

SA Collections Market Pressure

Rates are rising again, inflation is back above target, and the stress is moving into specific pockets of the book.

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Five years of the repo rate and CPI, and what the cycle did to an instalment

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Where pressure moved since June, and six moves for the fourth quarter



CONSULTING

Evidence before opinion.

October 2026

Data as at 2 October 2026

nexaltaconsulting.com

What moved since June

Every headline indicator from the June edition, refreshed to the latest public release. Two new sources join this edition, and one correction is carried forward.

Indicator	June edition	Q3 edition	Direction	What it means for a collections book
Repo / prime	6.75% / 10.25%	7.25% / 10.75%	Worse	Two hikes since May. Arrangements sized on the old instalment will break.
Headline CPI	4.0% (April)	4.4% (August), 5.0% peak in June	Worse	Above the new 3% ±1 target. Rate relief is unlikely before 2027.
Unemployment (QLFS)	32.7% (Q1)	33.6% (Q2)	Worse	345,000 more unemployed in a quarter. Promise quality falls first.
Household debt / income	61.9%	61.3% (Q2)	Better	The national average is easing. The arrears book is not (page 9).
Consumers in default	n/a	41.8% (Eighty20/XDS, Q2)	New	208,000 new defaulters in the quarter. Early buckets are filling.
Civil debt cases	Summonses +10.6% (Mar)	Summonses +3.9%, judgment value +12.6%	Mixed	Fewer new cases, larger balances reaching legal.
Debt-counselling applicants	Payday loans 61%, 8.5 agreements	Payday loans 63%, 8.7 agreements	Worse	R50k+ earners now need 103% of take-home pay for debt.
Multi-banking	n/a	41% hold 2+ accounts (FinScope)	New	The money often lands in an account you aren't debiting.
Debit order rulebook	PASA	PayInc (from 2 Sept 2026)	Mixed	New owner, same mechanics: 60-day dispute window applies.

Correction: the June edition showed repo at 6.75% and prime at 10.25%. The SARB had already raised the repo rate to 7.00% on 28 May 2026.

Pressure is rising again, and it is landing unevenly

Q3 2026 reverses the easing story of 2024 and 2025. The averages still look manageable. The arrears, the legal book and the rate path do not.

THE READ

Collections pressure in South Africa is not one national trend. It is concentrating by product, income band, legal stage and payment rail, and the rate cycle has turned against the customer for the first time since 2023.

Teams that keep treating the book as one population will over-collect from customers who were going to pay and under-reach the ones who are slipping.

10.75%

prime after the 23 September hike, the second this year

4.4%

headline CPI in August, above the new 3% ±1 target band

33.6%

unemployment in Q2, the highest since 2022

41.8%

of credit-active consumers three months or more in arrears

+12.6%

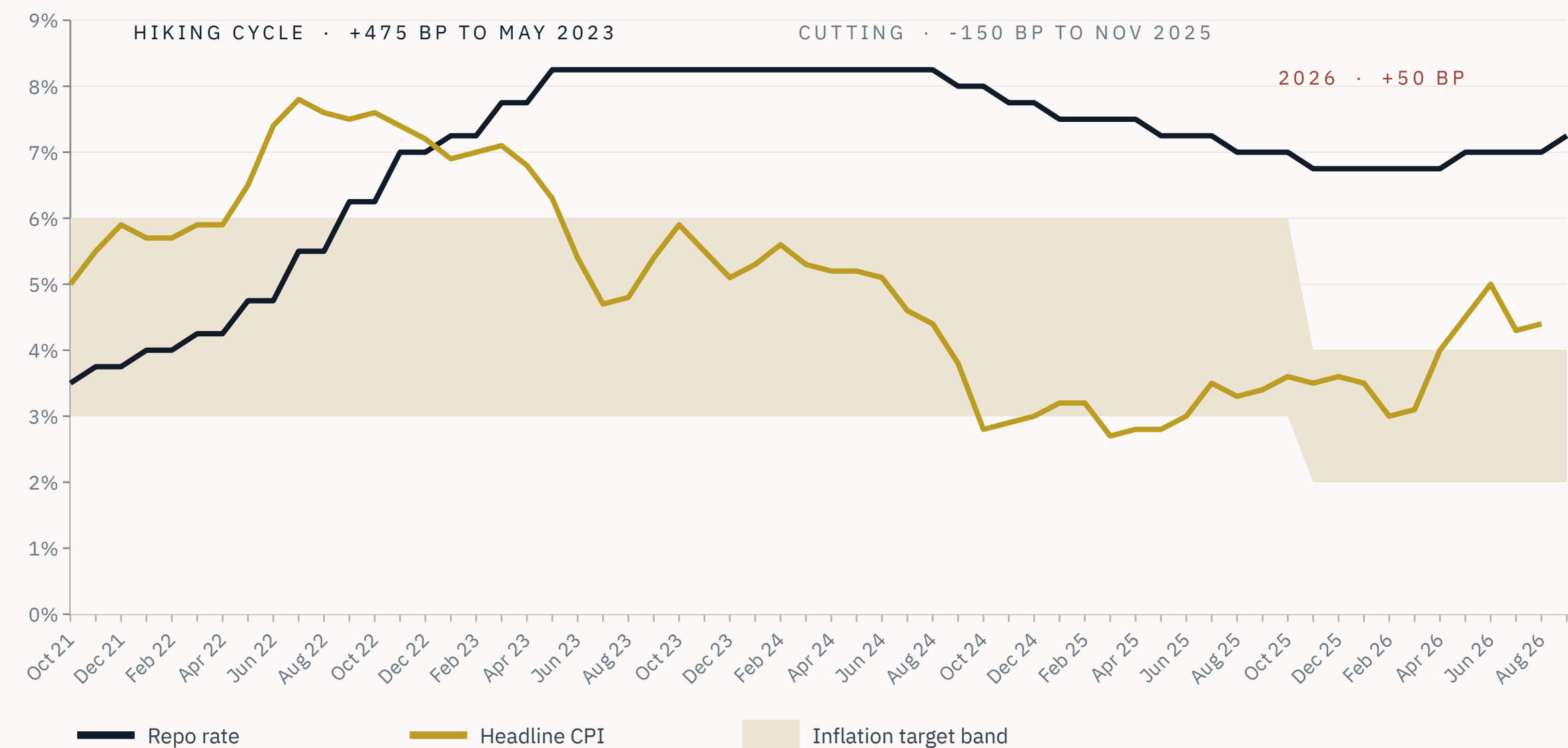
value of civil debt judgments, three months to July

41%

of banked adults hold two or more bank accounts

The cycle has turned against the customer again

Repo rate and headline CPI, monthly, October 2021 to September 2026. The shaded band is the SARB inflation target: 3% to 6% until November 2025, then 3% ±1.



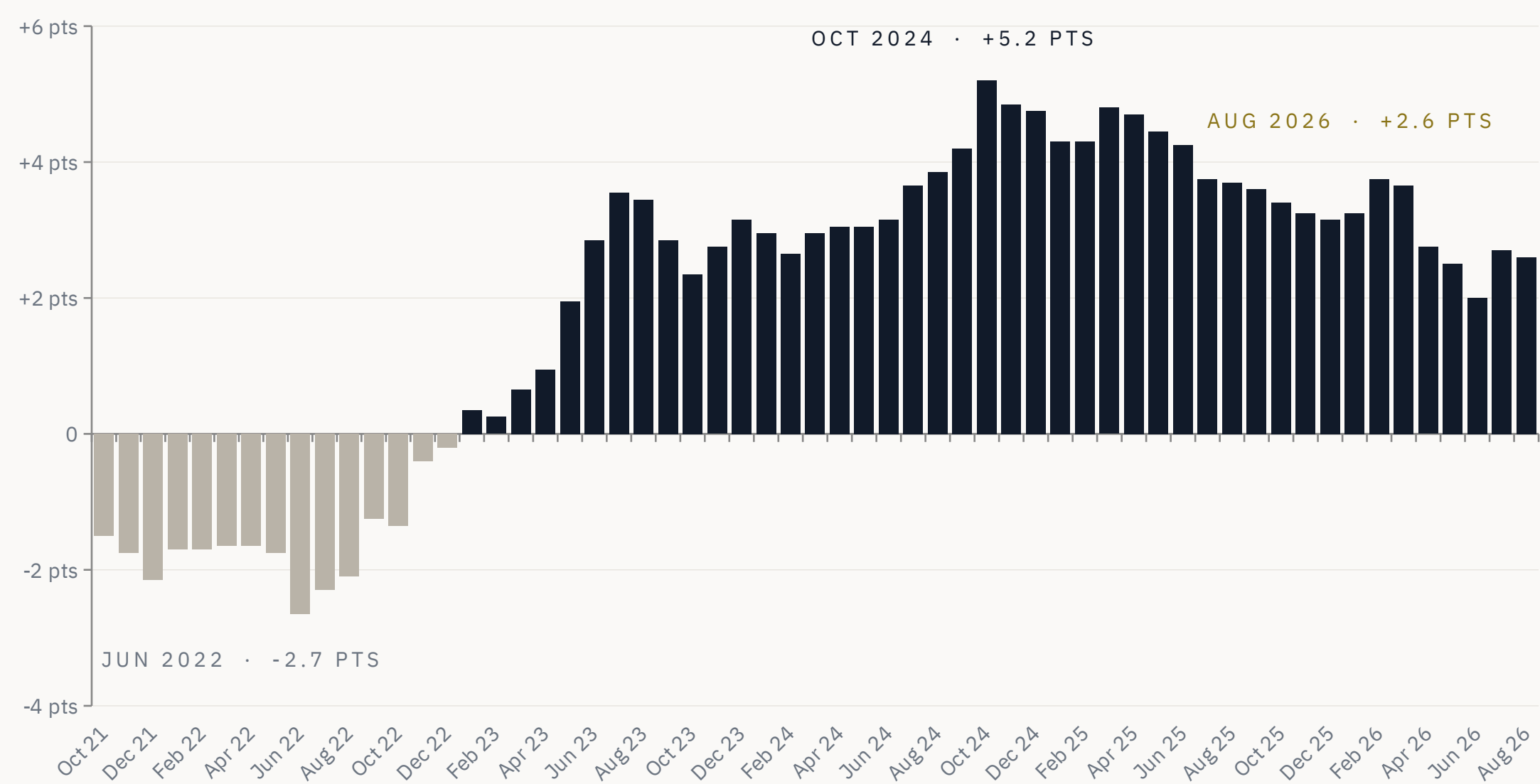
WHAT THE CYCLE DID	
Prime, and the instalment on a R1m, 20-year home loan	
7.00% Oct 2021	R7,753 a month
11.75% May 2023 to Sept 2024 peak	R10,837 a month
10.25% Nov 2025 to May 2026 low	R9,816 a month
10.75% Now, after 23 Sept	R10,152 a month

+31% on the 2021 instalment

Inflation is back above target, under a stricter target. At 4.4%, August CPI would have sat comfortably inside the old 3% to 6% range. Under the 3% ±1 target adopted in November 2025 it is a breach, and the SARB has now hiked twice in response. Plan Q4 and Q1 treatment on no rate relief: the SARB itself does not expect inflation back at 3% until towards the end of 2027.

Debt has been genuinely expensive since January 2023

Real repo rate: repo minus headline CPI, monthly. Negative means inflation was eroding the cost of debt. Positive means it is compounding against the borrower.



Arrears compound faster

With real rates positive, interest on arrears now grows faster than prices. An account left uncured for six months costs the customer more in real terms than at any point in 2021 or 2022, and settles for less.

The 2021 vintage carries the cycle

Customers who took variable-rate credit when prime was 7% are paying about a third more on the same loan. Their affordability was assessed in a different rate world.

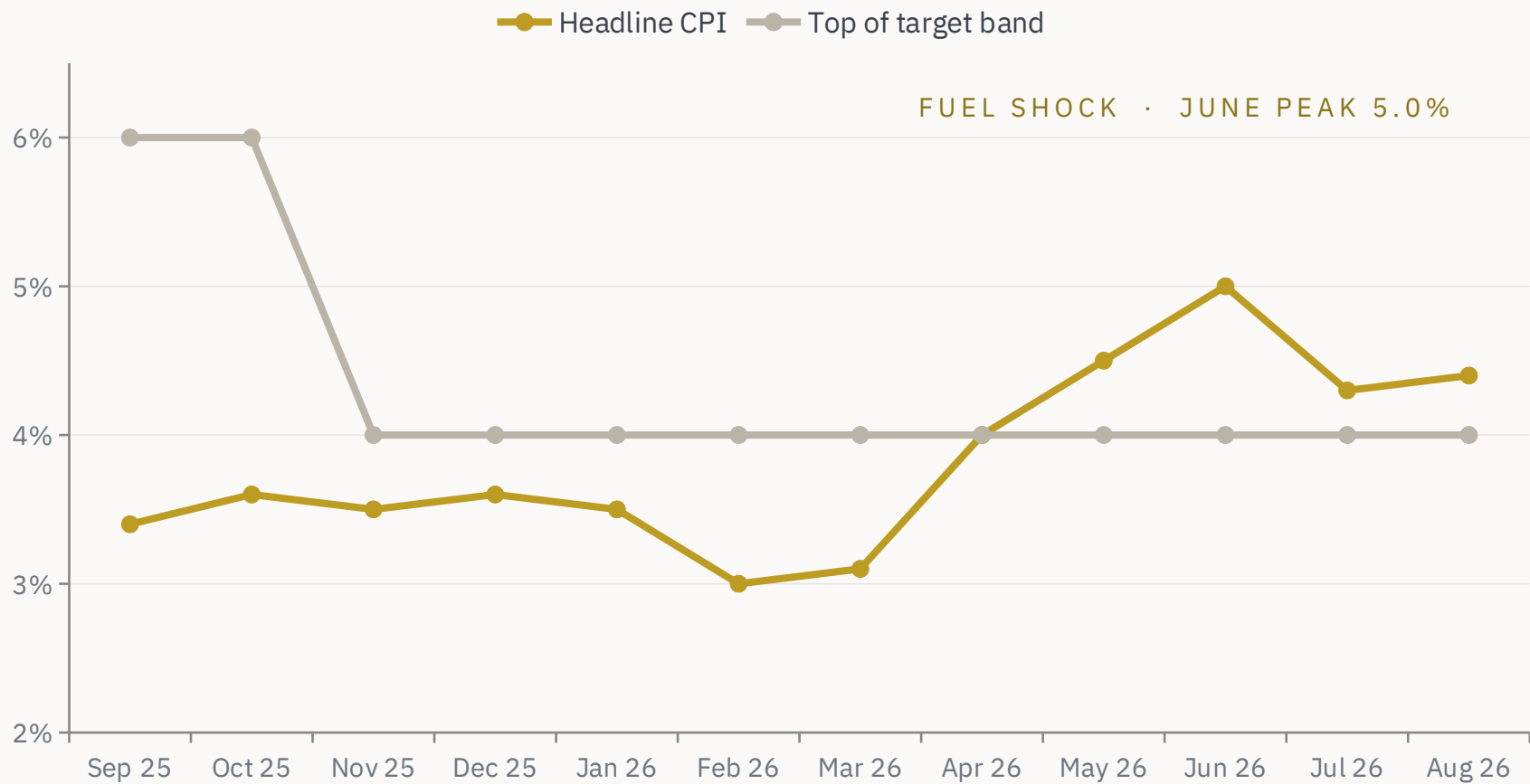
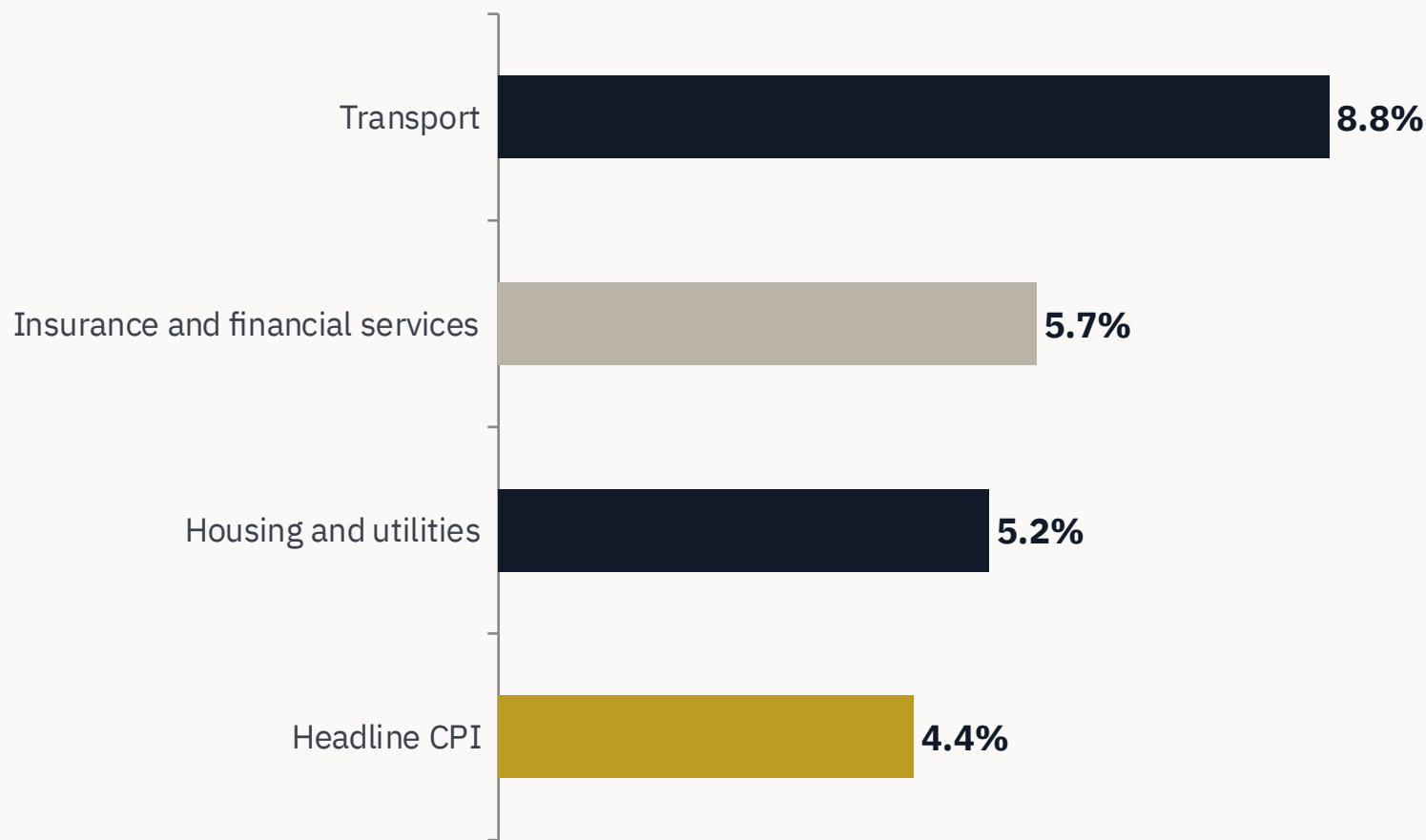
Fixed-rate unsecured is not immune

The instalment doesn't move, but the bond, the car and the card in the same household do. It's the other creditors' increase that pushes your debit to the back of the queue.

What to do with it. Segment by rate exposure, not just by product. A customer with a variable-rate bond and vehicle loan has absorbed two hikes this year even if your own product is fixed.

This year's inflation is in the costs customers pay first

Year-on-year price growth by category, August 2026, against the headline rate. Transport and housing and utilities alone contributed 2.5 of the 4.4 percentage points.



Fuel reaches the debit order first

Transport inflation at 8.8% hits the commuting customer every working day. It is paid in cash and at the pump before month end, which is exactly the money a 1st-of-the-month debit is counting on.

Utilities feed municipal arrears

Housing and utilities at 5.2%, the biggest single contributor to headline inflation, adds to municipal debt that is already deeply aged. Municipal and credit arrears often sit in the same household.

The cost of being in arrears is rising too

Insurance and financial services at 5.7% includes bank and credit fees. Unpaid fees and penalty charges make a missed month more expensive to cure.

The labour market lost ground in the second quarter

Quarterly Labour Force Survey, Q2 2026. The labour force grew by 329,000, but employment fell, so every new entrant became an unemployed one.

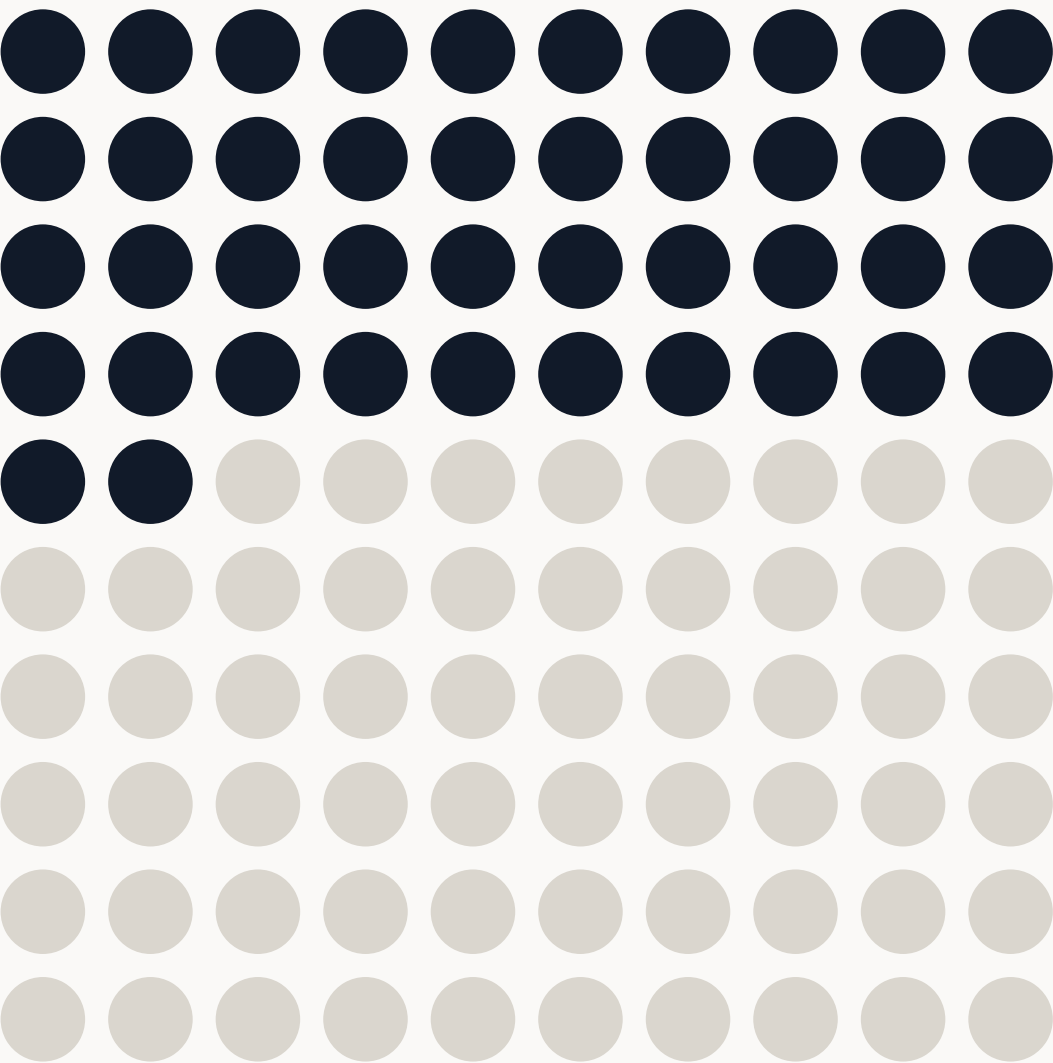


WHAT A WEAKER LABOUR MARKET DOES TO A BOOK

01	Promise quality falls before roll rates move	Job loss shows up first as broken promises and part-payments in early buckets, a cycle or two before it reaches roll rates in the month-end pack.
02	Income becomes irregular, not just lower	Piece work, shifts and informal income replace a salary. Fixed strike dates miss more often, and the customer's real pay day moves.
03	Household income is shared across more people	When one earner supports more dependants, the creditor competes with rent, transport and school fees for the same rand.

Four in ten credit-active consumers are already in default

Default here means three months or more in arrears on at least one loan. The Eighty20/XDS series is a different measure from the NCR's impaired-records rate, so the two are shown side by side, not compared.



41.8% in default, Q2 2026. Each dot is 1% of credit-active consumers.

EIGHTY20/XDS · Q2 2026

+208k
more people in default during the quarter

R233bn
overdue balances, up 9% on a year ago and 8.6% of the R2.7tn owed

NCR CBM · Q2 2025

36.0%
of 29.2m credit-active consumers with impaired records (10.5m)

DEBTBUSTERS · DEBT-COUNSELLING APPLICANTS, Q2 2026

103%
of take-home pay needed to service debt by applicants earning R50k+ a month

63%
of new applicants hold a payday loan, a record

TRANSUNION · Q2 2026

39%
of consumers expect to miss at least one bill or loan payment

The flow matters more than the stock. 208,000 new defaulters in a quarter means early-stage queues are filling with customers who were up to date six months ago. They need a different conversation from long-term arrears.

The average household looks better. The arrears book doesn't

Two Q2 2026 numbers that seem to disagree. Both are right, and the gap between them is where collections strategy has to work.

HOUSEHOLD DEBT TO DISPOSABLE INCOME

61.3%

Easing from 61.9%

Across every household in the country, including the many with no debt problem, debt is growing more slowly than income.

SARB Quarterly Bulletin, Sept 2026

OVERDUE CONSUMER BALANCES

R233bn

Up 9% year on year

Among the people who are actually behind, overdue amounts keep climbing, and 208,000 more fell into default in the quarter.

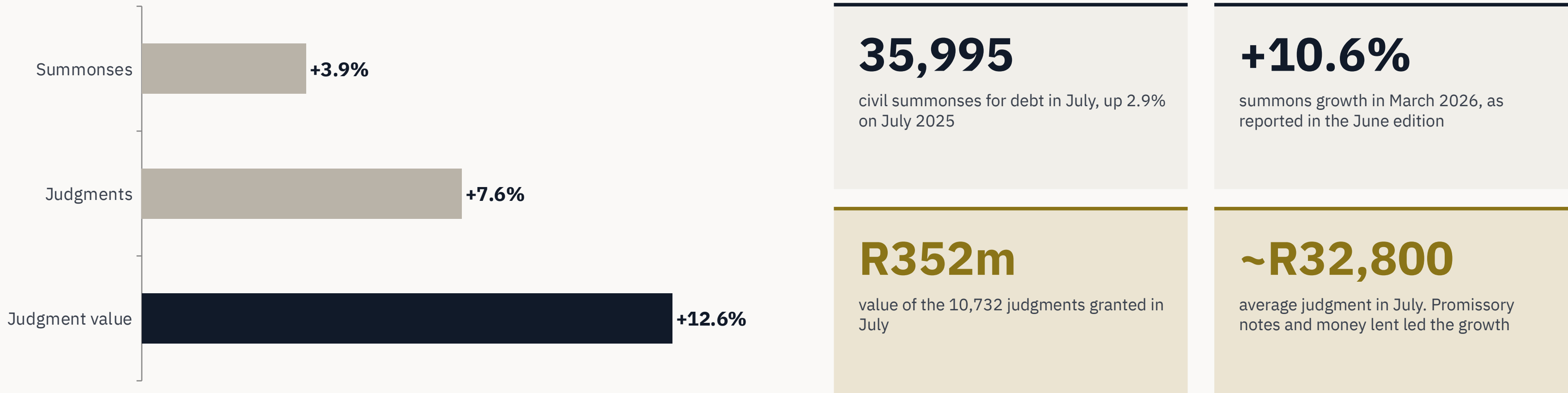
Eighty20/XDS, Q2 2026

A book is not the average household. It is a specific list of customers, and the stress is concentrating by product, income band and region. DebtBusters' Q2 index shows it from another angle: lower-income applicants' debt has fallen, while those earning over R50,000 a month need more than all their take-home pay to service theirs.

So what. If your Q4 forecast leans on the national ratios, test it against your own early-bucket roll rates by segment before you set January capacity.

Fewer new cases are going legal, but each one is bigger

Civil cases for debt, three months to July 2026 against the same period a year earlier. Summons growth has slowed sharply since March. The value of judgments has not.



Legal is the slowest and most expensive place to recover a rand. If larger balances are reaching it, the money is in pre-legal strategy for high-balance accounts: earlier contact, a sharper affordability conversation, and a settlement offer made while the customer can still take it.

Check your own handover point. If the legal referral trigger is days past due alone, high-balance accounts reach legal on the same clock as small ones. A balance-weighted trigger brings the decision forward where it's worth the most.

The money moves on more rails, and the rules moved owner

Three changes to how customers pay that a collections strategy should already reflect. None of them is new this quarter, but most operations have not caught up.

41%

of banked South Africans hold two or more bank accounts, about 16.7 million people, up from 39%

Most second accounts are opened to receive grants and government payments. The salary often lands in one account while the debit order runs on another.

THE QUESTION TO TEST

Do you know which account the income lands in, and is the mandate on it?

55%

PayShap settlement value as a share of EFT debit value, February 2026 (R49.8bn against R90.9bn)

Instant payment is no longer a side rail. For a customer who has just failed a debit order, a same-day payment request may convert where a re-present won't.

THE QUESTION TO TEST

Have you tested a payment request against a reschedule after a failed debit?

60 days

dispute window on every debit order since 13 April 2026, down from a year. Rules now sit with PayInc

The EFT post-40-day mandate defence is gone. An EFT debit is reversible for the full 60 days. Reversal provisions sized for a 12-month tail tie up capital.

THE QUESTION TO TEST

Are reversal provisions and EFT dispute assumptions reset since April?

The pressure map, June against Q3

Each pressure pocket from the June edition, with the direction it moved this quarter and the question it puts to a collections operation.

Pressure pocket	Q3 signal	Since June	Management question
Rates and instalments	Prime 10.75%, two hikes since May	Rising	Which arrangements were sized on the old instalment, and when do we re-size them?
Inflation mix	CPI 4.4%, transport 8.8%, above target	Rising	Are strike dates tested against where fuel and transport costs land in the month?
Labour and affordability	Unemployment 33.6%, +345k unemployed	Rising	Are broken and part-paid promises tracked by segment each cycle, not monthly?
Consumer default	41.8% in default, +208k in the quarter	Rising	Do newly delinquent customers get a different first conversation from long-term arrears?
Household average	Debt to income 61.3%	Easing	Is the Q4 forecast built on national ratios or on our own early-bucket roll rates?
Legal stage	Judgment value +12.6%, summonses +3.9%	Shifting	Is the legal trigger balance-weighted, or days past due alone?
Payment rails	41% multi-banked, PayShap 55% of EFT debit	Shifting	Which customers should be offered a payment request instead of a re-presented debit?
Debit order rules	60-day window, rulebook now with PayInc	Holding	Are reversal provisions and dispute handling reset for the April changes?

Six moves for the fourth quarter

None of these needs new technology. Each can be tested on a slice of the book before the January run, with a control group alongside it.

01

Re-size pre-hike arrangements now

Find every arrangement and promise sized before 28 May and re-test affordability at the new instalment before it breaks in January.

02

Split new defaulters from old arrears

Give customers who were up to date six months ago their own first conversation and treatment path.

03

Track promise quality every cycle

Kept, part-paid and broken promises by segment, each cycle. It moves before roll rates do.

04

Test a payment request after a failed debit

Run a same-day PayShap request against a reschedule on a test cell, and measure the difference in conversion.

05

Weight the legal trigger by balance

Bring the pre-legal settlement conversation forward for high-balance accounts, where the judgment value is growing.

06

Reset reversal assumptions

Align provisions and dispute handling with the 60-day window, and re-check EFT books that assumed a mandate defence.

Thank you

The collections advantage this year comes from turning public signals into faster, fairer decisions about specific customers, before the January run.

SOURCES AND METHOD

SARB: MPC statements Oct 2021 to Sept 2026; Quarterly Bulletin Sept 2026; SAMOS settlement statistics Feb 2026

Stats SA: CPI (P0141) to Aug 2026; QLFS Q2 2026; Civil cases for debt (P0041) Jul 2026

Eighty20/XDS Credit Stress Report Q2 2026; NCR Credit Bureau Monitor Q2 2025 (latest available)

DebtBusters Debt Index Q2 2026; TransUnion Consumer Pulse Q2 2026; FinScope Consumer South Africa 2025

PASA debit order dispute enhancements (2025); PayInc and SARB transfer (Paysoft, Sept 2026)

Public data only. No client or proprietary data. Instalments are standard amortisation. Real rate = month-end repo less same-month CPI.

Next edition: Q4 2026, early February 2027



Evidence before opinion.

WHERE DOES YOUR OPERATION STAND?

Take the free Nexalta collections diagnostic. Fifteen minutes, built from what we see across South African collections operations.

nexaltaconsulting.com/online-assessment

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