee debt collector". The objection in essence is that should there be a "trainee debt collector" who obtains the status of "debt collector" after an initial period of pupillage there should be formal training and a regulatory endorsed evaluation process. ADRA will continue to pursue this amendment.

The newly appointed CEO of ADRA was invited to a meeting of the Council held on 26 August 2014. It was resolved that the council will in future work closely with the ADRA office in matters of mutual interest. Of particular concern at present is the number of unregistered debt collection entities in the industry. A separate meeting was held with the council prosecutors and Mr. Olaf De Meyer (contracted chair in disciplinary enquiries) in exploring various options in identifying and successfully prosecuting such rogue entities. Avenues considered include legislative amendments, criminal prosecution, civil action and disciplinary action. Members are requested to report all illegal operators in our industry to the ADRA office. ADRA will investigate all matters and cooperate with the Council and the SAPS in eliminating such operators from the industry.

Consumer Data

One of the causes identified for the levels of consumer over-indebtedness is the lack of a standardised affordability assessment conducted by credit providers prior to the granting of credit. The draft regulations resulting from the Credit Industry Forum's efforts contains a standardised formula which all credit providers will be compelled to apply in conducting affordability assessments. In addition hereto the draft regulations state that credit providers must consider "all other" obligations of the credit applicant and not only the consumer's obligations resulting from credit agreements as defined in the NCA. Less than 50% of

ADRA IN MOTION

a consumers financial obligations result from credit agreements and with the exception of telco's, only credit providers registered as such with the NCR, report credit data to the four bureaux for hosting. The credit profiles held by bureaux are therefore lacking, as credit profiles contain less than 50% of the consumer's true credit profile.

ADRA entered into discussions with the Credit Providers Association ("CPA") in an attempt to accommodate credit profile data held by ADRA members which will greatly enhance the credit profiles of consumers held by the hosting bureaux. In exchange for supplying credit profile data participating ADRA members will gain access to debtors complete credit profiles, something which to date is only available to credit providers. This data will be of immense value to members in evaluating and verifying a debtor's ability to repay debt and to conduct an assessment of their own in negotiating sustainable repayment plans for debtor. By listing all liabilities and not only liabilities resulting from credit agreements debtors will be compelled to enter into suitable arrangements with all their creditors (and their agents) prior to qualifying for future credit.

This is a very ambitious project which, if successful, will add great value to our members. A working group of experts has been established and the proposal will be circulated to existing CPA Members for comment and approval.

Credit Industry Forum

The Credit Industry Forum (CIF) is used as the structure through which the entire credit industry participates in the deliberation of directives and code of conduct to the National Credit Act, as amended. ADRA is a participant in the CIF and its various task groups.

The office of the NCR has indicated that they wish to have the regulations adopted by the Minister of Trade and Industry by the end of September 2014. Although the National Credit Amendment Bill of 2012 was signed off by the state president and published in the Government Gazette an implementation date has not yet been announce. The effective implementation of the National Credit Act as amended is highly dependent on the regulations thereto and it is envisaged that the implementation date will coincide with the promulgation of the regulations.

The draft regulations as at date hereof deals predominantly with debt review processes and affordability assessments to be conducted by credit providers in evaluating credit applications. Deliberation on a Code of Conduct, which code will also be elevated to the status of statutory regulations is in progress and we do believe that debt enforcement, and in particular the manner in which default judgements and emoluments attachment orders are obtained, be dealt with at length herein. During 2013 ADRA participated in the working group chaired by the Credit Ombudsman, Mr. Manie Van Schalkwyk, in preparing a proposal to National Treasury in this regard. The principles presented to Treasury following that process seemed to have been ignored but are now again under the spotlight and we do believe that the end result will closely resemble the principles identified by the aforesaid working group.

Product Development

Centracom has developed a random telephone number generation system to be incorporated in their existing telephony offer to ADRA members. In essence the system generates alternative telephone numbers which are reflected on the receiver's device when he/she receives a telephone call. This greatly reduces the instances where debtors for example do not answer the phone as they recognise the number as emanating from a debt collector's call centre, avoid communication with the caller by pretending that the wrong number was dialled, or that the debtor is unknown or not available etc. Extensive testing is being conducted in a live call centre scenario to determine the exact effect of the system on the effectiveness of telephone calls made to debtors. Preliminary indications are that it increases contact and consultation with the debtor via telephone calls by more than 50%. The system is already available to ADRA members and detailed test results will be made public shortly.

Once again we wish to thank Vericred for allowing the testing to be conducted through one of their call centres.

Debt Collection Bench Marking Exercise

The bench marking exercise has commenced in terms whereof UNISA will compile detailed statistics on just about every aspect performed in the debt collection industry. The end result will provide participating members with detailed information of their own collection activities measured against the industry norm which will be of great assistance in planning and performance management.

MBD Credit Solutions, ITC Business Administrators, Ovag and Vericred are participating in Phase 1 and do we thank them for their participation, which is essential a test phase. Once all the potential problem areas have been identified and resolved, the project will be rolled out to include all willing members. The members participating in Phase 1 include small, medium and large members, members who purchase debtors-books and members who conduct only outsourced third party collections. The test phase is therefore representative of the industry.

Credit Industry

As promised, ADRA is strengthening ties with the potential client base of its members. Results are already visible in that more tenders appear in which ADRA membership is stated as an absolute requirement to participation or that ADRA membership is considered as added value to the applicant's tender proposal.

ADRA was invited by the CEO of the Institute of Municipal Finance Officers ("IMFO") to attend its annual convention to be hosted at the Cape Town International Convention Centre from 6 to 8 October 2014. We will in particular engage with IMFO and SALGA on how to deal with the approximate R94bn in arrear municipal accounts which need to be recovered and strongly motivate and encourage the use of ADRA members.

During the last quarter ADRA met with the Banking Association of South Africa ("BASA"), the Large Non Bankers Lenders Association ("LNBLA"), Micro Finance South Africa ("MFSa"), the Credit Providers Association ("CPA") and a number of other

ADRA IN MOTION

associations representing credit providers, promoting the best interest of the ADRA membership to them. With all the listed associations it was agreed that it is in our mutual benefit that these meetings happen on a quarterly basis and that we cooperate on a continuous basis on issues of mutual interest.

ADRA Website

The ADRA website has been updated with numerous new articles, case law and practical relevant academic papers and industry research results. All members who completed the questionnaire appearing in the Members Area have been moderated and their particulars are now available to all visitors searching for a debt collection service provider. As the website receives more than 2000 unique visitors per month we believe that members will receive great value from this free online marketing tool.

Section 126B and Prescription

Section 126B is a prominent feature of The National Credit Act as amended. There are several interpretations of section 126B which vary substantially. Interpretations encountered thus far includes that the wording of section 126B is unconstitutional and as such not truly enforceable, that section 126B only creates a duty to educate the consumer on the defence of prescription and thereafter normal collection processes may follow until the consumer successfully raises the defence of prescription, that the section creates an onus on the credit provider to ensure that no enforcement action is taken on potentially prescribed debt and should a debt be prescribed that the credit provider (nor its agent the debt collector) may take any enforcement action on the account whatsoever.

To further complicate the matter many credit providers have based their internal policies on how to deal with prescription not on legal opinion but on potential reputational risk they may incur.

Readers are requested to share legal opinion they may have obtained on this and any other topic with the ADRA office. It is our intention to provide members with as many available opinions as possible to assist them in making their own decision on which interpretation they believe is correct. Where requested legal opinions will not be published but used for internal information purpose only.

Irrespective of the opinion the member may prefer, credit providers and debt collectors will have to implement a sound prescription management policy backed by the necessary systems. A transgression of the section may result in a fine being imposed on the credit provider to a maximum amount of R1m or 10% of its annual turnover per transgression. Credit providers will insist on outsourced debt collection service providers having a sound policy and systems in place to prevent such liability for the credit provider/client.

Any prescription management policy will have to deal with the following basic issues:

1. Ensure all information relevant to prescription is received from the credit provider when receiving instructions. Such information will include the last payment date, the date when the debt became due and payable, default dates and when

the prescription period commenced, what the relevant prescription period is and any events which might have interrupted or stayed prescription.

2. The debt collector will have to train all staff on the topic of prescription and ensure that all events which interrupt or stay prescription are identified and recorded. Where prescription is interrupted as a result of an acknowledgement of debt (implicit in an undertaking to pay the debt in instalments or otherwise) the recordings of such conversations will have to be stored for the life span of the account.
3. Prescription interrupting or staying events will have to be reported to the credit provider/client.
4. Accounts nearing potential prescription in the hands of the debt collector will have to be identified, the credit provider/client informed (in writing) and specific instruction obtained on how to deal with such accounts.

It will be prudent for members to address the topic of prescription in detail in their service level agreements with clients. In particular members are advised to stipulate under which circumstances the member will be liable to the credit provider for any losses suffered by the credit provider/client as a result of debt prescribing in the hands of the debt collector or a penalty imposed for a transgression of section 126B. Ideally the debt collector will want to be completely absolved of liability but this might not always be achievable.

Members will be kept advised of any developments on this front and are members reminded to please send legal opinions on this (or any other relevant topic) to the ADRA office at info@adraonline.co.za.

Opinions and views will be published in the "Members Area" of the website as and when they become available. Two detailed opinions were placed at time of drafting of this message. It is not within ADRA's mandate to prescribe to members how to manage their businesses or to provide them with legal opinion. The views published (as with all other views and opinions) are subject to the full disclaimer appearing on the website.

Marius Jonker
CEO

“The Voice of the Debt Recovery Industry”



adra

www.adraonline.co.za
info@adraonline.co.za



THANKS TO OUR NATIONAL ROADSHOW SPONSORS

Consumer Profile Bureau (CPB) is proud to be the 2nd oldest Credit Bureau in South Africa, but also the 2nd Bureau registered under the NCA, holding the only BBBEE Level 1 for Credit Bureaus in South Africa.

We specialise in finding opportunities in the legislative maze and then utilizing our unique data sources to bring to you the information needed to make informed decisions. We have managed to penetrate the market, where the gaps were identified in the Consumer's Income Statement, and have been approved to become the 5th full payment profile hosting bureau in South Africa.

Our unique online, real-time batch solution, used by clients, gives them power and control over the datasets, when in need to verify and or bucket the datasets they are working with. We have been the leader in various new innovations and will continue assisting our clients in being successful –thus ensuring success in our vibrant and innovative business.

Please contact Marina Short - our well known CEO - for advisement on how CPB can add value to your business.

THE CREDIT BUREAU FOR THE DEBT COLLECTION INDUSTRY



Contact Marina Short
mobile 071 493 9120 | Office 0105 909 505
email marina@cpbonline.co.za



PAYM8 is a South African Specialist Payments Company, Head Quartered in South Africa and operating in three countries in Sub Saharan Africa namely: Botswana, Namibia and South Africa.

PAYM8 is merchant facing and offers payment solutions specialising in Financial Collections, M-Commerce and E-Commerce payment solutions.

It is PAYM8's desire is to quadruple its presence across Africa within the next 3-5 years.

PAYM8 is PCI DSS Certified and Compliant, a PASA registered System Operator (SO) as well as a South African registered Third Party Processor (TPP). In Namibia PAYM8 is registered as a Systems Operator with the Payments Association.

PAYM8 services well over 600 merchants across the three countries.

Contact us at 011 564 2460 or info@paym8.co.za

Why are so many Debt Collection Call Centres switching to the AJS Call Centre System?

It's simple really. Call Centres need to be productive and well managed in order to make healthy profits. And that is exactly where the AJS Call Centre Management software excels!

The AJS Call Centre Management software controls all aspects of a busy call centre, including Agent performance, campaigns, PTPs, interest calculations, document management, communications, and client reporting. It also includes an industry-leading accounting system, and integrates with most telephony diallers in a click-to-dial or predictive dialling mode.

But what does that mean for you? In a nutshell, your Agents will be able to make more calls and collect more debt. And that means increased profits. You will be reassured to know that our customer service is consistently ranked as first-rate by thousands of satisfied AJS users - many of whom have been clients for over twenty years.

Powerful and Flexible Debt Collection Call Centre Management Software by AJS

Contact us to find out more:

0861 265-376 • info@ajs.co.za



THANKS TO OUR NATIONAL ROADSHOW SPONSORS

Real Pay

Your Payments Specialist

- Web-based NAEDO service provider of FNB and ABSA
- Money available in your account within 24 hours
- Advanced management reporting
- Real-time dashboard



Real Pay is a payments systems service provider operating in Africa since 2006. We provide a web-based payments solution with real-time management reporting and practical, innovative technology.

Our user-friendly solution operates in the NAEDO and EFT payments stream and enables users to deduct time-sensitive and future-dated instalments electronically and directly from their clients' bank accounts.

Integration with debt collection administration systems and batch facilities provides users with full control and editing rights, including adjustments on pay dates, tracking days and future-dated instalments. Real-time management information and statistics, along with expertly skilled personnel and market-specific knowledge support our clients in increasing their collection rates.

www.realpay.co.za
Contact Luan Cloete on +27 (0)12 347 0729 or luan@realpay.co.za

At Compuscan, one of South-Africa's largest credit bureaus, we offer a range of comprehensive datasets and credit management solutions. Our advanced online tracing solution, Columbus, is a highly effective tool which can be used by a variety of institutions to efficiently search for missing debtors, obtain their contact information and establish their whereabouts.

What we offer:

Comprehensive and up-to-date data; Superior tracing ability; Extensive connections network; Watch list alerts you of the latest contact information that is uploaded; Organised record of previous searches

Columbus will allow you these benefits:

Enhance search success rate; Prevent financial loss due to missing debtors; Find alternative details to contact debtors; Remain on cue with debtors' movements

By efficiently tracing missing debtors, Columbus assists you to facilitate collections and debt recovery. It provides a means for either soft collections to be carried out by credit providers or third party collections to be performed by a collections company.

To view a demo, please contact us 021 888 6000
www.compuscan.co.za

COLUMBUS

Locate debtors
using our online
tracing tool



www.compuscan.co.za
021 888 6000



centracom

Industry Leading VoIP Rates

**ADRA Rates

Landline - Peak	18c
Vodacom/MTN Mobile - Peak	25c
Cell C/Bta Mobile - Peak	54c
International	Avg. 50% less than Telkom
Inter-Branch/On-Net	Free

Contact **Revel Schooling**

adra@centracom.co.za 011 695 9008



Centracom is the leading VoIP provider in South Africa. We offer our clients a carrier-grade VoIP service that is fully redundant across 3 VoIP networks, allowing Centracom to provide you with peace of mind at the best possible rates in the industry.

Centracom is driven by excellence, and is always looking to the future of products to assist our clients today. It is with this philosophy that Centracom is pioneering products such as its Random Number Generator Outgoing Call Distribution system, further entrenching Centracom as a VoIP industry leader.

Intecon is a PASA registered and well respected System Operator and Third Party Payment Provider offering various state of the art solutions in the collection and payment environment in the South African economy.

Intecon provides simple yet innovative solutions with a focus on collections and understanding the industry your business operates in. Continual product development, superior after sales service and training will minimise your risk associated with electronic collections.

Intecon is a proud supplier of the following of collection solutions:

- AEDO** (Authenticated Early Debit Orders)
- NAEDO** (Non Authenticated Early Debit Orders)
- EFT Debit Orders** (Conventional Debit Orders)
- ALLPS-m** mobile AEDO, NAEDO and EFT Debit Order Creations
- INSO123** a range of fully integrated solutions

(012 998 7979) | www.intecon.co.za | info@intecon.co.za

All Inclusive Payment Solution...

AEDO
NAEDO
EFT Debits

Mobile Solution

Fully Integrated



Your Success... Is Our Success

(012) 998 7979 | www.intecon.co.za | info@intecon.co.za



THANKS TO OUR NATIONAL ROADSHOW SPONSORS



VoyagerNetz is the leading debt collection software solution in the South African market. VoyagerNetz has been developed over the past 18 years and offers amazing flexibility wrapped in simplicity and ease of use.

VoyagerNetz provides features such as:

- Tracing Information Management
- Debit Order Integration
- Predictive Dialer Integration
- Click to Dial
- Flexible Reports
- And much more.

VoyagerNetz is developed by Microworks (Pty) Ltd.
For more info contact us on 086 111 2556 or
e-mail sales@microworks.co.za



In response to the enacted National Credit Amendment Act (NCAA) (not yet implemented) and the reference to the new inserted section 126B in the National Credit Act (NCA) I would caution readers to a number of items:

- 1 The Registered Debt Collector does not reside under the jurisdiction of the National Credit Regulator (NCR). Registered Debt Collectors fall under the jurisdiction of the Debt Collector Council as provided for in Act 114/98.

Caveat: The Code of Conduct as provided for in section 15 of the Debt Collects Act (DCA), in more particular paragraph 6 of the said code do provide as follows: "A debt collector shall at all times comply with the Act and other laws of the Republic and shall adhere to all codes and regulations made in terms of the Consumer Affairs (Unfair Business Practices) Act, 1988 (Act 71 of 1988), or any other law, where the contents of such a law, code or regulation determines the relationship between a creditor, debt collector and any debtor". Further enhanced by paragraph 7A: "In terms of a debt collector's general duty to members of the public and other persons and bodies a debt collector:- (a) shall not, in conducting his or her business, do or omit to do any act that is or may be contrary to the integrity of debt collectors in general; (b) shall protect the interests of his Or her client at all times to the best of his or her ability, with due respect to all other parties concerned; and (c) shall not wilfully or negligently fail to perform any work or

duties with such degree of care and skill as might reasonably be expected of a debt collector.

- 2 The NCAA did NOT amend the Prescription Act (68/69) (PA) in any form or fashion - hence where the NCAA refers to the PA be sure to read the PA as last amended in 2007 by the Criminal Law (Sexual Offences and Related Matters) Amendment Act 32 of 2007 [with effect from 16 December 2007]. Also take note that the PA is a 1969 Act and interpretation thereof must be Rules Based interpretation - NOT - Principle Base interpretation, such as we experience in Legislation drafted after 1994.
- 3 The PA is applicable to ALL debt - not just debt arising from Credit Agreements as defined in the NCA. However the new section 126B of the NCA (once implemented) will only be applicable to debt arising from Credit Agreements as defined in the NCA and ONLY from the date of implementation of the NCAA.
- 4 The new section 126B of the NCA (once implemented) must be read with the amendment of the definition of "Prohibited Conduct" contained in the same NCAA. The result of this amendment (once implemented) would mean that if any person as defined in the NCA (namely Credit Providers, Debt Counsellors, Credit Bureaus, Payment Distribution Agents and Alternative Dispute Resolution Agents) performs an act or omission in contravention of the NCA will be guilty of prohibited conduct and then section xx of the NCA will come

into play: "The Tribunal may impose an administrative fine in respect of prohibited or required conduct in terms of this Act or the Consumer Protection Act. (sec 151(i)). An administrative fine imposed in terms of this Act or the Consumer Protection Act may not exceed the greater of 10% of the respondent's annual turnover or R 1,000,000.

With the above as background it is clear, in my opinion, that a contravention of section 126B will attract an administrative fine of maximum R 1,000,000 or 10% of the guilty party's annual turnover. Question to ask: "Could we attach any penalty to the Debt Collector?" - not falling under the jurisdiction of the NCR it is clear that the answer is NO ! - CAVEAT - the Debt Collectors Council may apply section 15 of the DCA and charge the Debt Collector with a possible contravention of the Code of Conduct (paragraphs 6 and 7A) applicable to Registered Debt Collectors and if found guilty could lead to an administrative fine of maximum R 100,000.

CAVEAT: each of the aforementioned administrative fines could be levied PER INCIDENCE and that could lead to millions, dependant on the number of files AND the number of times per file that that the breach of the Code of Conduct has been committed.

THE WAY FORWARD - always know that the Debt Collector acts on the mandate of the Credit Provider and must comply with the Service Level Agreement (SLA) entered into and between the Debt Collector and Credit Provider. This SLA defines the scope

and rules of the service that the Credit Provider requires the Debt Collector to deliver and levels to perform at. It then follows that the SLA must / should spell out what the Credit Provider requires the Debt Collector to do when a possible contravention of section 126B of the NCA (once implemented) is adamant. If the SLA is silent on the topic of the PA then it is advisable for the Debt Collector to get enhanced instructions i.e. change the SLA to provide for instructions.

Important is to remember that if the Debt Collector fails in his/her professional duties he/she could be liable for damages suffered by his/her client. The High Court in Johannesburg has already in a ruling awarded damages against a Debt Collector who allowed debt of the Credit Provider to prescribe whilst under the care of the Debt Collector (Majolica Potteries versus Snyman en Vennote).

IN CONCLUSION:

Refer your SLA back to your Client for instructions regarding debt that has no substantial payment or no tacit and express acknowledgement of debt for a period of:

30 years in the vent of debt arising from mortgage bonds, judgements and state debt, 6 years in the event of negotiable instruments and 3 years in the case of all other debt (irrespective if the debt falls inside or outside the scope and ambit of the NCA)

Eugene Joubert
Corporate Rebels

Note that the opinion expressed in this article is that of the writer only. The ADRA disclaimer as published on our website applies to all articles.

THANKS TO OUR NATIONAL JOHANNESBURG ROADSHOW SPONSORS

Corporate Rebels



CONSULTING and ADVICE
COMPLIANCE AUDITS
SAFARI'S and CREDIT CONFERENCES
TRAINING
Credit Management
Recoveries
Microsoft
PLACEMENTS
Head Hunting
Staff Placements

www.rebels.co.za 011 - 760 4106 info@rebels.co.za

THE FACTS

The Business and, even more so, the Credit Environment is ever changing. Competitiveness is more and more defined as the ability to be innovative. Staying ahead of the pack and improving bottom line results: "That's what it's all about"

YOU NEED

A partner that understands today's Business and Credit environment. One that can enhance your business, credit risk and profitability strategy. One that builds upon your success, but is not blinded by it. One with a comprehensive plan that integrates all initiatives with measurable actions. One with a strategy that is clear, cogent and compelling. One that gets you what you need, not necessarily what you want.

WE CAN HELP

Our speciality is to be your partner in Credit Profitability Management. Corporate Rebels, your first choice business partner when you need to improve "triple bottom line" performance, reduce risk and enhance the expertise, status and professionalism of the business owners, directors, managers and staff.

Established in 1999 and with around 120 staff in our Johannesburg, Cape Town and Durban offices, XDS is the largest wholly South African owned and registered credit bureau. As an EOH company, we have a Level 2 empowerment rating. XDS is one of the major providers of business and consumer data to the South African market, offering solutions across the entire business cycle:

- Pre-vetting and screening
- Credit reports
- Analytics and model building
- Presage - our highly predictive credit bureau score
- Customer profiling and segmentation
- Biometrics
- Geo-coding and clustering
- Fraud protection
- Account and limit management
- Collections
- Identity verification
- Authentication
- Tracing

Our strong combination of state-of-the-art information technology, skills and experience, and local management enables us to do

Offering you customised solutions across the credit life cycle

Tel: 011 645 9100
www.xds.co.za



an **EOH** company



THANKS TO OUR NATIONAL JOHANNESBURG ROADSHOW SPONSORS



Give your contact centre the **competitive edge**



Integrated contact centre solutions and service provider

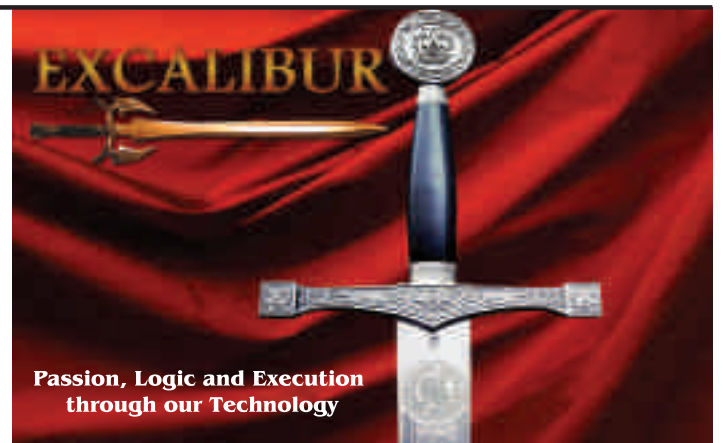
Contact Intuate Group on +27 (0) 11 302 1200 or visit www.intuategroup.com

Intuate Group is a privately owned, South African, broad based IT company that provides specialised, integrated technology and people solutions that bring real benefit to its clients in support of their strategic and operational objectives.

Its services encompass the provision of business intelligence, project management, state-of-the-art contact centre solutions, the supply and implementation of best-of-breed IT solutions, the management and support of IT infrastructure – specifically storage and server consolidation, as well as IT strategy and consulting.

Intuate Group's holistic, solutions-based approach ensures that all processes, technologies and people requirements are harmonised within its architecture, thereby realising strategic value and benefits through the successful implementation, deployment and ongoing operation for its clients.

Use the Excalibur Debt Collection Management System for your debt recovery needs. Call Centre workflows, legal processes and general debtors' management. Contact FutureSoft for more information www.futuresoft.co.za 012 640 0000



WE PUT THE CASH IN YOUR CASH FLOW

Collecting payment from current and outstanding debtors is one of the most frustrating, time consuming and costly activities of most business.

It is also however one of the most important functions of any business. A business without money in the bank is doomed to fail.

We take care of the complicated stuff, collecting money from your debtors via a debit order system, leaving you to focus on your job.

YOU EARN THE MONEY, WE COLLECT EM



ADRA ROADSHOW

We once again held 3 very successful Roadshows in June 2014. All venues were well supported by members and we had an exceptional response from our sponsors with 8 of them traveling to Cape Town and Durban as well as sponsoring Johannesburg. A further 5 sponsors were at the Johannesburg venue giving us a total of 13 sponsors for the Johannesburg Roadshow. With the support of our growing number of sponsors we were able to host all three events at truly spectacular venues and treat our members to exceptional cuisine and hospitality.

Our speakers at the various venues included:

- John Giles from Michalsons on POPI.
- Johan van Tonder from UNISA on The State of the Consumer.
- Patrick Mnise from IMFO on The Role of IMFO
- Darrell Beghin from the CPA on The Credit Amnesty.
- Manie van Schalkwyk, the Credit Ombud on The Role of The Credit Ombud.

As well as the following ADRA Board Members:

- Marius Jonker on National Credit Amendment Act.
- Thinus Nortje on PASA and Debit Orders.
- Stephen Lindsay on Emolument Attachment Orders.

AJS sponsored a substantial prize comprising an IPAD with 1 year data and a router for a business card lucky draw at each of the three venues. See all the winners below.

The programs were packed full of both topical as well as informative presentation and all who attended would certainly have left the Roadshow with a better insight into several topics as well as hopefully a better knowledge of other Collectors in their area.

One of the many highlights was the challenge laid down by the CEO of IMFO challenging our members to recover the approximate R94bn in arrear accounts and inviting ADRA to work with IMFO, SALGA and individual municipalities in finding innovative solutions.



CAPE TOWN: EDITH DE HART FROM TRACKALL



DURBAN: PRESHENATAKURPERSAD FROM MCS DEBT RECOVERY



JOHANNESBURG: MICHAEL SHACKELTON FROM CREDIT INTEL

ADRA ROADSHOW



ADRA ROADSHOW





**PETER
RAFFERTY**

TECHNOSPEAK

Can your software help you with prescription?

The more things change the more they stay the same. Prescription of debt is a concept that has been around in the South African legal context for many years.

The concept of prescription of debt has its origins in much older authorities and relies on the logic that one can't keep a debtor responsible for a civil debt forever, especially if the creditor performs no action in order to secure or collect the debt owing.

In the South African context prescription has been around in its current form, since the proclamation of the Prescription Act of 1969. In a simplified manner, it generally provides that an unsecured civil debt will prescribe within 3 years (yes, I know there are other debts that may have a longer period, but let's stick to the general rule of 3 years for unsecured debt).

In addition it allows for the period of prescription to restart every time that the debt is acknowledged expressly or tacitly.

An express acknowledgement will be in the form of a written- or a verbal acknowledgement of debt or undertaking to repay the debt. (Obviously, even though the Act does not specify that a verbal acknowledgement of debt must be recorded, common sense tells us that we may one day have to prove that a verbal acknowledgement was actually made; and these days a voice recording of such an acknowledgement would be the best mechanism to do so).

On the other hand the making of a down payment on one's debt would amount to a tacit acknowledgement of the debt.

Both these actions (i.e. an express acknowledgement and a tacit acknowledgement) will restart the 3 year prescription period.

The prescription of debt can also be halted by the service of a legal process that is aimed at recovering the debt... like a summons. Once again, the service of a summons will postpone the date of prescription for 3 years (in the case of unsecured debt).

In summary: There are other factors that can interrupt prescription, but for the largest part of things the prescription of unsecured debt will be interrupted in the following cases:

- The service of a summons on the debtor;

- The obtaining of judgment against a debtor;
- The acknowledgement of the debt by the debtor, which can be done expressly (e.g. by way of a written- or verbal acknowledgement) or tacitly (e.g. by way of making a payment).

Recently, new developments in the form of the National Credit Amendment Act of 2014 has changed a small part of the concept of prescription, namely the fact that now makes it a criminal offence to collect a debt that has already prescribed or to sell such debt.

In the past, prescription only became a factor when a debtor raised it as a defence to the claim. With this amendment, the debt collection agency that pursues the debt, has an increased business risk in this regard.

The question now becomes whether or not you are able to manage this risk. Certain debts are bound to prescribe. Can you actively manage the population of matters that have prescribed? Can you actively manage the population of matters that are approaching the date of prescription, thus allowing you to stay the running thereof?

Even more important is the question whether you can accurately predict the future date of prescription. If you are unable to accurately determine the actual date of default, you may have difficulty to accurately identify the future date of prescription and, as a result, expose yourself to a greater risk.

If one has a small volume of cases, it could be easy to manage the risk. However, when the volume increases, so does the risk. It eventually becomes impossible to mitigate the risk if one's software doesn't do it for you.

Check whether your software enable you to manage the risk. Imagine for a second that you are charged criminally for collecting a debt that has quite obviously prescribed. Then imagine how silly you would feel if you realised that it could have been prevented by making use of the correct software and procedures.

Peter Rafferty

Chief Executive Officer
FutureSoft

"The views/opinions expressed in the article above is that of the author and not necessarily endorsed by ADRA. There are various conflicting opinions on its interpretation and the article appearing on this page reflect only one such interpretation. The opinion expressed in this article is on the conservative side of the scale and may or may not in time prove to be correct in all aspects. The article is however published to expose the reader to all opinions thereby allowing the reader to make an informed decision. Opinions in contradiction hereto will be published shortly."

Why are so many **Debt Collection** Call Centres switching to the **AJS Call Centre** System?

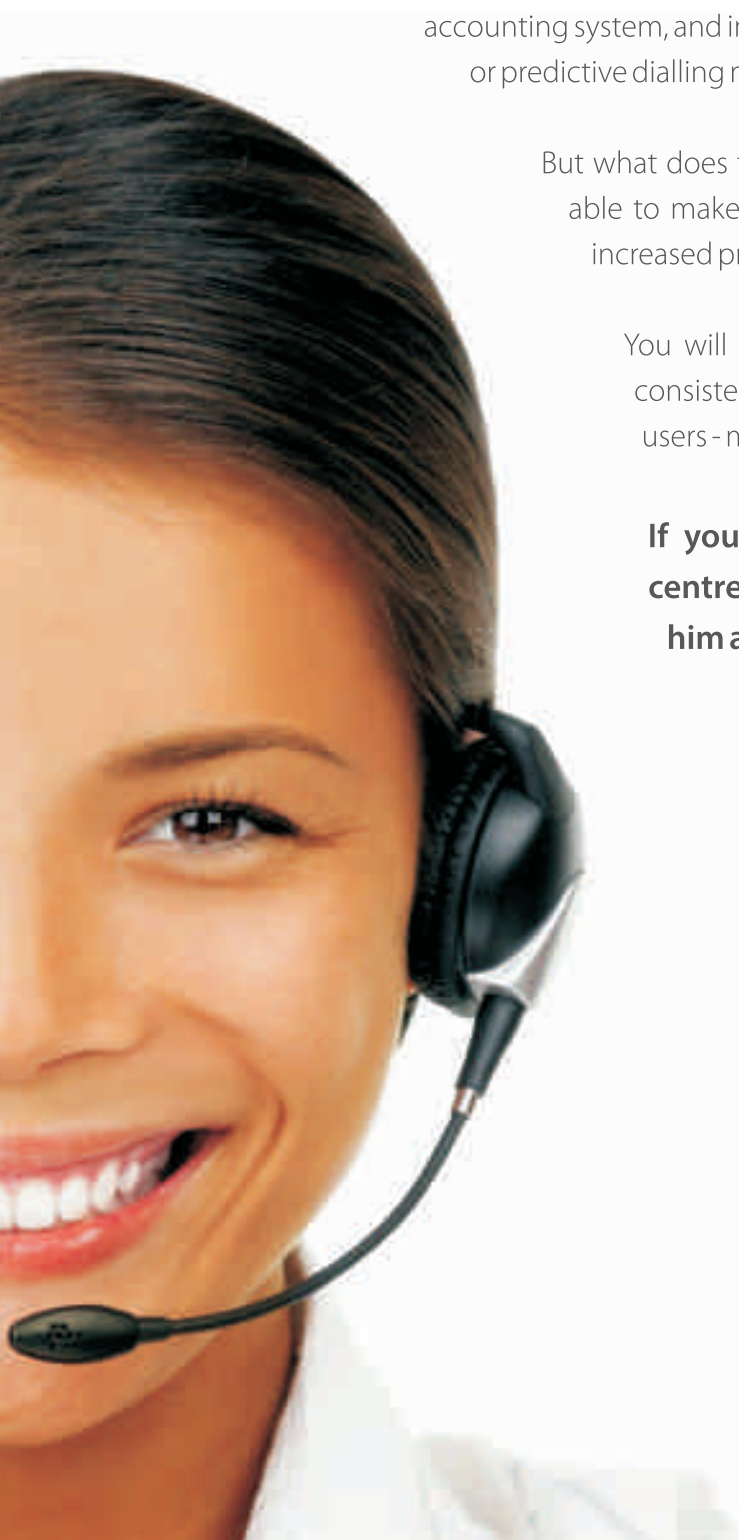
It's simple really. Call Centres need to be productive and well managed in order to make healthy profits. And that is exactly where the AJS Call Centre Management software excels!

The AJS Call Centre Management software controls all aspects of a busy call centre, including Agent performance, campaigns, PTPs, interest calculations, document management, communications, and client reporting. It also includes an industry-leading accounting system, and integrates with most telephony diallers in a click-to-dial or predictive dialling mode.

But what does that mean for you? In a nutshell, your Agents will be able to make more calls and collect more debt. And that means increased profits.

You will be reassured to know that our customer service is consistently ranked as first-rate by thousands of satisfied AJS users - many of whom have been clients for over twenty years.

If you would like to increase profits in your call centre, call **Digby Vickers on 0861265376 or email himatdigby@ajs.co.za.**



Debtcol Pro



**Increase our
profitability with
the smarter way
to do Collections.**

Customised workflow will address your specific needs and optimise your efficiencies.

Rapid customised analyses and reporting.

Easy search and filter functionality.

Ensures easy collection of payment commitments.

Quick retrieval of data.

Complete contact and transaction history.



Microsoft Partner
Solutions Application Development

Tel: +27 11 719 2000
www.avantedge.co.za

AVANTedge
GROUP

the developers of Practice Manager Pro, Debtcol Pro, Winlaw and Lawplan