MoneyShop: Credit Health Report

October 2020

This report has been compiled using credit report data of clients who applied for credit via the MoneyShop platform between October 2019 and September 2020. Over 1m records were used in this analysis.

For more information contact Mike Kann:
mike @ olico.co.za
+27 76 257 3112

About MoneyShop

MoneyShop is South Africa's largest loan and insurance finding service, helping over 200,000 clients per month.

Using artificial intelligence, we match the right lending, insurance and investment products to the right people at the right time.

MoneyShop is owned and operated by Olico: South Africa's leading performance marketing and lead generation agency.

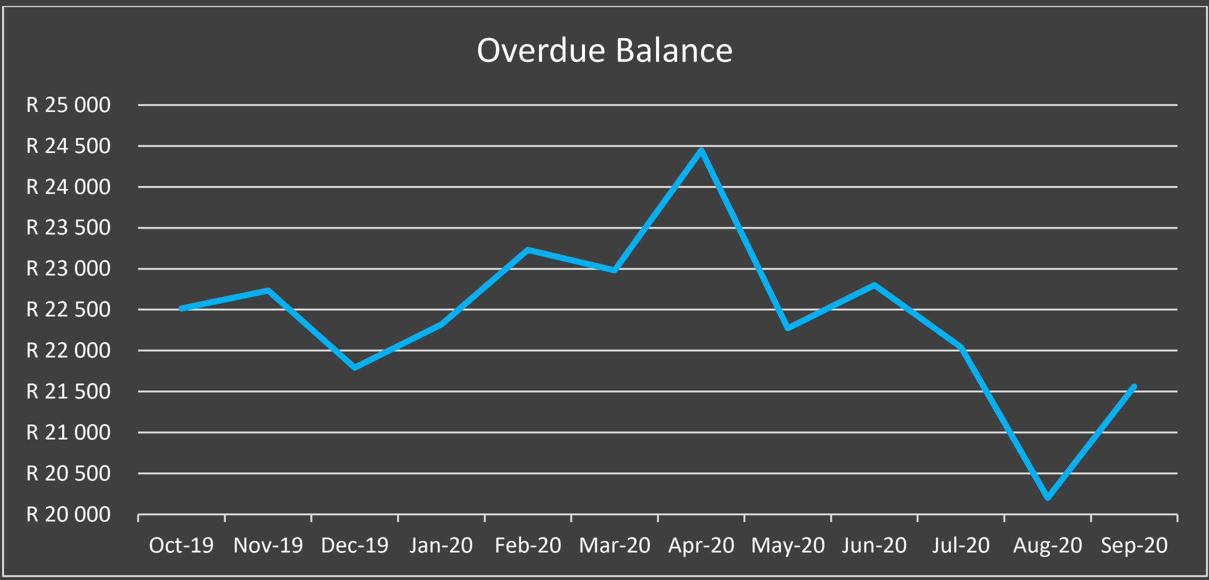
moneyshop

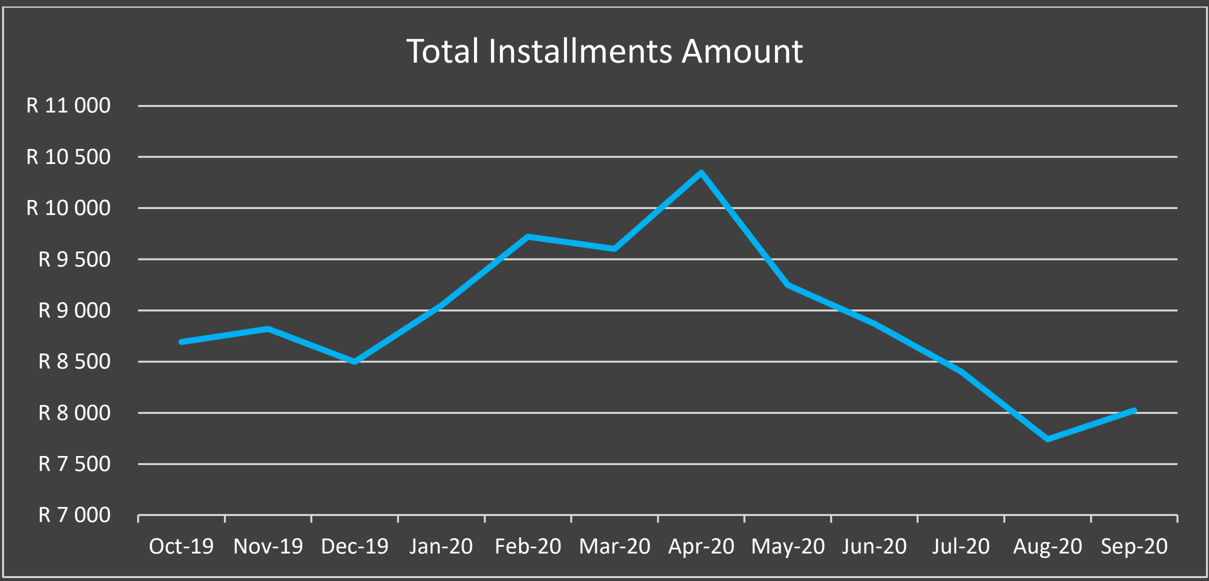
Summary

- Analysis is based on over 1m credit reports from between Oct 2019 and Sep 2020
- Most indicators of credit health saw a spike in March through to June 2020 linked to the covid-19 lockdown
- Most indicators of credit health have subsequently recovered to levels even better than before the lockdown
- There are indications that direct or online credit marketplaces (like MoneyShop) are becoming more mainstream
- Overall, we believe the credit health of the average MoneyShop client is better now than it was before the covid-19 lockdown

Overdue balance and total instalments amount

In both these metrics we saw a spike in April 2020 coinciding with the covid-19 lockdown – this is not surprising. However, since August 2020, we seen both these indicators of credit health drop to below pre-covid levels. Based on these metrics it appears that the average credit health of MoneyShop clients is better now than it was before the covid-19 lockdown.

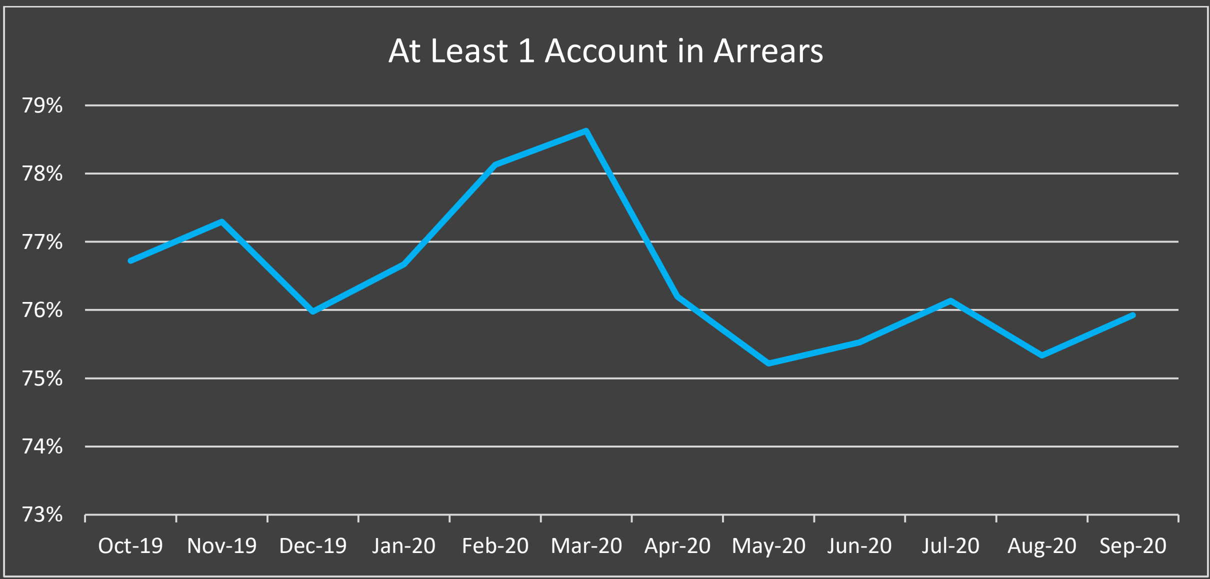




Clients with at least 1 account in arrears

We also saw a spike in clients with an account in arrears owing to the covid-19 lockdown. Interestingly this spike happened 1 month before we saw other indicators of credit health spike. We believe this is owing to the uncertainty of the covid-19 lockdown. That some consumers were intnetially not paying their accounts in March 2020, not because they couldn't afford it, but rather as they were uncertain of the future. Subsequently, we have also seen this indictor of credit health drop to below pre-covid levels.

Another interesting point on this indicator is that it shows that roughly 3 out of every 4 clients has at least one credit account in arrears. This is reflective of the overall stagnation of the economy and average consumers ability (and / or willingness) to service debt.

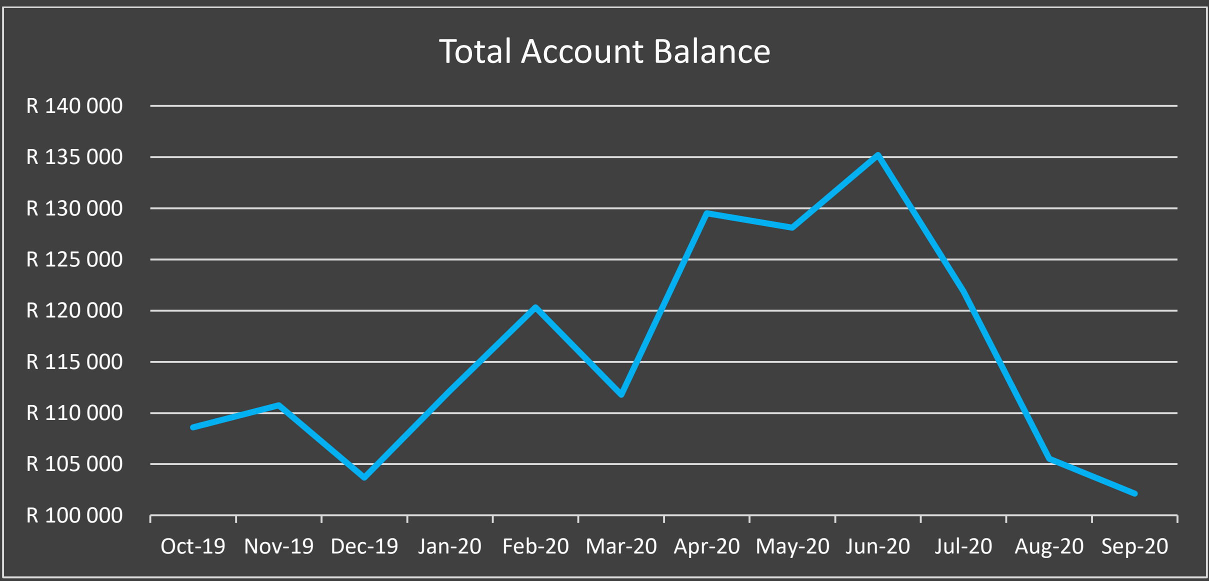


Total credit account balances

Total credit account balances have been increasing over the course of the year and peaking in June. Since July 2020 we have seen a significant decrease in total credit balances – again to below pre-covid levels in the past 2 months.

We believe this is representative of clients that needed a little extra help owing to cashflow constraints following the covid lockdown. However, as restrictions have eased we have seen clients need to access this additional balance decrease.

Our hypothesis is that the significant reduction in prime lending rates is the main contributing factor that is now allowing clients to pay down their balances to levels even lower than before the covid-19 lockdown crisis.



moneyshop

Average Credit Scores

A credit score is a number between 0 and 999 that represents a client's ability to both access and also service debt.

Since the lockdown we have actually seen the average credit score of our clients increase somewhat. We believe there are 2 explanations for this:

1) **People that don't usually need credit, needed credit.** Credit scores have a strange irony about them. The less you need credit, typically the higher your credit score. We believe this spike in credit score from April through to about August represent an influx of borrowers from a group that doesn't typically borrow.
2) **Direct credit became more mainstream.** MoneyShop is an online platform primarily. And in general, online and direct credit marketplaces are still viewed by a large portion of the population as 'niche' whereas going to a bank branch to get a loan is considered 'mainstream'. Owing to the covid-19 lockdown clients were unable to go to banks or access credit via the 'mainstream' channels. As such, we believe that direct channels (like MoneyShop) are now becoming more a part of the mainstream.