

University of KwaZulu-Natal

Durban Consumer Views on the National Credit Act (NCA)

Nozipho F. Khuzwayo

Student No: 201 509 302

A dissertation submitted in partial fulfillment of the requirement for the degree
of

MASTER IN BUSINESS ADMINISTRATION

In the Graduate School of Business and Leadership,

Faculty of Management Studies

Supervisor: A. Bozas

Date : 2013

Declaration

I declare that this research report is my own, except where specifically acknowledged. It has not been submitted before, in whole, or in part for any degree or examination at any institution.

Signed: _____

Date: _____

Acknowledgements

I would like to thank God Almighty for the strength given to me to complete this research. It is not possible to single out all of those who offered support and encouragement during what at times seemed to be a “never-ending journey.” However, there are individuals without whom this project would not have been completed, and to them go my special thanks and acknowledgement for their contribution:

- My supervisor, Mr Alec Bozas, for his patience and guidance;
- My dearest Husband, Msizi, daughters Aphiwe and Anelisa;
- My friends, family and colleagues;
- All the people who responded by completing the questionnaire for the study.

Abstract

The National Credit Act aggressively addresses problems in the South African credit market. The purpose of the NCA is to promote socio-economic and ethical values that will serve to protect consumers, through the application and enforcement of various laws.

The research was conducted in the Durban area. Literature was surveyed with the aim to determine the views of Durban consumers concerning the National Credit Act.

The study adopted an exploratory and quantitative research method using a survey (questionnaire) as its main data-collection instrument. This was administered via email. The sampling technique used is a non-probability sampling with a target population comprising of natural persons in the Durban area, who have been affected by credit.

Data were analysed using the SPSS statistical package, which was appropriate for this research since its nature was quantitative rather than qualitative. Significance and correlations were the basis of the data analysis in this research and cross-tabulations were used in order to enable presentation of results. Only the variables that were relevant to the research questions were used for further analysis after the significance tests were done.

The findings on the research reflected that most of the respondents had higher education degrees, which indicated that the research covered well-educated people; most respondents were satisfied with the way the NCA was explained when it was introduced, although the research highlighted a need for further consumer awareness of the Act to eliminate major default.

Some recommendations that include the further research on the same topic with a larger sample were made. It is concluded that it is necessary to make improvements on the Act.

Table of Contents

Declaration.....	i
Acknowledgements.....	ii
Abstract.....	iii
CHAPTER ONE: INTRODUCTION TO THE RESEARCH	1
1.1 Introduction	1
1.2 Nature and Subject of the Research	1
1.3 Purpose of the Study.....	3
1.4 Problem Statement.....	3
1.5 Value of the Study.....	3
1.6 Objectives of the Study.....	4
1.7 Key Research Questions.....	4
1.8 Limitations of the Study.....	4
1.9 Methodology and Structure of the Dissertation.....	5
CHAPTER TWO: LITERATURE REVIEW	8
2.1 Introduction	8
2.2 The Definition of A Consumer.....	8
2.4 Definition of Credit.....	9
2.4.1 Advantages of Credit.....	10
2.4.2 Disadvantages of Credit	10
2.5 A Credit Record	11
2.6 Consumer Credit	11
2.7 The National Credit Act (NCA).....	12

2.7.1 The Purpose of the NCA.....	12
2.7.2 The Implementation of the National Credit Act (NCA)	13
2.7.3 What the NCA Means to Consumers	15
2.7.4 The Benefits of the NCA.....	16
2.7.5 Issues that led to NCA in South Africa	17
2.8 Business Impact of the NCA	17
2.9 Consumer Credit Institutions and Regulatory Matters.....	18
2.9.1 National Credit Regulator (NCR)	19
2.9.1.1 Functions of the NCR	19
2.9.2 National Consumer Tribunal	20
2.9.2.1 Powers of the Tribunal.....	21
2.10 Ombud	22
2.11 The NCA Consumer Rights	22
2.12 Consumer Protection Act (CPA)	23
2.12.1 The Need for a Holistic Overview of South African Consumer Protection Regime	24
2.12.2 Policy Principles Informing the Consumer Protection Act (CPA)	24
2.12.3 Purpose of the Consumer Protection Act	25
2.13 The Relationship between NCA and CPA	26
2.14 Consumer Bill of Rights	26
2.16 Offences and Penalties	28
2.17 Conclusion.....	29
CHAPTER THREE: RESEARCH METHODOLOGY.....	30
3.1 Introduction	30

3.2 Defining Research	30
3.3 Research Methodology	31
3.3.1 Quantitative Methodology	32
3.3.2 Qualitative Methodology	32
3.4 Population and Sample	33
3.4.1 Advantages of Sampling.....	34
3.4.2 Types of Sampling	34
3.5 Methods of Data Collection	35
3.5.1 Questionnaires.....	35
3.5.2 Questionnaire Design.....	36
3.6 Pilot Study	36
3.7 Validity and Reliability of Measurement.....	37
3.7.1 Validity	37
3.7.2 Reliability.....	38
3.8 Administration of the Questionnaire.....	38
3.9 Statistical Analysis of the Data	39
3.10 Conclusion.....	39
CHAPTER FOUR: FINDINGS AND ANALYSIS	40
4.1 Introduction	40
4.2 Data Analysis.....	40
4.3 Conclusion.....	64
CHAPTER FIVE: CONCLUSIONS AND RECOMMENDATIONS.....	65
5.1 Introduction	65
5.2 Research Question Responses	65

5.3 Deductions and Recommendations.....	65
5.4 Sampling Issues.....	66
5.5 Suggestions for Further Research.....	67
5.6 General Recommendations.....	67
5.7 Conclusion.....	67
BIBLIOGRAPHY.....	69
APPENDICES:	73
Appendix 1 Ethical Clearance:.....	73
Appendix 2 Informed Consent and Questionnaire.....	74
Appendix 3 Turnitin Page	80

List of Tables:

Table 4-1: Age Category Respondents	40
Table 4-2: Ethnic Group	41
Table 4-3: Type of Business.....	42
Table 4-4: Gender	43
Table 4-5: Level of Education.....	44
Table 4-6: Were you satisfied with the explanation of the NCA?.....	45
Table 4-7: Purpose of NCA.....	46
Table 4-8: Since NCA enacted, have you applied for credit?.....	47
Table 4-9: How long did the application take?	48
Table 4-10: How much did you apply for?	49
Table 4-11: Have you been declined credit?	50
Table 4-12: Service providers are strictly controlled by the NCA?	51
Table 4-13: Managed level of debt/borrowing better since NCA.....	52
Table 4-14 Getting a loan is easy even under the NCA.....	53
Table 4-15: Percentage of salary used to repay borrowed money.....	54
Table 4-16: How Much Money Is Spent On Groceries.....	55
Table 4-17: How much money is spent on Transport.....	56
Table 4-18: How Much Money Is Spent On Education	57
Table 4-19: How much money is spent on savings and policies.....	58
Table 4-20: How much money is spent on Other?	59
Table 4-21: The NCA is a good piece of legislation	60
Table 4-22: Correlations.....	61
Table 4-23: Correlations.....	62
Table 4-24: Correlations.....	62
Table 4-25: Correlations.....	63
Table 4-26: Correlations.....	64

List of Figures:

Figure 4-1: Age Category.....	41
Figure 4-2: Ethnic Group	42
Figure 4-3: Type of Business	43
Figure 4-4: Gender	44
Figure 4-5: Level of Education.....	45
Figure 4-6: Were you satisfied with the explanation of the NCA?	46
Figure 4-7: I understand the purpose of the NCA.....	47
Figure 4-8: Since NCA enacted, have you applied for credit?.....	48
Figure 4-9: How long did the application take?	49
Figure 4-10: Amount of money applied for	50
Figure 4-11: Have you been declined credit?	51
Figure 4-12: Service providers are strictly controlled by the NCA?	52
Figure 4-13: I have managed my level of debt better since the NCA became law	53
Figure 4-14: Getting a loan is easy even under the NCA	54
Figure 4-15: Percentage of Salary used to repay borrowed money	55
Figure 4-16: Money spend on Groceries.....	56
Figure 4-17: Money spend on Transport	57
Figure 4-18: Money spend on Education.....	58
Figure 4-19: Money left to spend on Savings & Policies.....	59
Figure 4-20: Money left to spend on other	60
Figure 4-21: The NCA is a good piece of Legislation	61

CHAPTER ONE: INTRODUCTION TO THE RESEARCH

1.1 Introduction

This chapter provides an overview of the problem that was researched and a description of the research methodology. There is no denying that credit is necessary in modern life, as it gives one that extra edge when one wants to buy commodities/goods and services that have always been out of reach (<http://www.credit.maine.gov>). The problem comes in where debt can quickly spiral out of control; this clearly shows that most consumers cannot manage their finances well.

Consumers need to factor into their budgets the reality that borrowed funds are linked to the interest rate and increases in the bank rate will adversely affect the consumer's budget. The study looks specifically at the Durban consumer views on The National Credit Act as a legal debt control measure, used to ensure that consumers only borrow what they can afford.

The purpose of the NCA according to Section 3 of No 35 of 2005 is to promote and advance the social and economic welfare of South Africans; to promote a fair, transparent, competitive, sustainable, responsible, efficient, effective and accessible credit market and industry in order to protect the consumers from over-borrowing. It is debatable whether the Act is successful in advancing its purpose particularly in its offer of protection to consumers.

1.2 Nature and Subject of the Research

The National Credit Act (NCA) sets a framework for every type of credit transaction. Consumers, credit bureau and all providers of credit need to get to grips with the new National Credit Act, which came into effect on the 1st of June 2006 (www.getyourmoney.co.za). The NCA brings South Africa's credit legislation in line with similar legislation in developed countries. It is likely to reduce undesirable credit practices significantly, but it may take some time for the financial system to adjust and then expand under the new law (Goodwin-Groen & Kelly-Louw, 2006).

The Act gives new rights to the consumer, and introduces measures that allow consumers to make informed decisions before buying on credit. Credit providers will now also be held accountable for extending credit to consumers who cannot afford it – a first in South African

history. Credit bureaus will also be regulated in terms of how they conduct business (<http://www.credit.maine.gov>).

The final phase of implementation of the new Act took place on June 1, 2007. These final provisions include new and improved consumer rights, the regulation of credit marketing practices, the introduction of pre-agreement disclosures and mechanisms for consumers who are unable to pay off their debts.

The NCA aims at stamping out reckless lending. If it is unlikely that a consumer will be able to meet all his/her debt obligations on time, then they are considered as being over indebted. No credit providers may give such a person a loan, or any form of credit. The fundamental purpose of the Credit Act is to achieve integrity in the credit market and remove the multitude of unfair practices, inappropriate disclosure and anti-competitive practices from the market, (Goodwin-Groen, 2006).

To date, consumer credit to households is estimated at R760bn, with 14 million active consumers and 50million open accounts. The average percentage of debt to income is 73%. There are 80 000 judgments for debt per month. Some 11% of households have debt greater than 20% of their disposable income (The National Credit Act-An overview; March 2011). The Act brought into existence the National Credit Regulator (NCR) which is responsible for the regulation of the consumer credit industry.

There are more than 200000 indebted consumers who are registered for debt counseling, which was introduced through the Act as a statutory measure to assist South Africans with debt problems. There are 18,8 million credit active South Africans, of whom 8,7 million are finding themselves in payment arrears for more than three months, according to the *Sunday Times* (04 December 2011). This is an indication of a nation of highly indebted families. It appears that most of the people who find themselves in counseling are there as a consequence of consumption spending, and the bulk of troubled consumers are middle-class income earners with an average salary of at least R15 000, with about 89% of their disposable income committed to paying off debt (*Sunday Times*, 04 December 2011).

A National Consumer Tribunal exists to deal with matters relating to the Act. The Act aims to protect the consumer, to eliminate various undesirable credit practices and to regulate the consumer credit agreements, credit providers and credit bureaus, as well as to provide mechanisms for debt rehabilitation.

1.3 Purpose of the Study

The study is aimed at establishing Durban Consumer views on the National Consumer Act (No.34 of 2005) in order to determine its effects on credit applications of people applying for credit and whether the Act is achieving what it was designed to do, which is to reduce the risk of people having judgments taken against them. This would be achieved by determining the respondents' awareness of the existence of the Act, understanding thereof as well as the perception of its impact on study participants as consumers.

1.4 Problem Statement

This study is based on National Credit Act (NCA). The problem that was researched was to determine Durban consumer views on the NCA.

At the heart of the NCA lies the fact that it has come into place to improve the way consumers have been using credit. With improvement comes change, and one of the important changes is that consumers need to recognize the importance of determining whether they can afford credit. The NCA calls this an Affordability Assessment. Previously, credit was granted provided the monthly debt repayment was no more than 30% of the applicant's income. This resulted in many consumers using too much credit and becoming over-indebted, (*Financial Health Magazine*, 2007).

1.5 Value of the Study

The value of this research is that it provides insight into the views of the consumers on the NCA and based on their feedback, draws conclusions and makes recommendations that will be of use to legislators in any modification of the NCA. The intention is to benefit consumers as it will bring awareness and explain in detail the significance and advantages of the NCA to all consumers in general, which may lead them to embrace the Act and become agents of change. Furthermore, the research intended to identify loopholes in the Act, thus serving as a good evaluation or assessment tool for legislators.

The survey done in a form of a questionnaire in the study was used to identify the strengths and weaknesses of the NCA, as the consumers' responses revealed and at the same time to

highlight where improvements should be made. The study was also a source to develop a consumer's perspective on the NCA.

1.6 Objectives of the Study

1.6.1 Objective 1

To highlight the challenges that the credit providers and agents face in complying with the National Credit Act.

1.6.2 Objective 2

To determine the impact of the NCA on consumers.

1.6.3 Objective 3

To determine consumer opinions of the NCA.

1.6.4 Objective 4

To evaluate consumers' views concerning the approval/rejection of the consumer application for credit since implementation of the NCA.

1.7 Key Research Questions

1.7.1 What are the challenges that the credit providers and agents face in complying with the National Credit Act?

1.7.2 What is the impact of the NCA on consumers?

1.7.3 What are consumers' opinions of the NCA?

1.7.4 How can one ensure more positive consumer views of the approval/rejection of the consumer application for credit since the implementation of the NCA?

1.8 Limitations of the Study

The scope of the research was limited to Durban consumers only. This was due to time and financial constraints. Data were collected via convenience sampling which was not

representative of the population, as it could have resulted in the omission of certain clusters in the population and being biased towards a certain outcome.

1.9 Methodology and Structure of the Dissertation

Methodology used in research may be of a qualitative or a quantitative type and form. Quantitative research requires measurement (Cooper & Schindler, 2001), while qualitative research tends to be open-ended and is more subjective, seeking the opinions of respondents, (Creswell, 2009).

The research approach that was undertaken was quantitative. The study employed the survey research method using a questionnaire to collect data. The sampling technique used was a non-probability technique, where the probability of including each element of the population in the sample is unknown (Brynard & Hanekom, 2010). The population selection was based on availability and accessibility. The other reason for choosing this sampling technique was the need to reach the target market quickly, which comprised mostly low and middle earners in the Durban area. The research instrument was a questionnaire with both closed and open-ended questions, which was circulated via email and returned for data analysis.

The dissertation is divided into chapters. The ideology behind the structure of the dissertation is a logical flow of research ideas and arguments (Melville and Goddard, 2001).

The dissertation chapter layout is as follows:

Chapter One

This chapter focuses on the nature of the research, purpose of the study as well as the intended benefits of the study. It offers background information presented in the research proposal. A brief explanation of the methodology and the limitations is given.

Chapter Two

The literature review encompasses the relevant research that was done by other people on the NCA. It comprises sources obtained on the internet by means of search engines; books obtained from the University's resource Centre, as well as articles obtained from the library.

A critical assessment of the collected information is made, whereby relevant facts are evaluated, confirmed and compared. Where contradictory information is discovered, it is evaluated in terms of circumstances in which this study was conducted in order to draw conclusions regarding which source is most relevant.

Finally, this chapter is used to identify what information is not currently available/provided by previous studies related to this field. This serves to set the stage for this study to be conducted (in order to fill the ‘information gap’)

Chapter Three

This chapter gives a detailed explanation of how data was collected in order to answer the research questions. It also outlines the criteria used in determining the sample size, and deals with the research methodology theory and the fieldwork.

Chapter Four

The chapter presents the analysis of data collected from the respondents. An interpretation and discussion of the findings using the software is offered. SPSS software was utilized to analyze the data coded questionnaires and processed graphs and tables related to the data. The results of the research are discussed to affirm or not the original thoughts presented in the research proposal and whether the results agree or disagree with what the study found. A few correlations considered to be relevant to the research questions are discussed in more detail.

Chapter Five

This chapter presents conclusions and recommendations as well as areas in which further research can be undertaken on the NCA. In this chapter, the research findings are evaluated with reference to the specific research objectives.

Conclusion

This chapter has presented the issues to be researched and has outlined the format of the research. It introduces the subject of the study, giving clear definitions of all the relevant concepts to the research. The purpose of the study is provided, which serves as a motivation for this particular research. The chapter also presents the problem statement which is like a

map, giving direction to the results of the study. This is done in line with the research questions and objectives to achieve the output of the study. Chapter Two contains the review of the literature pertinent to the research.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The respondents in this study are the consumer, a credit provider and the credit regulation (NCA). The significance is to highlight the challenges that both the consumers and the credit providers face in complying with the NCA. This will then show the impact of the National Credit Act (NCA) on consumers. The definitions of a consumer, a credit provider and the NCA are dealt with in depth in this chapter, as these are the key elements in the study.

2.2 The Definition of A Consumer

The Oxford English Dictionary (2006) defines a consumer as “one who purchases goods or pays for services”. Consumers have also been referred to as “those who buy, obtain and use all kinds of goods and services”. In legal and commercial dictionaries consumers are referred to as ‘individuals who purchase, use, maintain and dispose of products and services’, or as “a member of that brand or class of people who are affected by pricing policies, financing practices, quality of goods and services, credit reporting, debt collection and other trade practices”.

According to Otto and Otto (2006), the Act defines “consumer” in simple terms as:

- (a) The party to whom goods or services are sold under a discount transaction, incidental credit agreement or installment agreement;
- (b) A party to whom money is paid or credit granted, under a pawn transaction;
- (c) The party to whom credit is granted under a credit facility;
- (d) The mortgage under a mortgage agreement;
- (e) The borrower under secured loan;
- (f) The lessee under a lease;
- (g) The guarantor under a credit guarantee; and
- (h) The party who receives money or credit under any other credit agreement

Many consumers are ignorant of their rights and unwilling or unable to enforce them. A consumer awareness study in South Africa showed that consumer awareness factors such as bargain-hunting, product knowledge, information search, price consciousness and general consumer knowledge varied according to demographic characteristics of the consumers concerned, in respect of age, income, education, area and gender.

Governments have also discovered that it pays to protect the interests of consumers because such protection may lead to more competition, less restrictive trade practices and lower inflation. The exploitation of unsophisticated consumers has been established as a world-wide phenomenon that has continued for an extended period of time (Edward, 2004).

2.4 Definition of Credit

According to Ingham (2006), 'credit' is the trust which allows one party to provide resources to another party where the second party does not repay the first party immediately (thereby generating a debt), but instead arranges either to reimburse or return those resources (or other materials of equal value), at a later date. The resources provided may be financial (e.g. granting a loan), or they may consist of goods or services (e.g. consumer credit). Credit encompasses any form of preferred payment. Credit is extended by a lender, also known as a creditor, to a borrower, also known as a debtor. However, in modern societies, credit is usually denominated by a unit of account. Unlike money, credit itself cannot act as a unit of account, (Gertler & Gilchrist, 2005).

Credit is internally dependent on the reputation or credit-worthiness of the entity which takes responsibility for the funds. Credit is also traded in financial markets. The purest form in this regard is the credit default swap market, which is essentially a traded market in credit insurance.

A credit default swap represents the price at which two parties exchange this risk i.e. the protection "seller" takes the risk of default of the credit in return for the payment. This payment is commonly denoted in basis points (one basis point is 1/100 of a percent) of the notional amount to be referenced. At the same time, the protection "buyer" pays this premium and in the case of default of the underlying (which may be in the form of a loan, bond or other receivable), delivers the receivable to the protection seller and receives from the seller the paramount (Ingham, 2006).

Grove & Otto (2002) define credit as a trade practice according to which goods or services are supplied to a receiver, and where the parties agree that the receiver is entitled to pay for the goods or services at a future date. Furthermore, it is argued that credit has many functions, its most important being a means of exchange, or a substitute for money. Whether a person is entitled to credit depends on a number of factors: whether the credit granter is prepared to grant credit at all; the credit history of the applicant; his personal circumstances; the applicant's ability to pay; whether the applicant is able to provide security; the general availability of money and other factors.

There is no denying that credit is a good thing if well managed, it gives one an extra edge to access those things that have always been out of one's reach. The problem comes in where debt can quickly spiral out of one's control. When used wisely, credit can be a valuable financial tool. Credit also offers some valuable consumer protections such as: 1) It ensures that the consumer does not borrow more than she/he can afford; 2) Right to cancel the transaction within five business days incase the consumer decides not to enter into that particular credit. However, when used carelessly, credit can cause serious financial problems. One could owe more than one can repay and damage one's credit profile (www.credit.maine.gov. 20/02/2013).

2.4.1 Advantages of Credit

Having access to credit could be an advantage if one observes that they are able to buy goods at a lower price now than in the future. Credit cards are convenient to use and safer than carrying large amounts of cash. Some services such as renting a car or hotel are difficult to obtain without a credit card (Edward, 2004).

2.4.2 Disadvantages of Credit

One of the major drawbacks of credit as suggested by Ingram (2006) is that it can be habit-forming which in some instances results in consumers buying more than they really need. Access to credit has become easy and effortless. The convenience of a swipe of a card has had unintended negative consequences in the sense that some consumers, instead of comparison shopping for the best price, shop only at stores where they have credit (Financial Health Magazine, 2007)

2.5 A Credit Record

A credit record shows the entire credit history which includes what loans one has applied for and what accounts one has opened as well as any negative credit listings, where one may have fallen behind on payments or if there is a judgment or several judgments against one. It also shows a person's ability and willingness to repay a debt. It is determined by how prompt and reliable one has been in making past credit payments (<http://www.k-repbank.com/modules>, 12/07/2011).

In order to qualify to obtain credit in South Africa, one is required to be at least 18 years of age, and to be receiving a regular income. However, one will still need proof that one is a good risk. This proof is one's credit history, also called a credit profile or credit record, (Falkena et al., 2001).

A good credit history helps one to qualify for future credit. If a person has financed a car or made some other purchase using credit, that person probably has a record with a credit bureau and this record shows how responsible said person is in terms of paying their accounts. Whether one has been turned down for credit or not, it is a good idea to check the credit report from each of the bureaux once a year.

2.6 Consumer Credit

Consumer debt can be defined as money, goods or services provided to an individual in lieu of payment. Common forms of consumer credit include credit cards, store cards, motor finance, personal loans (installment loans), consumer lines of credit, retail loans and mortgages. The cost of credit is the additional amount, known as interest and which is over and above the amount borrowed, that the borrower has to pay. It includes interest, arrangement fees and any other charges. Some costs are mandatory, required by the lender as an integral part of the agreement. Other costs, such as those for credit insurance, maybe optional.

The borrower chooses whether or not she/he is included as part of the agreement (<http://k-repbank.com>, 12/07/ 2011). Under many legislative regimes, lenders are required to quote all mandatory charges in the form of an annual percentage rate (APR). The goal of the APR calculation is to promote "truth", to give potential borrowers a clear measure of the true cost

of borrowing and to allow a comparison to be made between competing products. The APR is derived from the pattern of advances and repayments made during the agreement. Optional charges are not included in APR calculation. If there is a tick box on an application form asking if the consumer would like to take out payment insurance, then insurance costs will not be included in the APR calculation (Finlay, 2009).

2.7 The National Credit Act (NCA)

The National Credit Act 34 of 2005 has replaced both the Credit Agreement Act, 75 of 1980 and the Usury Act, 73 of 1968. It is a comprehensive piece of legislation consisting of 173 sections, various schedules and a set of voluminous regulations. The Act represents a clean break from the past and bears very little resemblance to its predecessors. It introduces into South African Law new concepts and mechanisms for protecting credit consumers. As cited in Otto & Otto (2006), the three most important terms in the National Credit Act are probably “consumers”, “credit provider” and “credit agreement”. The aim of the NCA implemented on the 1st June 2007, is to introduce a single functional system of regulation that will apply to all credit activities, thereby ensuring that all credit providers and credit consumers are treated equally.

2.7.1 The Purpose of the NCA

The purposes of the Act as stipulated in Section 3(a) to Section 3(i) are to promote and advance the social and economic welfare of South Africans; promote a fair, transparent, sustainable, responsible, efficient, effective and accessible credit market and industry, and to protect consumers. The NCA focuses on protecting people from becoming financially overcommitted. As such it prevents one from borrowing money without ensuring that:

- Borrowers know their debt repayment history.
- The consumer understands the costs, risks and responsibility of the credit agreement;
- The borrower/consumer is able to afford to repay the debt; and
- Applicants/borrowers have supplied details of their income and expenses when applying for credit.

The NCA purposes are attained by:

- (a) Promoting the development of an accessible credit market, particularly to those people who have historically been unable to access credit;
- (b) Ensuring consistent treatment of different credit products and credit providers;
- (c) Promoting responsibility in the credit market by encouraging responsible borrowing, avoidance of over-indebtedness by consumers and fulfillment of financial obligations by consumers and by discouraging reckless credit granting by credit providers and default by consumers;
- (d) Addressing and correcting imbalances in negotiating power between parties by educating consumers about credit and consumer rights, providing consumers with disclosure of information and protecting them from deception and from unfair or fraudulent conduct by credit providers and credit bureau;
- (e) Improving consumer credit information;
- (f) Preventing over-indebtedness and providing mechanisms for resolving over-indebtedness;
- (g) Providing for a system of dispute resolution;
- (h) Providing for debt restructuring, enforcement and judgment; and
- (i) Promoting equity in the credit market by balancing the rights and responsibilities of credit providers and consumers.

2.7.2 The Implementation of the National Credit Act (NCA)

The NCA was assented to by the President in 2006. The Act came into operation in a piecemeal fashion to give creditors an opportunity to get their financial systems, contract documents and other forms in place and to attend to their registration as credit providers (Otto & Otto, 2006).

The process of implementing the Act is as follows:

The “technical” provisions of the Act dealing with the establishment of a National Credit Regulator (NCR) and the registration of the role-players were put into operation first. The

provisions establishing the National Consumer Tribunal and regulating the activities of credit bureau came into operation shortly thereafter.

The participants of the process are as follows:

(a) The following sections, parts and chapters of the Act came into operation on 1 June 2006:

- The sections dealing with the definitions in the Act, scope of application and categories of credit agreements;
- Those parts dealing with the establishment and functions of the NCR and certain administrative matters;
- Those parts of the Act dealing with the registration of role-players and related matters;
- The section providing for the establishment of a national credit register;
- The section providing for the review, verification, correction or removal of consumer credit information held by credit bureau;
- Those parts of the Act dealing with searchers, offences, the jurisdiction of courts, evidence and procedural matters;
- The sections dealing with the promulgation of regulations repeal of laws and conflicting legislation.
- The schedules to the Act dealing with the rules concerning conflict between the Act and other legislation, the amendment by the Act of existing legislation on transitional provisions providing for, amongst other things, the application of the Act to existing agreements and the preservation of existing rights and duties.

(b) The following sections, parts and chapters of the Act came into operation on 1 September 2006:

- That part of the Act which provides for the establishment of the National Consumer Tribunal;

- The section dealing with reconciliation between the Act and the Promotion of Access to Information Act;
- The section prescribing confidentiality in connection with information pertaining to a consumer; and
- The section dealing with information held by credit bureaux the duties of these credit bureaux and the right of consumers to challenge information held by them.

(c) The following sections, parts and chapters of the Act came into operation on

1 June 2007:

- The sections conferring particular rights on consumers;
- Those parts dealing with credit-marketing practices, over-indebtedness, reckless credit and rearrangement of debt;
- The section which deals with unlawful agreements, pre-agreement, certain duties of consumers, financial matters such as interest, fees, charges and credit insurance, with statement of account, alterations to agreements, changes to credit and termination to of agreements;
- The section which deals with the settlements of accounts, surrender of goods by the consumer, debt enforcement procedures and collection practices;
- The section dealing with the training of employees and agents by credit providers.

2.7.3 What the NCA means to Consumers

Otto & Otto (2006) state that the NCA was formulated to ensure that credit providers lend in a responsible way protecting consumers and preventing them from borrowing more than they can repay. Previously, South Africans relied on money-lenders for credit and they were not protected very well. Money-lenders gave loans with very high interest rates to low-income earners who used these loans as an extension of low wages to meet monthly responsibilities.

As a direct consequence of excessive borrowing and heavy reliance on credit, people are caught in a debt trap. Low income earners struggled to access credit, through banks and other legitimate credit providers, and if accessed, credit would be at a higher interest rate. Hence

the risk factor is also higher or they may fall prey to unscrupulous money lenders. This was in contrast with middle to high income earners, who were charged more reasonable rates of interest and were able to access credit more easily (*Financial Health Magazine*, 2012).

This has all changed now, because the NCA is in place to ensure that all consumers are treated equally, based on their individual circumstances. It provides consumers with responsibilities and governs credit providers and credit bureau. It has also established a role for debt counsellors who can assist consumers who are in financial trouble.

2.7.4 The Benefits of the NCA

In line with the Constitution of the Republic of South Africa 108 of 1996, the NCA is centred around the principles of fairness and non-discrimination, which contrast with the Usury Act No 73 of 1968 and National Credit Agreement Act No 34 of 2005 (which have since been repelled). The NCA introduces measures in an attempt to prevent over-spending by the consumer and, more importantly, to prevent money lenders from lending money to consumers who cannot afford either to pay the loan amount, or pay the interest on the loan amount. In particular, it introduces the concepts of “over-indebtedness” and “reckless credit”, (Renke et al., 2007).

The NCA is consumer focused in so far as it advocates for the Consumer Protection Act No. 68 of 2008, Lending institutions have a legal responsibility to ensure that prior to granting credit, the consumer understands credit agreements, terms and conditions, fee structures, the interest rate applicable and any other details described in the agreement. In other words, lending institutions have to ensure that they enter into an agreement with an informed consumer who is capable of making sound and informed decisions.

Today one can get all the information needed on credit agreements in the official language of their choice. The National Credit Regulator (NCR) has approved a choice of two languages. The pre-agreement quote will be given and it allows one to shop around for the best possible deal. One aspect to be shopping around for is the interest rate that one is offered: one must ensure that the interest rate is reasonable. As a responsible consumer, the individual is the first person who will detect when s/he is in financial trouble. The NCA has made provision for consumers to contact a debt counsellor once they experience difficulties in making all their payments, (Goodwin-Groen, 2006).

The NCA has created the office of the debt counsellor to facilitate the investigation of over-indebtedness and reckless credit granting. The debt counsellor plays an important role during the debt review process. In particular, his/her function is to assist the over-indebted consumer with the process of debt review. The debt counsellor must evaluate the consumer's over-indebtedness. A debt counsellor, in terms of regulation 1, "means a natural person who is registered in terms of section 44 of the Act offering a service of debt counselling". The debt counsellor's role goes no further than that of a mediator and facilitator (Nagel et al., 2007).

2.7.5 Issues that led to NCA in South Africa

The Department of Trade and Industry in South Africa is responsible for overseeing the credit market. Its policy objectives are "the promotion of a stable, efficient and competitive credit market in which consumers' rights are adequately protected, and in which access to finance or credit is improved, particularly for development purposes" (*Department of Trade and Industry*, 2003). The DTI has addressed specific problems, such as increasing the protection on microloans. In 2002, concerns arose about credit markets, and credit market legislation.

Inappropriate legislation together with the increasing use of credit by low-income consumers brought an urgent need for a closer examination of the credit legislation. The main proposal was that the focus must be shifted from price control to protection against over-indebtedness, and to the regulation of the undesirable lending practices. Furthermore, special attention should also be given to credit bureaux activities and the disclosure of credit related fees and charges, (Pellissier, 2005).

The in-depth review of credit legislation initiated by the DTI eventually resulted in the promulgation of the National Credit Act 34 of 2005 published in Government Gazette 28619 of 15 March 2006, and the National Credit Regulations published in the Government Gazette 28864 of 31 May 2006, Regulation Gazette No 8477, R489 in 2006, all with the purpose of solving consumer credit problems.

2.8 Business Impact of the NCA

The Act has inevitably changed the way in which credit providers extend credit. In the process, there have been compliance costs as credit providers have:

- Ensured their existing and new standard agreements comply with the Act;

- Put pre-agreement process in place – affordability assessment and quotations;
- Checked and updated their systems to ensure that only permitted interest and fees are calculated and charged, and to keep necessary records to compile statistical returns and compliance reports;
- Aligned their marketing and selling practices with the requirements of the Act; and
- Trained staff to understand and comply with the requirements of the Act.

At the same time, the income of credit providers has and will be affected by the limitations on interest and fees and credit-insurance provisions. There is evidence that volumes have been affected by the introduction of the Act in June 2007:

- June 2007 saw a year on year decrease of 13% in the sales of retailers in household furniture, appliances and equipment.
- Seasonally adjusted motor trade sales for the second quarter of 2007 decreased by 2.6% compared with the first quarter of 2007; and
- Growth in credit extended to household sector toned down from 22.8% year-on-year in May 2007 to 21.5% in June 2007 (www.financialmarketsjournal.co.za, 13/09/2012).

2.9 Consumer Credit Institutions and Regulatory Matters

The NCA aims to transform the South African credit industry by introducing a consistent regulatory and enforcement framework to promote a fair and non-discriminatory marketplace for access to consumer credit (www.financialmarketsjournal.co.za 13/09/2012,).

The NCA provides for and establishes various administrative bodies, quasi-judicial institutions, individuals and functionaries which are involved in the regulation of credit in South Africa or have statutory powers to make orders to ensure compliance with the Act (Otto and Otto, 2006).

2.9.1 National Credit Regulator (NCR)

The NCA establishes a National Credit Regulator (NCR) and confers on it wide powers and duties. The NCR is an independent juristic person governed by a Board. A chief executive officer is responsible for the functioning of the Regulator. He or she may appoint the Inspectors (Section 12(1) of Act No. 34, 2005).

2.9.1.1 Functions of the NCR

According to Otto and Otto (2006), the role, duties and powers of the Regulator are set out in great detail in the Act. The most important ones are as follows:

- (a) The Regulator must promote and support a fair, transparent, competitive, sustainable, responsible, efficient, effective and accessible credit market to serve the needs of the historically disadvantaged persons, low-income persons and remote, isolated or low-density communities.
- (b) The Regulator must monitor matters such as credit availability, market share, access to credit and levels of consumer indebtedness in the credit market and report annually on them to the Minister.
- (c) The Regulator must conduct research in
- (d) to the consumer credit industry and amongst other things, recommend legislative initiatives.
- (e) The Regulator is responsible for the registration of credit providers, credit bureaus and debt counselors and for monitoring a register of these registrations.
- (f) The Regulator must enforce the Act by amongst other things, promoting informal dispute resolution between the role-players, receiving complaints about and investigating contraventions of the Act, monitoring the market to prevent contraventions, ensuring that registrants comply with the Act, issuing and enforcing compliance notices, negotiating and concluding consent orders, referring concerns regarding market share and ant-competitive behavior to the Competition Commission, and referring matters to the National Consumer Tribunal when required to do so by Act.

- (g) The Regulator must educate the public to promote awareness of consumer credit matters and must provide guidance to the credit industry. It gives guidance by issuing explanatory notices outlining its procedures, by issuing non-binding opinions on the interpretation of the Act or by applying to a court for a declaratory order on the interpretation or application of the Act.
- (h) When a person fails to comply with a compliance notice issued by the Regulator, the Regulator may refer the matter to the National Prosecuting Authority or National Consumer Tribunal (NCT), which may, amongst other things, make orders prohibiting conduct in conflict with the Act.
- (i) The Regulator must keep a national register of outstanding credit agreements if it is required to do so by the Minister.
- (j) The Regulator may receive and initiate complaints regarding contraventions of the Act.
- (k) The Regulator may approach the NCT for certain orders.
- (l) The Regulator may refer a complaint regarding an alleged contravention of the Act to a debt counselor or to an ombud, consumer court or alternative dispute resolution agent to assist the parties in resolving the dispute. It may also direct the Inspector to investigate the complaint.

2.9.2 National Consumer Tribunal

The National Consumer Tribunal (NCT) was established as an adjudicative body in terms of Section 26 of the NCA, 34 of 2005. It has jurisdiction throughout South Africa. A decision by the Tribunal has the same status as one made by the High Court of S.A. The Tribunal's mandate includes reviewing decisions made by the National Credit Regulator (NCR). The Tribunal is a tribunal of record which conducts its proceedings in public in an informal and inquisitorial manner, and in accordance with the principles of natural justice. It consists of a chairperson and at least ten other persons.

The standard of proof in proceedings before the Tribunal is the same as that in civil cases in courts, namely proof on a balance of probabilities. A person can appeal against a decision of

a single member to a full panel of the Tribunal and may take the full panel's decision on review or appeal to a High court.

The Tribunal fulfills functions which are not dissimilar to those associated with a court of law, but it is not a court. Indeed, certain orders in terms of the Act may be given only by a court, including for example, one declaring an agreement unlawful and attachment order in respect of goods following cancellation of an agreement (Renke et al., 2007).

2.9.2.1 Powers of the Tribunal

Otto and Otto (2006) state that the powers of the Tribunal are scattered throughout the Act and are too numerous. The Tribunal may make interim or final orders. It may make an order declaring conduct prohibited in terms of the Act, or interdict such conduct, impose administrative funds, confirm consent order, suspend or cancel a person's registration in terms of the Act, confirm orders against unregistered persons to cease engaging in activities which require registration in terms of the Act, and order repayment of access amounts charged to consumers. An order of the Tribunal may be served, executed and informed as if it were an order of the High Court. The Tribunal's decisions are binding on the NCR, provincial credit regulators, consumer courts, alternative dispute resolution agents, ombuds, debt counsellors and even magistrates' courts. Failure to comply with or contravening an order of the Tribunal is an offence. The penalty is severe. An administrative fine of 10% of the respondent's annual turnover may be imposed as a penalty in instances of prohibited conduct.

The NCA provides for debt counsellors. A natural person wishing to be a debt counsellor must apply for registration with the NCR. The Act contains a list of disqualifications which stands in the way of the person's registration as the debt counsellor. In addition, the regulation promulgated in terms of the Act lays down certain requirements regarding work experienced and competence that a person must satisfy in order to become a debt counsellor.

Debt counsellors fulfill a limited, albeit important, role for the purpose of the Act, as will become clear. In particular, they must entertain the consumer's application to be declared over-indebted, and determine whether a particular instance of credit granting constitutes reckless credit. They must also make appropriate recommendations to the magistrate's court,

such as recommending a rearrangement of the consumer debts, (www.ncr.org.za; 20/02/2013).

Debt counsellors will consider one's position and make recommendations based on a person's financial situation for a small fee. If these recommendations are approved by a court, then this debt re-arrangement plan will be binding on the credit provider. It is very important to remember that if one is in the process of debt counselling, one will not be entitled to any further credit.

2.10 Ombud

“Ombudsman” is a well-known Swedish word for an official who, amongst other things, receives complaints from the public regarding misuse of power or unacceptable conduct by the State or its organs. Certain industries such as the banking and insurance industries have appointed ombudsmen to act as mediators between them and clients with complaints (Pellisier, 2005).

The NCA uses the gender neutral word “Ombud”, referring to an Ombud terms of the financial services Ombuds Schemes Act No.37 of 2004. The NCA has a number of provisions in terms of which a dispute between a financial institution and a consumer, which arises out of a credit agreement, may be referred to the Ombud having jurisdiction to deal with the complaint against that financial institution (Financial Services Schemes Act, 2004).

2.11 The NCA Consumer Rights

The NCA prescribes the following consumer rights:

- To apply for credit;
- Protection against discrimination in respect of credit;
- Obtain reasons for credit being refused;
- Gain information in an official language (choice of two).
- Receive documents as required by the Act;
- Confidential treatment of information; and

- Access and challenge credit records and information

2.12 Consumer Protection Act (CPA)

The South African Consumer Act (CPA) came into effect on 1 April 2011. The Act is aimed at promoting fairness, openness and good practice between the suppliers of goods or services and consumers of such goods and services. All suppliers of goods and services need to comply with the Act. The Consumer Protection Act (CPA) does not apply to any transaction that constitute a credit agreement under the NCA, but the goods or services that are the subject of the credit agreement are not excluded from its ambit (Goodwin-Groen, 2006). It is stated that since both the NCA and the CPA constitute consumer legislation, overlapping is to be expected, but the amount of vagueness created in the process will no doubt lead to confusion and therefore litigation.

The Consumer Protection Act is a form of government regulation which aims to protect the rights of consumers. It is linked to the idea of “consumer rights” and to the formation of consumer organisations which help consumers make better choices in the market place. The Consumer Protection Act took effect on April 1, 2011, significantly changing the way business is done in South Africa. The Act, which applies to all suppliers of goods and services to consumers, radically changes the law of sale; allows consumers more room to get out of unfair contracts; tightens the regulations around direct marketing and promotions, and fixes all contracts to 24 months, though some industries may apply for exemptions (Otto & Otto, 2006).

The most far-reaching implications of the new Act are the wide and drastic product liability and product labeling provisions for consumers who suffer death, injury, illness or property damage as a result of unsafe or defective goods. The Act will be enforced by the National Consumer Commission and the National Consumer Tribunal will adjudicate on complaints and disputes.

2.12.1 The Need for an Holistic Overview of South African Consumer Protection Regime

The Consumer Protection Act was enacted because of the growing number of people getting into financial straits due to excessive debt. It will now radically overhaul the manner and form in which business is conducted within South Africa. This is primarily because the Act formally entrenches which types of business conduct between the consumer and the business is deemed acceptable or not. Previously, this was not the case and many types of conduct were often unfair but as there was no legislation on these issues, certain questionable practices were often a common occurrence. This was to the detriment of consumers. The Act now formally entrenches the rights and obligations of both the consumers and the business.

Otto & Otto (2006) observe that:

- There had been no substantial review since 1989;
- South Africa was lagging behind other international jurisdictions;
- There was a growing incidence of unfair practices by the credit providers;
- Weak enforcement mechanisms and structures resulted in a situation where consumer redress options were limited and weak;
- Instances of uneven/fragmented regulation regarding consumer issues could be identified across sectors; and
- Amongst consumers there was a lack of understanding with regards to basic consumer rights as well as inadequate voicing of consumer issues and continuous exploitation of consumers.

The need for a new act was therefore imperative.

2.12.2 Policy Principles Informing the Consumer Protection Act (CPA)

The following list (quoted from “*The National Credit Act Explained 2nd Edition*”, by Otto and Otto (2006)) explains the following policy principles:

- Equity and accessibility: The removal of discrimination and other barriers from the marketplace.
- Market integrity and transparency: The removal of unethical or unscrupulous conduct from the market place, better and simple disclosure of information.
- Competitiveness: Improved and simple disclosure and curbing of practices that limit consumer choice.
- Business innovation: Meeting consumer demand and service excellence.
- Consumer safety: Quality, reliable goods and services that are safe for consumer health and life as well as for the environment.
- Economic sustainability: Efficiency in the provision and consumption of goods and services.
- Regulatory and institutional efficiency: Well-resourced, effective and efficient institutions and regulatory tools.
- Empowerment of consumer and civil society: Skilled, aware and well-informed market participants.

2.12.3 Purpose of the Consumer Protection Act

According to Otto and Otto (2006), the CPA's purpose is to promote and advance the social and economic welfare of consumers in South Africa by:

- Establishing a legal framework for the achievement of a fair, accessible, responsible and sustainable market;
- Reducing any disadvantages experienced in accessing the supply of goods and services by low income, low literacy, rural and vulnerable consumers;
- Promoting fair business practices;
- Protecting consumers from unfair and deceptive conduct;
- Improving consumer awareness; and

- Providing for an accessible, efficient and effective system of redress.

2.13 The Relationship between NCA and CPA

The CPA does not apply to any transaction that constitutes a credit agreement under the NCA, although the goods or services that are the subject of the credit agreement are not excluded from its ambit, Goodwin-Groen, (2006) further state that since both Acts constitute consumer legislation, overlapping is to be expected, but the amount of vagueness created in the process will, no doubt, lead to confusion and therefore litigation.

2.14 Consumer Bill of Rights

Otto & Otto (2006) promulgated a new set of rights (the basis of which is founded on internationally accepted and United Nations adopted consumer rights) as follows;

- **Right of equality to consumer market**

Prohibits any form of unfair discrimination in line with the Equality Constitution. The Equality Court has jurisdiction to adjudicate cases on referral from the Consumer Commission.

- **Right to Privacy**

Limits unfettered use of a consumer's personal information for unsolicited direct marketing campaigns by requiring all direct marketers to provide consumers with an 'Opt out' option for unsolicited marketing communication. Consumers can also register a pre-emptive block on a register to be operated by government or industry.

- **Right to Choose**

A consumer has the freedom of choice. One is faced with the following choices to make;

- Regulation of the automatic renewal of fixed term agreements;
- Requiring quotes for maintenance and repair services;
- Providing for a five day cooling-off period for direct marketing; and

Providing for the right to return goods and receive a refund within fifteen days.

- **Disclosure and Information**

It facilitates access to simple and transparent contracts and improves disclosure by:

- Giving consumers the right to information in plain and understandable language;
- Requiring the compulsory display of prices and provision of transaction records; and
- Requiring product labels and trade descriptions not to be misleading.

- **Fair and responsible advertising, marketing and promotion**

- Prohibits unfair marketing practices (bait, referral, negative option);
- Regulates promotional competitions; and
- Sets standards for customer loyalty programmes.

- **Fair and honest dealings**

- Prohibits false, misleading and deceptive representations;
- Prohibits overselling and overbooking; and
- Prohibits unconscionable conduct.

- **Right to fair, just and reasonable terms and conditions**

- Prohibits unfair, unreasonable or unjust contract terms;
- Requires consumers to be given free copies of contracts;
- Outlaws unilateral changes to contracts;
- Outlaws certain types of agreements (minors, negative option, etc); and
- Outlaws any form of contracting out.

- **Right to fair value, good quality and safety**

-It facilitates access to quality service, safe goods and services and redress by:

-Providing statutory warranties for safety and quality;

-Introducing a general product safety monitoring and recall regime; and

-Extending strict liability to retailers for illness, injury, damage to property and death as a result of defective goods or improper labeling.

2.15 Regulatory Agencies and Administration of the Act

- National Consumer Commission – to investigate complaints and refer them to courts, or the Tribunal for prosecution; issue compliance notices and conduct awareness and education compliance campaigns.
- The National Consumer Tribunal (established in the National Credit Act) – to adjudicate cases referred by the NCA Commission.
- Recognises role of NGOs and civil society in taking action on consumer matters, providing advice, conduct research and awareness campaigns.

2.16 Offences and Penalties

The offences and penalties as stated in Section 156-162 of the Act No 35, 2005 are summarised below:

- Decriminalises conduct and deals with it through a system of administrative enforcement through compliance notices;
- Introduces administrative penalties through the National Consumer Tribunal; and
- The courts can impose penalties for offences and will adjudicate over contractual issues.

2.17 Conclusion

This chapter has presented a literature review related to the relevant participants in the subject of NCA. It has shown the interdependence of all participants, viz the consumer, credit, the NCA and CPA. The review extended to the consumer rights which are emphasised in the NCA. The NCA refers to the obligations of the consumer, concerning the debt. Furthermore, the aim of the NCA , i.e. stamping out reckless lending, is highlighted. If it is unlikely that a consumer will be able to meet all of his/her debt obligations on time, then they will be considered as being over indebted. Thus no credit provider may give such a personal loan, or any other form of credit. Consumers in financial trouble can apply to a debt councillor to have their debts restructured.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

Research is a structured enquiry that utilises acceptable scientific methodology to solve problems and create new knowledge that is generally applicable. To qualify as research, the process must have certain characteristics. It must, as far as possible, be controlled, rigorous, systematic, valid, verifiable, empirical and critical (Babbie & Mouton, 2004).

Research is conducted when there is a need to assess a problem or an opportunity. Often it involves either a subject that is relatively new or an issue where there is insufficient information in that field of study. Babbie, (2009) states that exploration, description and explanation are the three key reasons why research is undertaken. The NCA is a new law and many consumers are not fully aware of it and its significance. It is thus imperative that more research such as this is conducted concerning the NCA in order to highlight the purpose of the law so that consumers may be better advised on the NCA.

3.2 Defining Research

The importance of research is closely related to the search for knowledge and the understanding of phenomena. Research provides scientific knowledge that can be used to determine the general applicability of objectives, as well as the efficient utilisation of resources (Brynard & Hanekom, 2010). According to Leedy (2001), research is essentially a thought process surrounding accumulated facts and data, and a method of action by means of which people solve problems in an endeavour to extend the boundaries of knowledge. Hence, research encompasses the interpretation of data which is used to draw conclusions.

Creswell (2009) defines research as a systematic investigation and study undertaken to establish facts and thereby reach new conclusions. It can be distinguished from other human activities by its systematic manner. He further says research should have some utility, that is, revising existing conclusions, in discovering new facts and in practical application of theories, which could be of value to society.

It can be deduced that research, or scientific enquiry, is a procedure by means of which an endeavour is made to obtain answers to questions and to solve identified problems in a systematic manner with the support of verifiable facts. Research is regarded as a diligent, protracted investigation of some phenomenon or a series of phenomena (Sekaran & Bougie, 2010).

3.3 Research Methodology

A method is a systematic and orderly approach taken towards the collection and analysis of data so that information can be obtained from that data. Jankowics & Creswell (2003) state that the third major element that goes into a research approach is the specific method of collection and data analysis. Brynard & Hanekom (2010) argue that the research methodology of collecting data necessitates a reflection on the planning, structuring and execution of the research in order to comply with the demands of the truth, objectivity and validity. Hence, the research methodology focuses on the process of research and the decisions that the researcher has to take to execute the research project. For example:

- Which decision(s) need to be taken as the research progresses?
- Which method(s) and technique(s) for data collection and data analysis should be selected?
- Which factors play a role in the design of the research project?
- What influence does the particular purpose of the research problem have on the selection of methods and technique?
- Which factors play a role in the process of research and how do these factors influence the methodology of the researcher?

Although types of research and research methods are often associated with the field or academic discipline in which the research is conducted, two methodologies are of importance in all scientific investigation: quantitative and qualitative methodologies (Neuman, 2000).

3.3.1 Quantitative Methodology

Quantitative research is associated with analytical research, and its purpose is to arrive at a universal statement (Mouton, 2002). In quantitative methodology, the researcher assigns numbers to observations. By counting or measuring things or objects, data are produced. The quantitative researcher employs experimental methods and quantitative methods to test a hypothetical generalisations and also emphasises the measurement and analysis of causal relationships between variables. Quantitative research is underpinned by a distinctive theory as to what should pass as warrantable knowledge (Bryman, 2007). It requires methods like experiments and surveys to describe and explain phenomena. The method could include techniques such as observation, preliminary investigations, quantitative analysis and questionnaires (Schurink, 2008).

Bryman & Bell (2003) define quantitative research as a research strategy that emphasises quantification in the collection and analysis of data, that:

- Entails a deductive approach (theory guides research) to the relationship between theory and research, in which the accent is placed on the testing of theories;
- Has incorporated the practices and norms of the natural scientific model and of positivism in particular; and
- Embodies a view of social reality as an external, objective reality.

3.3.2 Qualitative Methodology

Qualitative research uses a naturalistic approach that seeks to understand phenomena in context-specific settings such as a “real-world setting where the researcher does not attempt to manipulate the phenomenon of interest” (Patton, 2002).

Qualitative methodology refers to research that produces descriptive data. Generally the participant’s own written or spoken words pertaining to their experience or perception. Usually no numbers or counts are assigned to these observations (Brynard & Hanekom, 2008). The fundamental theme of qualitative research is phenomenological, where the participant’s perspective is the empirical point of departure. It is a focus upon the real-life experiences of people. Denzin (2005) states that Qualitative research can be construed as a

research strategy that usually emphasises words rather than quantification in the collection and analysis of data, that:

- Predominantly emphasises an inductive approach (theory is an outcome) to the relationship between theory and research, in which the emphasis is placed on the generation of theories;
- Has rejected the practices and norms of the scientific model and of positivism in particular, preferring an emphasis on the way in which individuals interpret their social world; and
- Embodies a view of social reality as a constantly shifting emergent property of individual creation.

To determine the situation, the research focuses on the quantitative method as this method would offer insight into consumer choices. Shiffman & Kanuk (2004) state that the design of a research study is based on the purpose of the study. If descriptive information is required, then a quantitative method is likely to be undertaken; if the purpose is to generate new ideas, then qualitative method may be in order. It was decided to utilise a quantitative approach through administering a questionnaire in this research.

3.4 Population and Sample

Sampling is a technique employed to select a small group (the sample) with a view to determining the characteristics of a large group, the population (Brynard & Hanekom, 2010). Sampling theory is a technical accounting device to rationalise the collection of information, to choose in an appropriate way the restricted set of objects, persons, events and so forth from which the actual information will be drawn. According to Sekaran & Bougie (2009), the major steps in sampling include:

- i) Define the population;
- ii) Determine the sample frame;
- iii) Determine the sampling design;
- iv) Determine the appropriate sample size; and
- v) Execute the sampling process.

The population for the study could have been all people working within the greater Durban area. To have surveyed all potential respondents would have been an impossible task given the timeframe and low budget available, with the population being approximately 3.5 million, according to the Ethekewini Municipality (www.ethekwini.org.co.za; 20/11/2012).

In the light of the above it was decided to conduct a random, convenient sampling process where people were approached and asked to respond. In addition, a number of people were requested to respond by email. The email respondents were people living in the greater Durban area.

3.4.1 Advantages of Sampling

The main advantages of sampling, as compared to the collection of data on the whole population are as follows (Bless & Higson-Smith, 2004):

- Gathering data on a sample is less time-consuming;
- Gathering data on a sample is less costly since the cost of research are proportional to the number of hours spent on data collection;
- Sampling may be the only practical method of data collection; and
- Sampling is a practical way of collecting data when the population is infinite or extremely large, thus making the study of all its elements impossible.

3.4.2 Types of Sampling

Sampling theory distinguishes between probability or random sampling and non-probability sampling. Probability or random sampling is defined as the sampling which occurs when the probability of including each element of the population can be determined. It is thus possible to estimate the extent to which the findings based on the sample are likely to differ from what would have been found by studying the whole population (Brynard & Hanekom, 2010).

In other words, the researcher can estimate the accuracy of the generalisation from sample to population. Non-probability sampling refers to the case where the probability of including each element of the population in the sample is unknown. It is not possible to determine the likelihood of the inclusion of all representative elements of the population into the sample. Some elements might even have no chance of being included in the sample. It is thus difficult to estimate how well the sample represents the population and this makes

generalisation highly questionable (Bliss & Higson-Smith, 2000). This type of sampling refers to accidental or availability sampling, purposive or judgemental sampling and quota sampling.

Probability samples are of a much higher quality than non-probability samples because, when properly constructed, they are representative of the population. These include random sampling; interval or systematic sampling; stratified sampling and cluster or multi-stage sampling. When the necessary population lists are not available, non-probability sampling remains a possibility for the researcher. The need to sample is one that is almost invariably encountered in quantitative research. In this study, the main concern is on the matters relating to sampling in relation to social survey research involving data collection by a questionnaire. The sample is representative in order to be able to generalise the findings from the sample (Bless-Hugson, 2004).

3.5 Methods of Data Collection

This study will use several methods of gathering data, namely primary and secondary data. Cooper and Schindler (2005) state that primary sources are original sources of raw data without interpretation or pronouncement that represent an official opinion or position, whereas the secondary data include both raw and published summaries. It is further stated that secondary data can provide a useful source from which to answer, or begin to answer a research question (Saunders, Phillip & Thornhill, 2003). The primary data collection tool used in the study is a questionnaire and the secondary data used are textbooks, journals, the internet and newspapers. Non-respondent follow-up and spot-checks were carried out to improve the quality of data.

3.5.1 Questionnaires

A questionnaire is a preformulated written set of questions to which respondents record their answers, usually within rather closely defined alternatives. Questionnaires are an efficient data collection mechanism when the researcher knows exactly what is required and how to measure the variables of interest. Questionnaires can be administered personally, mailed to the respondents, or electronically distributed (Sekaran and Bougie, 2010). Much attention is devoted to questionnaire design because questionnaires are the most common method of

collecting data. The principles of questionnaire design relate to how the questions are worded and measured, and how the entire questionnaire is organised. To minimise respondent bias and measurement errors, all the principles discussed have to be followed carefully.

Questionnaires are most useful as a data collection method, especially when large numbers of people are to be reached in different geographical regions. They are a popular method of collecting data because researchers can obtain information fairly easily, and the questionnaire responses are easily coded. When well-validated instruments are used, the findings of the study benefit the scientific community since the results can be replicated and additions to the theory base made (Sekeran & Bougie, 2010). This research utilised a questionnaire as the research instrument, it was comprising of twenty questions.

3.5.2 Questionnaire Design

Questions 1-5 were demographic questions which included age, gender, ethnic group, level of education and occupation.

Questions 6 and 7 were included to establish the awareness of NCA.

Questions 8-11 related to credit applications.

Questions 12-16 related to an individual's level of debt.

Questions 17-20 were designed to establish the consumers' opinions and recommendations on the NCA.

3.6 Pilot Study

Leedy and Ormrod (2001) state that a pilot test is used to test the validity and reliability of the developed questionnaire. This will be done to eliminate unclear, ambiguous and confusing questions and to ensure that the language used is precise and familiar to all participants. Six questionnaires were distributed to the known consumers. These responses were excluded from the total sample. Minor changes to the grammar and the layout were made and additional options were included after the pre-testing to include choices that had not been considered prior to testing.

3.7 Validity and Reliability of Measurement

Validity is a test of how well an instrument that is developed measures the particular concept it is intended to measure. Reliability is a test of how consistently a measuring instrument measures whatever concept it is measuring (Sekaran & Bougie, 2010). In other words, validity is concerned with whether we measure the the right concept, and reliability with stability and consistency of measurement.

Validity and Reliability of the measure attest to the scientific rigor that has gone into the the research study; validity guarantees reliability (which is a prerequisite for validity). To be more specific, reliability puts a ceiling on how high validity can be (Mitchell & Jolley, 2007).

3.7.1 Validity

The subject of validity is complex, controversial and peculiarly important in behavioural research. Validity is the extent to which a test measures what it claims to measure. It is vital for a test to be valid in order for the results to be accurately applied and interpreted. Validity is not determined by a single statistic, but by a body of research that demonstrate the relationship between the test and the behaviour it is intended to measure.

In research, validity has two essential parts: internal and external validity. Internal validity encompasses whether the results of the study are legitimate because of the way the groups were selected, data recorded or analyses performed. External validity, often called “generalisability”, involves whether the results given by the study are transferable to other groups (populations) of interest. It is through proper study design and strict protocol execution that high levels of validity, both internal and external, can be achieved. Without internal validity, one cannot have external validity (Last, 2000).

Content and construct validity, which are types of internal validity, are used in this study. Content validity determines whether the measuring instrument measures what it is supposed to measure and construct validity is concerned with whether the measuring instrument is suitable to gather data relevant for the research problem (Leedy & Ormrod, 2001). To ensure internal validity, the following steps have been undertaken:

- Prior to the construction of the questionnaire, a literature review was done; and

- The content validity was increased by a pilot study undertaken to the known consumers. To ensure external validity, the sample used in the study is representative of the population. Generalisations across the whole population have to be made with caution.

3.7.2 Reliability

Reliability is the accuracy and precision of the measuring instrument. Leedy & Ormrod (2001) define reliability as the extent to which one would draw the same conclusion in the same or another similar research project. The idea behind reliability is that any significant result must be more than a once-off finding and be inherently repeatable. Other researchers must be able to perform the same experiment, under the same conditions and generate the same results. This will enforce the findings and ensure that the wider scientific community will accept the hypothesis.

Reliability is the necessary ingredient for determining the overall validity of a scientific experiment and enhancing the strength of the results (Leedy & Ormrod, 2001). The questionnaire designed for the study has been phrased as clearly and precisely as possible so as to ensure reliability and to enable the consumers to make relevant choices. All questionnaires received were checked for completeness and errors as a form of verifying data. Incomplete questionnaires were excluded from the analysis.

3.8 Administration of the Questionnaire

Questionnaires were sent to contacts varying in age, gender, race and literacy levels. Persons contacted were requested to forward the questionnaire to other persons interested in raising their opinions on the subject. This was done until the appropriate number of responses were received. In total, sixty-eight responses were collected within a one month period.

The participants received the questionnaire via email, accompanied by a covering letter. The letter explained the purpose of the study. The questionnaire was approved by the University of KwaZulu-Natal's Ethical Clearance Committee. Strict confidentiality was guaranteed to all participants to encourage participation.

3.9 Statistical Analysis of the Data

Statistical methods were used to analyse data to test the research objectives. The Statistical Package for Social Sciences (SPSS) was used for the analysis of all data from the research instrument in the study.

3.10 Conclusion

The first part of the chapter describes the research methods and further explains the method used in the study. The quantitative questionnaires approach through the survey method was used to examine the research questions. The sampling used was non-probability sampling, with a snowballing technique. Data collection was through administration of both open-ended and closed-ended questionnaires. The data were analysed using descriptive statistics and frequency tables. Steps to prevent factors that threatened the validity and reliability of the research were taken.

The findings are presented in the next chapter.

CHAPTER FOUR: FINDINGS AND ANALYSIS

4.1 Introduction

This chapter presents the findings of the research. In order to establish the results of the survey and their meaning, data had to be analysed. Variables were compared to establish if there is a causal relationship. The results are presented in frequency tables and interpreted in terms of frequency percentages. Results are also presented in figures in order to give a graphical picture.

4.2 Data Analysis

The data analysis is a process of evaluating data using analytical and logical reasoning to examine each component of the data provided. This form of analysis is just one of the many steps that must be completed when conducting a research experiment. Data from various sources is gathered, reviewed and then analysed to form some sort of finding or conclusion. In this research data were analysed using the Statistical Package for Social Sciences (SPSS). The data to the questions follows:

4.2.1 QUESTION 1

Table 4-1: Age Category Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	21-30	19	48.7	48.7	48.7
	31-40	12	30.8	30.8	79.5
	41-50	8	20.5	20.5	100.0
	Total	39	100.0	100.0	

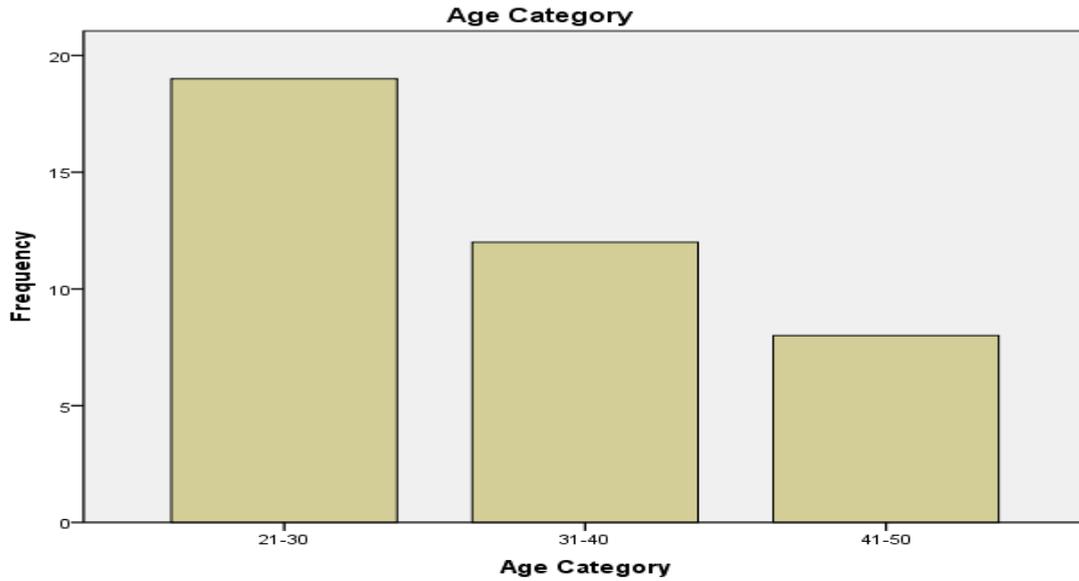


Figure 4-1: Age Category

Table 4-1 and Figure 4.1 show the age dispersion of respondents in this study. The majority of the respondents in this research were in the 21-30 year age group (48.7%), followed by the age group 31- 40 at 30.8% with the minority is the 41-50 age group at 20.5%.

4.2.2 QUESTION 2

Table 4-2: Ethnic Group

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Black	34	87.2	87.2	87.2
	White	2	5.1	5.1	92.3
	Asian	3	7.7	7.7	100.0
	Total	39	100.0	100.0	

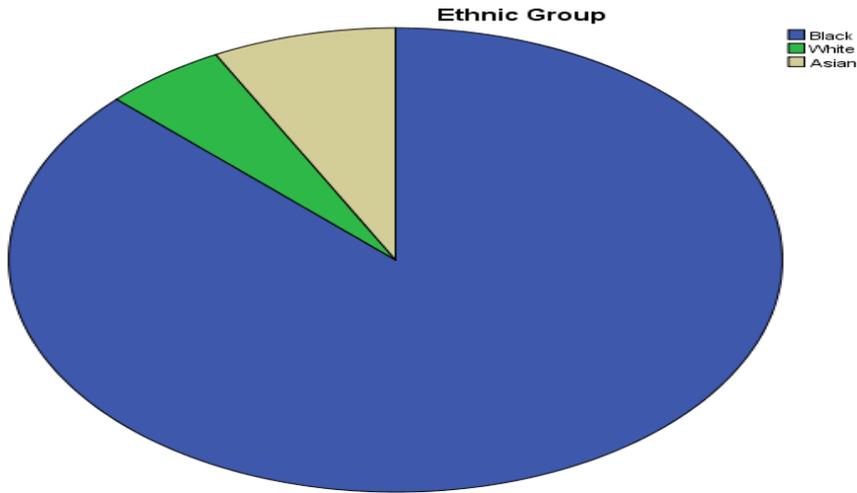


Figure 4-2: Ethnic Group

Table 4-2 and Figure 4.2 show that the respondents in this study are: Blacks at 87.2%, Asians at 7.7% and Whites at 5.1%. The respondents in this research are skewed towards Blacks.

4.2.3 QUESTION 3

Table 4-3: Type of Business

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Education	7	17.9	18.4	18.4
	Correctional	1	2.6	2.6	21.1
	Health	17	43.6	44.7	65.8
	Justice	3	7.7	7.9	73.7
	Other	10	25.6	26.3	100.0
	Total	38	97.4	100.0	
Missing	System	1	2.6		
Total		39	100.0		

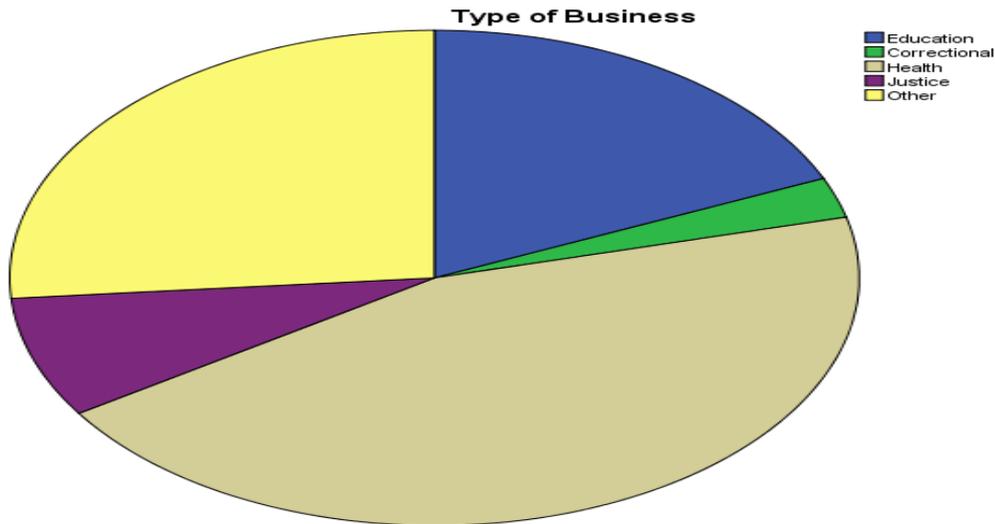


Figure 4-3: Type of Business

Table 4-3 and Figure 4.3 show that though many of the respondents in this study came from the health sector the spread covers a wide range of fields, thus giving a group of respondents from the diverse range of occupation. Respondents from the health sector were 43.6%, followed by people from other sectors not listed in the choices of this study at 25.6%. Education was at 17.9%, Justice was at 7.7% and Correctional Services at a minority value of 2.6%. One respondent did not answer this question as such it was listed by the SPSS programme as “missing”. This is evident when one notes that the analysis was based on 38 and not 39 respondents, due to the flawed 39th questionnaire.

4.2.4 QUESTION 4

Table 4-4: Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	10	25.6	25.6	25.6
	Female	29	74.4	74.4	100.0
	Total	39	100.0	100.0	

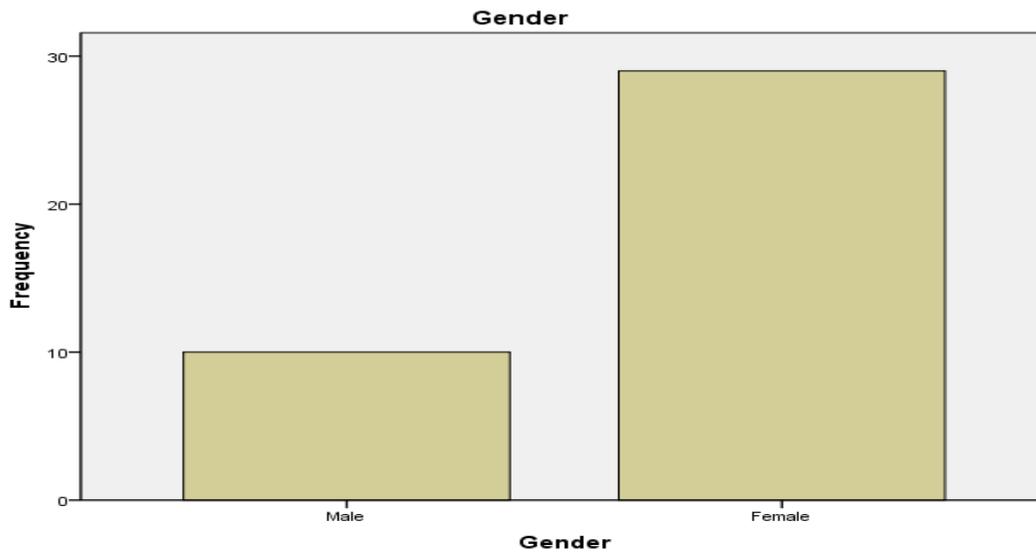


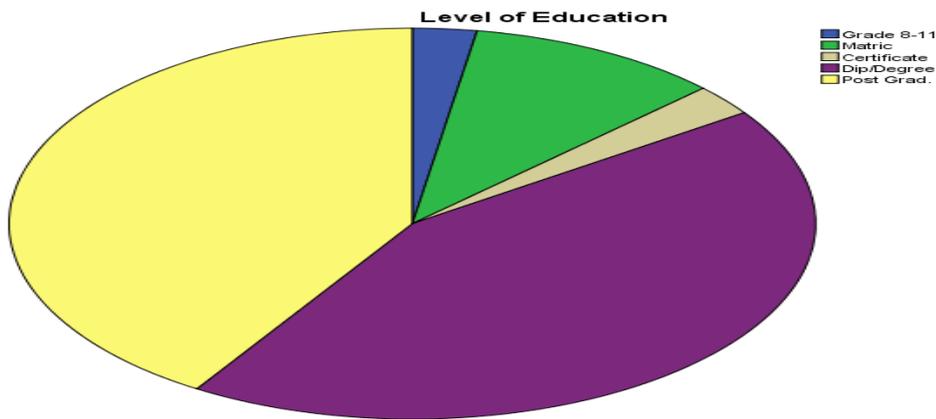
Figure 4-4: Gender

Table 4-4 and Figure 4-4 display the gender dispersion of the respondents in this research. The participants were 74.4% female and 25.6% male showing that the gender dispersion was skewed towards female as they were the majority of the respondents.

4.2.5 QUESTION 5

Table 4-5: Level of Education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Grade 8-11	1	2.6	2.6	2.6
	Matric	4	10.3	10.3	12.8
	Certificate	1	2.6	2.6	15.4
	Dip/Degree	17	43.6	43.6	59.0
	Post Grad.	16	41.0	41.0	100.0
	Total	39	100.0	100.0	



Figure

4-5: Level of Education

Table 4-5 and Figure 4.5 show the education level of respondents. In this study 43.% had Bachelor degrees, 41% postgraduate degrees, 10.3% had Matric and 2.6% had Grade 8 to Grade 11. The majority of the respondents (85%) had university degrees, which shows that the research included educated respondents.

4.2.6 QUESTION 6

Table 4-6: Were you satisfied with the explanation of the NCA?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	22	56.4	56.4	56.4
	No	17	43.6	43.6	100.0
	Total	39	100.0	100.0	

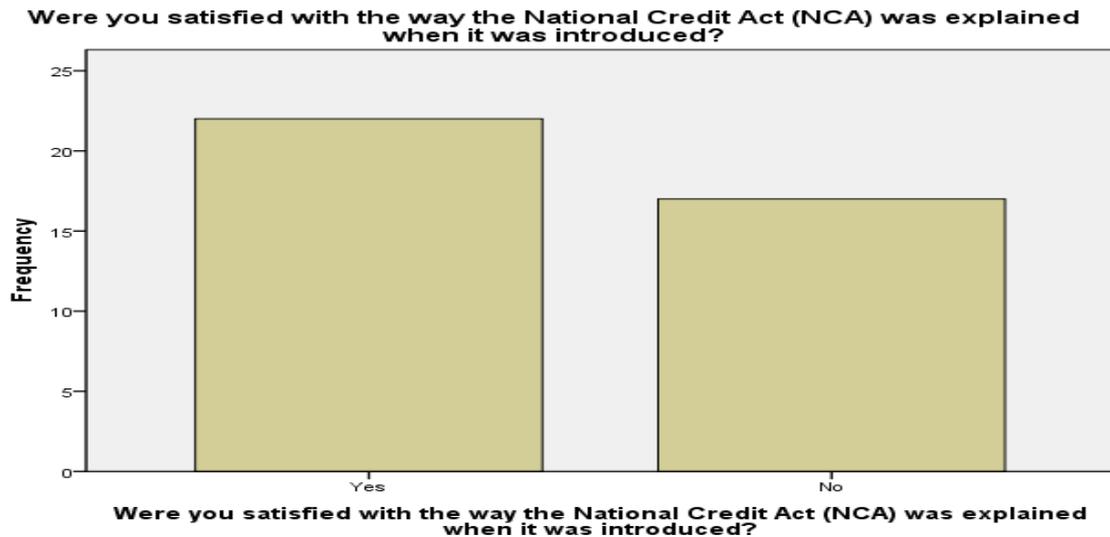


Figure 4-6: Were you satisfied with the explanation of the NCA?

Table 4-6 and Figure 4.6 are showing that the majority of the respondents were satisfied with the way the National Credit Act (NCA) was explained when it was introduced at 56.4% saying YES and 43.6% saying NO. This implies that a significant number of people (43.6%) do not believe that they are adequately informed about the NCA.

4.2.7 QUESTION 7

Table 4-7: Purpose of NCA

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	2.6	2.6	2.6
	Disagree	4	10.3	10.3	12.8
	Unsure	12	30.8	30.8	43.6
	Agree	18	46.2	46.2	89.7
	Strongly Agree	4	10.3	10.3	100.0
	Total	39	100.0	100.0	

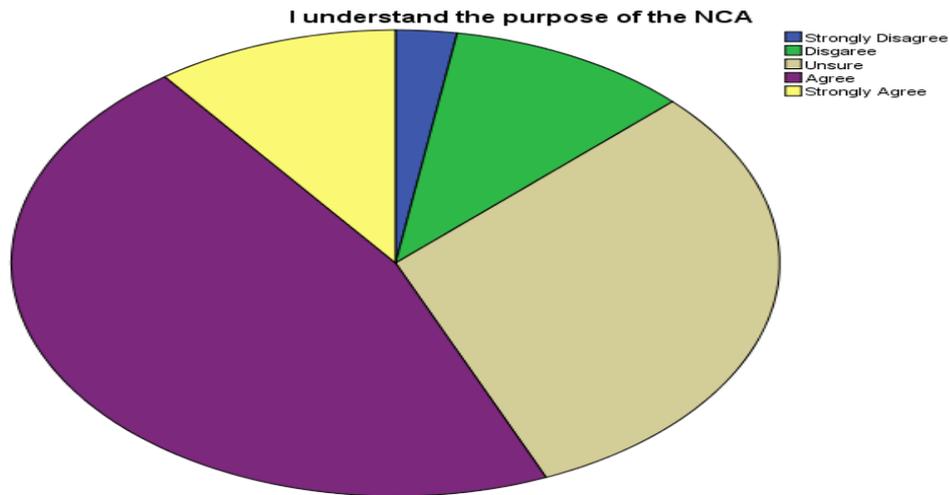


Figure 4-7: I understand the purpose of the NCA

Table 4-7 and Figure 4.7 are showing the level of understanding of the purpose of the NCA by the respondents. About 46.2% agreed, 30.8% were unsure whether they understood the purpose of the NCA or not, 10.3% strongly agreed, another 10.3% disagreed and 2.6% strongly disagreed. Even though 43.6% of the respondents stated that they were dissatisfied with the way the NCA was explained on its introduction some 56% claim to understand its purpose.

4.2.8 QUESTION 8

Table 4-8: Since NCA enacted, have you applied for credit?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	22	56.4	61.1	61.1
	No	14	35.9	38.9	100.0
	Total	36	92.3	100.0	
Missing	System	3	7.7		
Total		39	100.0		

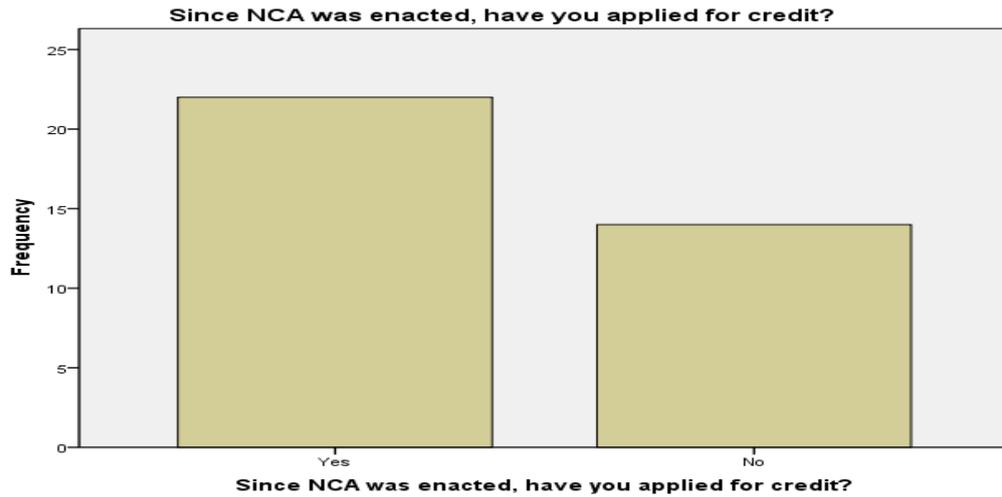


Figure 4-8: Since the NCA enacted, have you applied for credit?

Table 4-8 and Figure 4.8 are showing that the majority of the respondents, namely 56.4% have applied for credit since the NCA was enacted and 35.9% have not applied for any credit since the NCA was enacted. As explained previously, “missing” refers to questions that were not answered.

4.2.9 QUESTION 9

Table 4-9: How long did the application take?

		Frequency	Percent	Valid Percent	Cumulative Percent
	1 Week	15	38.5	65.2	65.2
	2 Weeks	1	2.6	4.3	69.6
	4 Weeks	2	5.1	8.7	78.3
	More	5	12.8	21.7	100.0
	Total	23	59.0	100.0	
Missing	System	16	41.0		
Total		39	100.0		

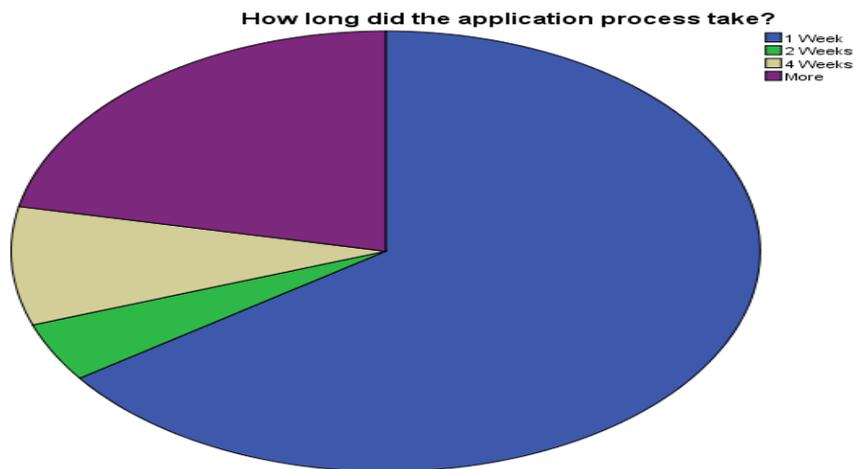


Figure 4-9: How long did the application take?

Table 4.9 and Figure 4.9 are showing how long the process of applying for a loan took. Some 38.5% of the respondents said the process took one week, 12.8% took longer than anticipated, 5.1% reported that the process took 4 weeks and 2.6% said it took two weeks.

4.2.10 QUESTION 10

Table 4-10: How much did you apply for?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	< 2000	3	7.7	12.0	12.0
	2000-4000	4	10.3	16.0	28.0
	4001-6000	3	7.7	12.0	40.0
	6001-8000	1	2.6	4.0	44.0
	8000+	14	35.9	56.0	100.0
	Total	25	64.1	100.0	
Missing	System	14	35.9		
Total		39	100.0		

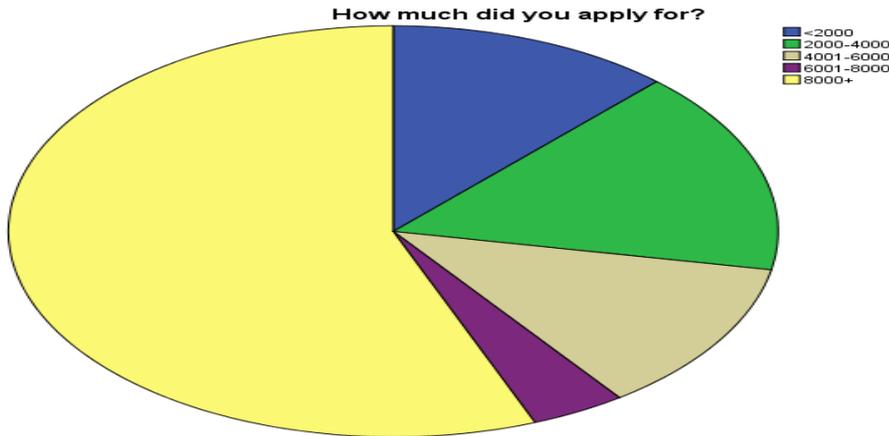


Figure 4-10: Amount of money applied for

Table 4.10 and Figure 4.10 reveal that 35.9% of the respondents applied for a loan of over R8000.00, 10.3% applied for a loan between R2000 - R4000, 7.7% applied for a loan between R4001- R6000, another 7.7% applied for less than R2000, 2.6% applied for a loan between R6001- R8000 and 35.9% not answering the question.

4.2.11 QUESTION 11

Table 4-11: Have you been declined credit?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	4	10.3	12.5	12.5
	No	28	71.8	87.5	100.0
	Total	32	82.1	100.0	
Missing	System	7	17.9		
Total		39	100.0		

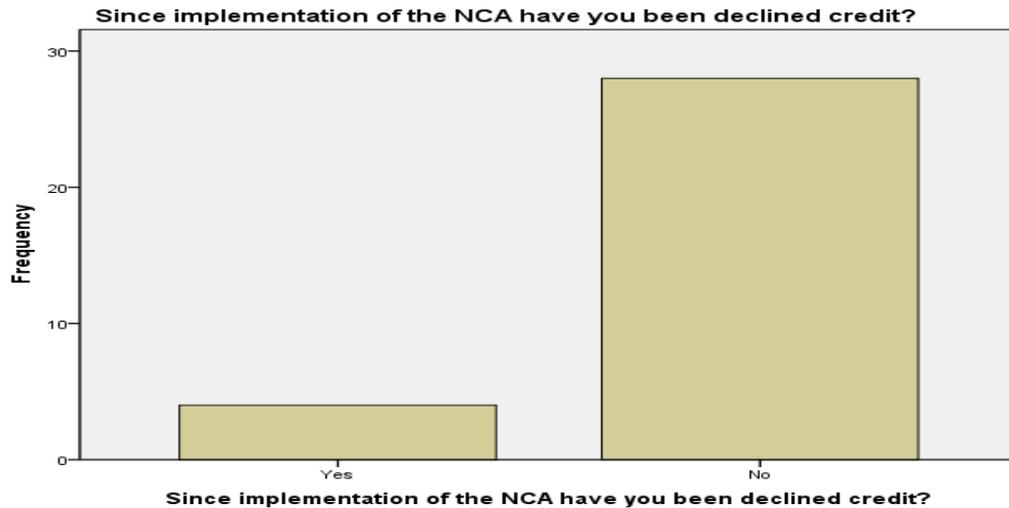


Figure 4-11: Have you been declined credit?

Table 4.11 and Figure 4.11 reveal that the majority of the respondents at 71.8% have never been declined credit since the implementation of the NCA, 10.3% have been declined credit since the implementation of the NCA and 17.9% choosing to not answering this question. Although 28% of the respondents were shown in the research to have been declined credit, the results are not conclusive and that implies that NCA is improving.

4.2.12 QUESTION 12

Table 4-12: Service providers are strictly controlled by the NCA?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	2.6	2.6	2.6
	Disagree	4	10.3	10.5	13.2
	Unsure	18	46.2	47.4	60.5
	Agree	11	28.2	28.9	89.5
	Strongly Agree	4	10.3	10.5	100.0
	Total	38	97.4	100.0	
Missing	System	1	2.6		
Total		39	100.0		

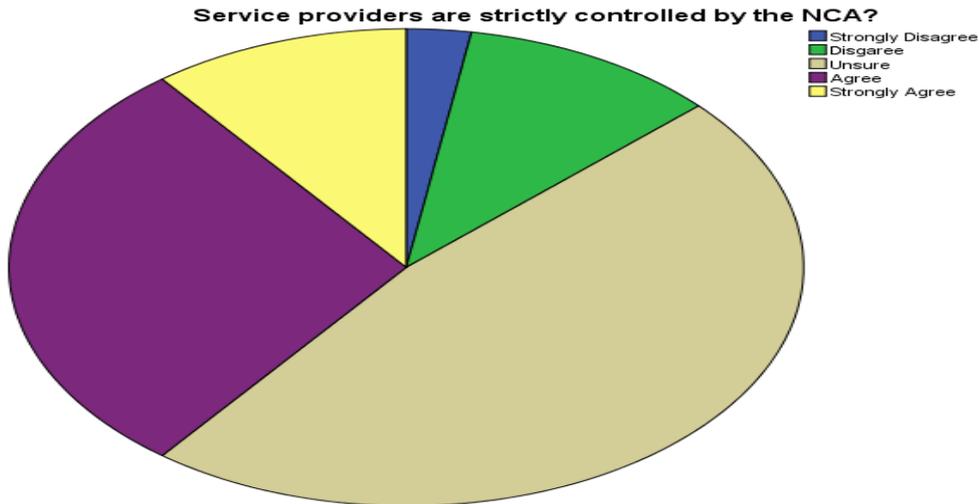


Figure 4-12: Service providers are strictly controlled by the NCA?

Table 4.12 and Figure 4.12 are showing that 46.2% of the respondents were unsure if service providers were strictly controlled by the NCA, 28.9% agree that services providers are strictly controlled by NCA, 10.5% also strongly agreed, 10.5% disagreed and a minority of 2.6% strongly disagreed. More information should be made available to people, regarding the criteria service providers use to measure or assess applicants.

4.2.13 QUESTION 13

Table 4-13: Managed level of debt/borrowing better since NCA

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	10	25.6	25.6	25.6
	Unsure	7	17.9	17.9	43.6
	Agree	19	48.7	48.7	92.3
	Strongly Agree	3	7.7	7.7	100.0
	Total	39	100.0	100.0	

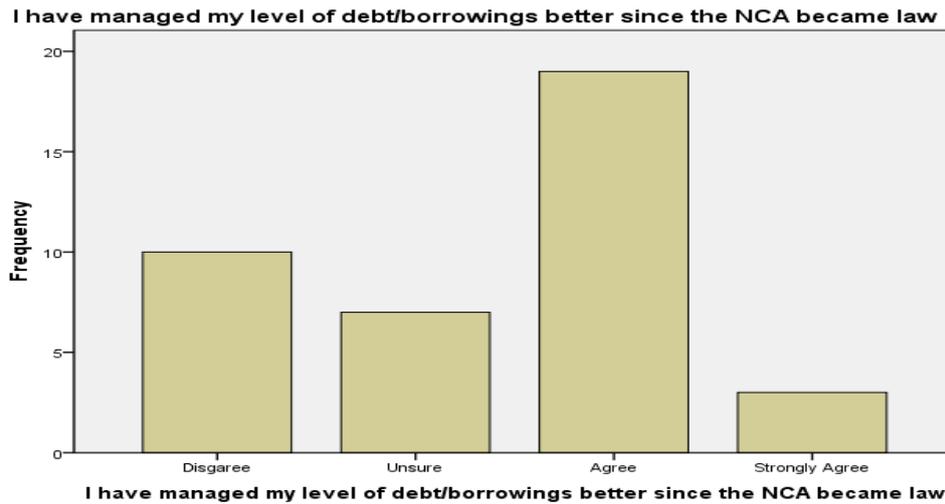


Figure 4-13: I have managed my level of debt better since the NCA became law

Table 4.13 and Figure 4.13 are showing that 48.7% of the respondents agreed that they have managed their levels of debt or borrowing better since the NCA became law, 25.6% disagreed, 17.9% were unsure and 7.7% strongly agreed. Almost 57% of respondents agreed that the NCA had protected them from borrowing more than they can afford.

4.2.14 QUESTION 14

Table 4-14 Getting a loan is easy even under the NCA

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	3	7.7	7.9	7.9
	Disagree	11	28.2	28.9	36.8
	Unsure	10	25.6	26.3	63.2
	Agree	13	33.3	34.2	97.4
	Strongly Agree	1	2.6	2.6	100.0
	Total	38	97.4	100.0	
Missing	System	1	2.6		
Total		39	100.0		

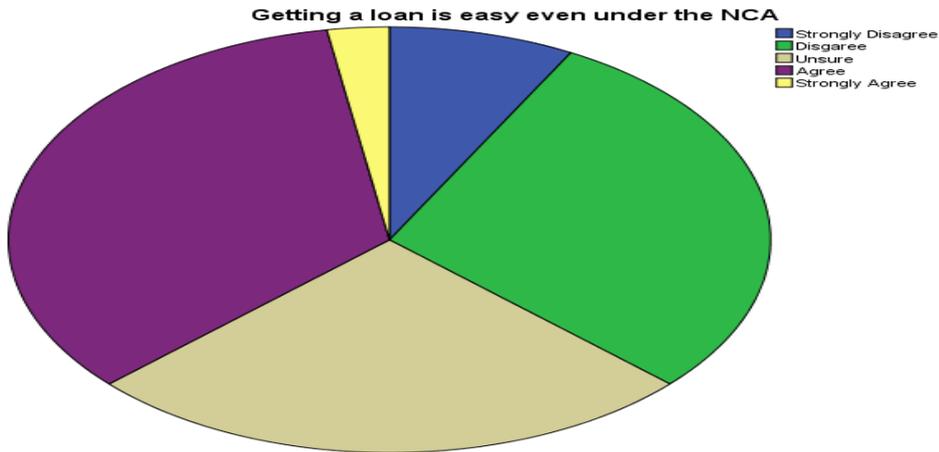


Figure 4-14: Getting a loan is easy even under the NCA

Table 4.14 and Figure 4.14 are showing that getting a loan was easy even under the NCA as indicated by the 33.3% that agreed, 28.2% on the other hand disagreed, 25.6% was unsure of this, 7.7% strongly disagreed and 2.6% strongly agreed. The results are fairly even. This shows that credit has tightened up therefore reducing the indebtedness.

4.2.15 QUESTION 15

Table 4-15: Percentage of salary used to repay borrowed money

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0-10%	18	46.2	52.9	52.9
	11-15%	9	23.1	26.5	79.4
	16-20%	1	2.6	2.9	82.4
	21-25%	4	10.3	11.8	94.1
	25%+	2	5.1	5.9	100.0
	Total	34	87.2	100.0	
Missing	System	5	12.8		
Total		39	100.0		

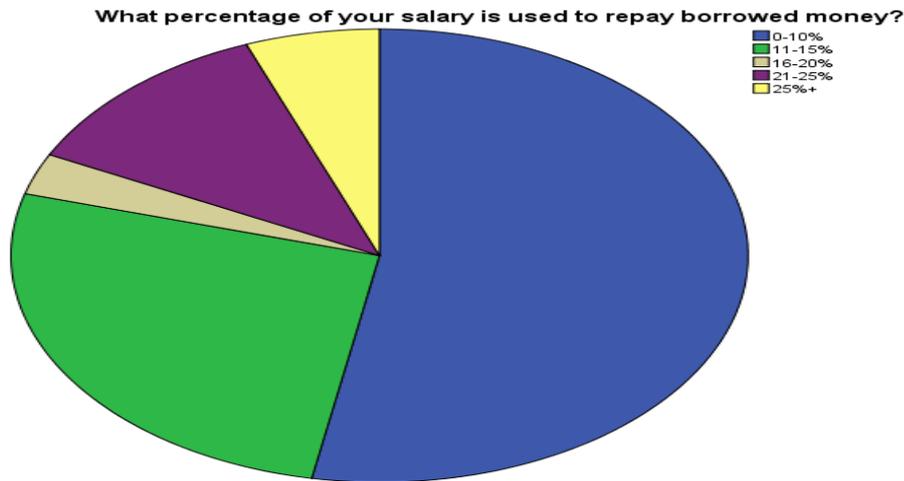


Figure 4-15: Percentage of Salary used to repay borrowed money

Table 4.15 and Figure 4.15 show that the majority of respondents at 46.2% had repayments that are below 10% of their salaries. Some 23% were paying between 11- 15% of their salaries, whilst 10.5% of respondents were paying as much as 25% of their salaries on repayments. A total of 5.1% of respondents paid over 25% of their salaries.

4.2.16 QUESTION 16

Table 4-16: How Much Money Is Spent On Groceries?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	<1000	6	15.4	23.1	23.1
	1001-1500	4	10.3	15.4	38.5
	1501-2000	14	35.9	53.8	92.3
	2001-2500	2	5.1	7.7	100.0
	Total	26	66.7	100.0	
Missing	System	13	33.3		
Total		39	100.0		

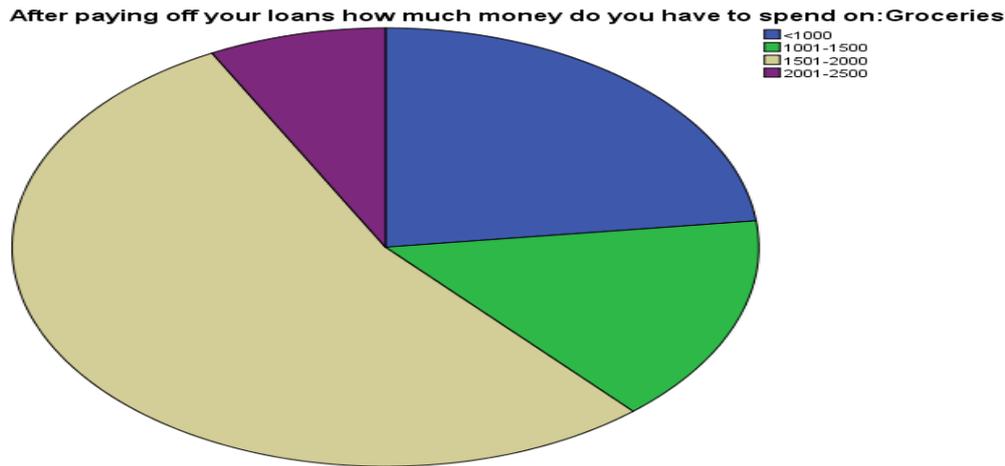


Figure 4-16: Money spent on Groceries

Table 4.16 and Figure 4.16 show the percentage of a respondents' income that remained after paying off their instalments. A total of 15.4% had below R1000, 10.3% - R1001- R1500, 35.9% spend R1501- R2000, 5% had R2001+ disposable income. This indicates that respondents have low levels of income for the purchase of groceries.

4.2.17 QUESTION 17

Table 4-17: How much money is spent on Transport?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	<1000	10	25.6	41.7	41.7
	1001-1500	2	5.1	8.3	50.0
	1501-2000	7	17.9	29.2	79.2
	2001-2500	3	7.7	12.5	91.7
	2501-3000	1	2.6	4.2	95.8
	3000+	1	2.6	4.2	100.0
	Total	24	61.5	100.0	
Missing	System	15	38.5		
Total		39	100.0		

After paying off your loans how much money do you have to spend on:Transport

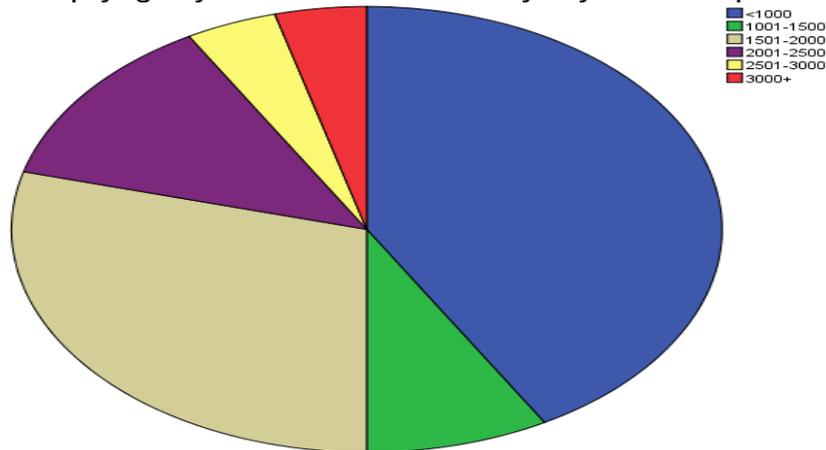


Figure 4-17: Money spent on Transport

Table 4.17 and Figure 4.17 show that after paying instalments on borrowed money, 49% of respondents (19/39) had less than R2000 to spend on transport and a significant percentage (25%) had not more than R1000 for transport.

4.2.18 QUESTION 18

Table 4-18: How Much Money Is Spent On Education?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	<1000	5	12.8	33.3	33.3
	1001-1500	1	2.6	6.7	40.0
	1501-2000	3	7.7	20.0	60.0
	2001-2500	1	2.6	6.7	66.7
	2501-3000	3	7.7	20.0	86.7
	3000+	2	5.1	13.3	100.0
	Total	15	38.5	100.0	
Missing	System	24	61.5		
Total		39	100.0		

Table 4.18 and Figure 4.18 reveal that repaying instalments on loans results in 60% of the respondents having less than R2000 to spend on education. Regrettably a large number of respondents (15) decided to not answer this question.

After paying off your loans how much money do you have to spend on:
Education

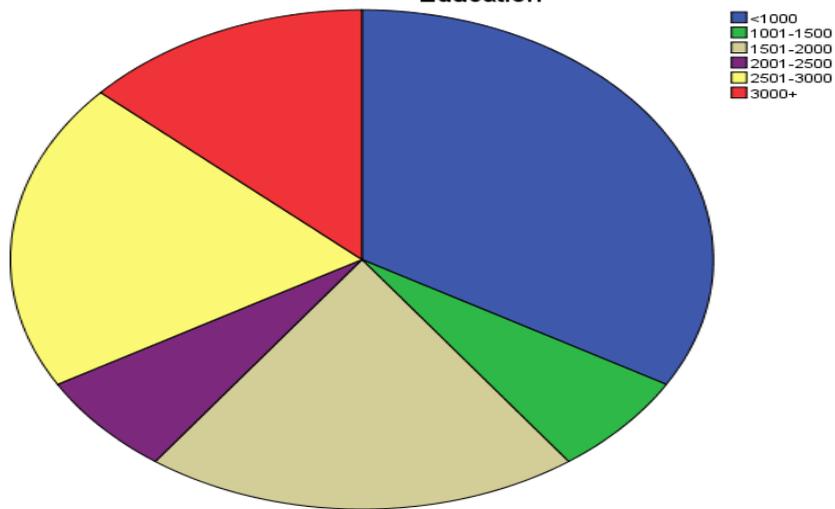


Figure 4-18: Money spent on Education

4.2.19 QUESTION 19

Table 4-19: How much money is spent on savings and policies

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	<1000	7	17.9	28.0	28.0
	1001-1500	5	12.8	20.0	48.0
	1501-2000	6	15.4	24.0	72.0
	2001-2500	3	7.7	12.0	84.0
	2501-3000	2	5.1	8.0	92.0
	3000+	2	5.1	8.0	100.0
	Total	25	64.1	100.0	
Missing	System	14	35.9		
Total		39	100.0		

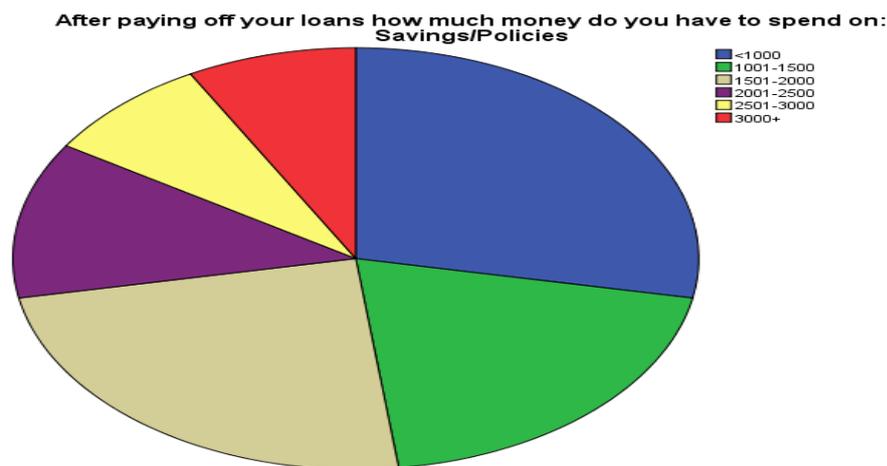


Figure 4-19: Money left to spend on Savings and Insurance Policies

Table 4.19 and Figure 4.19 show that some 35.9% of respondents declined to answer this question. Of those who did respond 46% had R2000 or less to spend on savings and policies after paying off loan obligations.

4.2.20 QUESTION 20

Table 4-20: How much money is spent on Other?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	<1000	3	7.7	14.3	14.3
	1001-1500	2	5.1	9.5	23.8
	1501-2000	4	10.3	19.0	42.9
	2001-2500	2	5.1	9.5	52.4
	2501-3000	5	12.8	23.8	76.2
	3000+	5	12.8	23.8	100.0
	Total	21	53.8	100.0	
Missing	System	18	46.2		
Total		39	100.0		

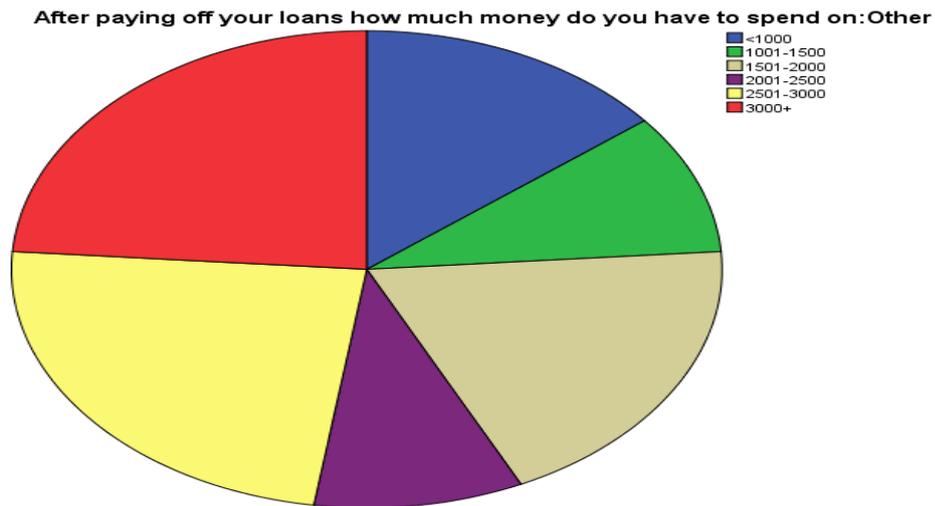


Figure 4-20: Money left to spend on other

Table 4.20 and Figure 4.20 show that after paying off loan obligations, 40% of the respondents had less than R3000 to spend on disposable income.

4.2.21 QUESTION 21

Table 4-21: The NCA is a good piece of legislation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	2.6	2.6	2.6
	Disagree	1	2.6	2.6	5.1
	Unsure	13	33.3	33.3	38.5
	Agree	20	51.3	51.3	89.7
	Strongly Agree	4	10.3	10.3	100.0
	Total	39	100.0	100.0	

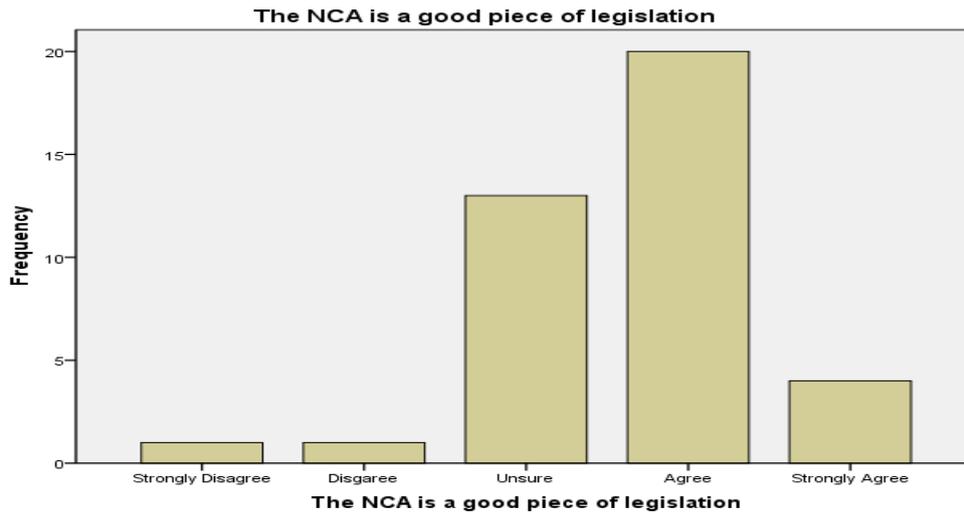


Figure 4-21: The NCA is a good piece of Legislation

Table 4.21 and Figure 4.21 show that although a large percentage agreed (62%), that 33.3% were unsure and 5% disagreed, indicates that there is a need to better inform the public that the NCA was promulgated to protect the consumers from incurring debt that they cannot afford.

4.2.22 QUESTION 1 AND QUESTION 19

Table 4-22: Correlations

		Age Category	After paying off your loans how much money do you have to spend on: Savings/Policies
Age Category	Pearson Correlation	1.000	0.502*
	Sig. (2-tailed)		0.011
	N	39.000	25.000
After paying off your loans how much money do you have to spend on: Savings/Policies	Pearson Correlation	0.502*	1.000
	Sig. (2-tailed)	0.011	
	N	25.000	25.000

*. Correlation is significant at the 0.05 level (2-tailed).

The correlation (r) between age category and how much money respondents had to spend on savings and insurance policies after paying off loans was 0.502. This coefficient shows that there is a medium strength and positive relationship between age category and how much money respondents had to spend on savings and insurance policies after paying off loans.

4.2.23 QUESTION 5 AND QUESTION 7

Table 4-23: Correlations

		Level of Education	I understand the purpose of the NCA
Level of Education	Pearson Correlation	1.000	0.219
	Sig. (2-tailed)		0.181
	N	39.000	39.000
I understand the purpose of the NCA	Pearson Correlation	0.219	1.000
	Sig. (2-tailed)	0.181	
	N	39.000	39.000

The correlation (r) between the level of education and understanding the purpose of the NCA is 0.219. This coefficient shows that there is a strong but negative relationship between the level of education and understanding the purpose of the NCA. The probability (p) of this correlation coefficient which is 0.181 is greater than 0.05 thus implying that there is no statistically significant relationship between the level of education and understanding the purpose of the NCA ($r=-0.219$, $p>0.05$).

4.2.24 QUESTION 12 AND QUESTION 13

Table 4-24: Correlations

		Service providers are strictly controlled by the NCA?	I have managed my level of debt/borrowings better since the NCA became law
Service providers are strictly controlled by the NCA?	Pearson Correlation	1.000	0.221
	Sig. (2-tailed)		0.182
	N	38.000	38.000
I have managed my level of debt/borrowings better since the NCA became law	Pearson Correlation	0.221	1.000
	Sig. (2-tailed)	0.182	
	N	38.000	39.000

The correlation (r) between service providers being strictly controlled by the NCA and respondents who have managed their levels of debt or borrowings better since the NCA became law is 0.221. This coefficient shows that there is a strong but negative relationship

between service providers strictly controlled by the NCA and managing level of debt or borrowings better since the NCA became law. The probability (p) of this correlation coefficient which is 0.182 is greater than 0.05 thus implying that there is no statistically significant relationship between service providers strictly controlled by the NCA and managing level of debt or borrowings better since the NCA became law ($r = -0.221$, $p > 0.05$).

4.2.25 QUESTION 14 AND QUESTION 15

Table 4-25: Correlations

		Getting a loan is easy even under the NCA	What percentage of your salary is used to repay borrowed money?
Getting a loan is easy even under the NCA	Pearson Correlation	1.000	-0.317
	Sig. (2-tailed)		0.068
	N	38.000	34.000
What percentage of your salary is used to repay borrowed money?	Pearson Correlation	-0.317	1.000
	Sig. (2-tailed)	0.068	
	N	34.000	34.000

The correlation (r) between getting a loan is easy even under the NCA and what percentage of one's salary is used to repay borrowed money is -0.317. This coefficient shows that there is a strong but negative relationship between getting a loan is easy even under the NCA and what percentage of one's salary is used to repay borrowed money. The probability (p) of this correlation coefficient which is 0.068 is greater than 0.05 thus implying that there is no statistically significant relationship between getting a loan is easy even under the NCA and what percentage of one's salary is used to repay borrowed money ($r=-0.317$ $p>0.05$).

4.2.26 QUESTION 8 AND QUESTION 17

Table 4-26: Correlations

		Since NCA was enacted, have you applied for credit?	The NCA is a good piece of legislation
Since NCA was enacted, have you applied for credit?	Pearson Correlation	1.000	-0.135
	Sig. (2-tailed)		0.433
	N	36.000	36.000
The NCA is a good piece of legislation	Pearson Correlation	-0.135	1.000
	Sig. (2-tailed)	0.433	
	N	36.000	39.000

The correlation (r) between since NCA was enacted, have you applied for credit and the NCA is a good piece of legislation is 0.-135. This coefficient shows that there is a strong but negative relationship between since NCA was enacted, have one applied for credit and the NCA is a good piece of legislation. The probability (p) of this correlation coefficient which is 0.433 is greater than 0.05 thus implying that there is no statistically significant relationship between since NCA was enacted, have one applied for credit and the NCA is a good piece of legislation ($r = -0.125, p > 0.05$).

4.3 Conclusion

The descriptive statistical procedures were used to analyse the data collected and also to present the findings of the study. The analysis of the important variables highlighted the importance of relationships between variables. Significance tests proved to be very important in this analysis, only those significant correlations which were relevant to answer the research questions were taken further and considered.

It is clear that after meeting their debt obligations many respondents were limited in terms of having funds for education, savings and especially disposable purposes. This thus indicates that the reasons for implementing the NCA are sound as it safeguards consumers by restricting them in terms of what they can borrow.

CHAPTER FIVE: CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter offers a discussion of the results presented in Chapter Four. It gives answers to the research questions and provides recommendations for the development of the National Credit Act and a need for its awareness to the consumers. The chapter puts the findings into perspective, clarifying how by achieving the research objectives, the study helped to solve the main research issue.

5.2 Research Question Responses

The responses that give answers to the questions are discussed in this chapter. The overall opinions of the respondents presented in the previous chapter relate to the research questions that they are intended to answer. The limitations of the conclusions are stated. Based on the analysis from the research, conclusions and recommendations are made.

5.3 Deductions and Recommendations

Objective 1:

To highlight the challenges that service providers and agents face in complying with the NCA when consumers apply for credit.

The results show that 18% of service providers take four weeks or more to process the applications for credit. This happens because the applicant has to undergo the screening process to check his affordability before she/he is granted credit. It is recommended that the NCA finds ways to speed up the application process to avoid the inconvenience which might be caused by the delay.

Objective 2:

To determine the impact of the NCA on consumers working in the government departments.

The findings show that the majority of participants are able to manage debt better since the NCA was enacted (Q13). The correlation is 0.221, showing a strong but negative relationship between service providers strictly controlled by NCA and managing the level of

debt/borrowing better. A large percentage of respondents disagreed. Getting a loan is found to be a difficult exercise and has a negative impact on consumers (Q14).

Objective 3:

To determine consumers' opinions of the NCA.

The majority of the participants are satisfied with the purpose and the explanation of the NCA (Q6 & Q7). However, the fact that 43.6% were not satisfied is a cause for concern. The correlation between the purpose of the NCA and the level of education of the participants is 0.219, revealing a strong but negative relationship amongst the two questions. This shows that there is no significant relationship between the level of education and understanding the purpose of the NCA. It is recommended that further research be conducted to find out how consumers perceive the effort to inform the public about the NCA.

Objective 4:

To make recommendations that will ensure greater consumer awareness of the reasons for the NCA, as well as suggesting improvements to the law to streamline the approval/rejection process.

The results show that the correlation between two questions, namely "Since the NCA was enacted, have you applied for credit" and "The NCA is a good piece of legislation" (Q8 & Q17), is 0.-135. This indicates a strong but negative relationship between "Since the NCA was enacted, have you applied for credit" and "the NCA is good piece of legislation". The correlation between the variables is 0.-135, indicating a strong and negative relationship. The recommendation deduced from this finding is to ensure that consumers are made more aware of the NCA to reduce indebtedness, thereby improving their level of savings. Workshops should be held to emphasize the importance of the legislation and its role to ease consumers from the financial burden.

5.4 Sampling Issues

The study targeted sixty consumers in the Durban area. However, due to time constraints and lack of prompt response from the respondents, only thirty- nine respondents returned their questionnaires. The sample size therefore had a respondent return rate of 65%.

5.5 Suggestions for Further Research

Another survey in the same area of NCA could be more significant, as in some cases respondents declined to answer questions on disposable income and this detracted from the value of the study. It would thus be advisable to have a bigger sample in future research studies and to ensure a greater spread of respondents.

5.6 General Recommendations

- A suggestion for the provision of better consumer awareness has to be undertaken especially for those who borrow. Consumers must be given relevant NCA associated business education to eliminate major default.
- Financial institutions should allocate more money in their budgets for consumer education as this could curb the problem of credit rejection because of being overcommitted. Consumers will then have knowledge on how to budget, manage their finances well as well as distinguish between a need and a want.
- To monitor the debt review process to improve the turnaround time for the credit application period. The NCA Task Team's set of enhanced debt review process guidelines addressing the process breakdown should be adopted and implemented.
- The Act has inevitably changed the way in which credit providers extend credit. In the process there have been compliance costs; this is likely to cause service providers to leave the industry as compliance proves too onerous. It may negatively impact competition, credit supply and cost of credit, and poses a need to review the NCA credit agreement to allow entry of new credit providers and development of new and innovative credit products.

5.7 Conclusion

The findings of this study indicate that the NCA is not effective enough and has not significantly cut down the number of consumers who are indebted, it is being noted through that, that this was a small scale study. The identification of its shortcomings are important as if these issues are addressed.

If these, recommendations are not implemented to improve the current situation, there may be negative implications for South African consumers due to respondents having highlighted flaws in the NCA process. If interest rates rise, then over indebted consumers are likely to find themselves in dire trouble. These recommendations aim to address such a situation. The continued decline in the general consumer's disposable income, a subsequent increase in the level of poverty in the country, as well as the continuation of the inefficient and cumbersome practice of enforcing the NCA and Consumer Protection Act as separate entities/Acts are all issues of concern to the consumers.

If implemented carefully, the recommendations may well improve the unfavorable situation of consumers and thus to some extent reduce the identified problems concerning the NCA. If the recommendations made are considered to be appropriate and useful, they may work towards supporting debt relief and helping consumers to avoid over-borrowing.

In addition, the recommendations concerning the NCA will help to reduce exploitation of consumers and result in individuals being better off. This will serve to alleviate poverty to an extent and will reduce debt-related problems as better informed consumers will incur less debt, avoid frivolous debt, have more disposable income and hopefully increase their savings. People adopting the recommendations made in this research need to do so with caution as this was a micro sized study.

BIBLIOGRAPHY

Babbie, E. (2009), *The Practice of Social Research* 12th Edition, Wadsworth Inc, New York

Babbie, E.R. & Mouton, J. (2004), *The Practice of Social Research*, Oxford University Press Southern Africa 2001, Cape Town.

Bless, C. & Higson-Smith, C. (2004), *Fundamental of Social Research Methods: An African Perspective*, Juta, Lansdowne.

Bryman, A. & Bell, E. (2003), (2007), *Business Research Methods 2nd Edition*, Oxford, New York.

Brynard, P. & Hanekom, S.X. (2006), *Introduction to Research in Management-Related Fields/P.A. Brynard, S.X. Hanekom*, Van Schaik, Pretoria.

Campbell, S. & Campell, N. (2008), *The Credit Guide: Manage your money with National Credit Act*, Juta Law, Cape Town.

Coakes, S.J. (2009), *SPSS Version 12.0 for Windows Analysis without Anguish*, John Wiley & Sons Ltd, Sydney.

Cooper, R.D. & Schindler S.P. (2005), *Business Research Method check 7th Edition*, McGraw Hill, New York.

Creswell, J.W. (2009), *Research Design, 3rd Edition*, Sage Publication, Thousand Oaks

Denzin, N.K. (2005), *Handbook of Qualitative Research, 3rd Edition*, Sage Publication, Thousand Oaks, C.A.

Edwards, B. (2004), *Credit Management Handbook, 5th Edition*, Gower Publishing Ltd, Hampshire.

Falkena, H.B., Bamber, R., Llewellyn, D.T. & Store, R.K. (2001), *Financial Regulation in South Africa 2nd Edition*, Johannesburg.

Financial Health Magazine (2007 & 2012), Bubomi- That's life, ABSA Bank.

Finlay, S. (2009), *Consumer Credit Fundamentals*, Palgrave Macmillan, New York.

- FinMark Trust (2006), *The National Credit Act and its Regulations in the context of Access to Finance in South Africa*, Marshalltown.
- Gertler, B.M. & Gilchrist, S. (2005), *The Role of Credit Market Imperfections in the Monetary Transmission Mechanism*, *Scandinavian Journal of Economics*, 95 (1): 43-64
- Goodwin – Groen, R. (2006), *The National Credit Act and its Regulations in the Context of Access to Finance in South Africa*, S.A.
- Grove, N.J. & Otto, J.M. (2002), *Basic Principles of Consumer Credit Law*, Juta, Lansdowne, Cape Town.
- Ingham, B. (2004), *International Economics: A European Focus*, Financial Times, England Harlow.
- Kelly – Low, M. (2007), Introduction to National Credit Act: The Quarterly Law Review for People in Business, 15 (4):147 - 159
- Kerlinger, F.N. & Lee H.B. (2000), *Foundations of Behavioral Research*, Harcourt College Publishers, Orlando.
- Leedy, I.D. (2001), *Practical Research: Planning and Design*, Macmillan, New York.
- Leedy, I.D. & Omrod J.E. (2001), *Practical Research 7th Edition*, Macmillan, New Jersey.
- McQuoid-Masson D. & Jan D. (2010), *Consumer Law in South Africa*, Juta, Pietermaritzburg.
- Mitchell, M.L. & J.M. Jolley (2007), *Research Design Explained*, Thomson Wadsworth, Belmont CA
- Mouton, J. (2002), *How to Succeed in your Master's and Doctoral Studies 3rd Edition*, Van Schaik Publishers, Pretoria.
- Mouton, J. & Marais, H.C. (2002), *Basic Concepts in the Methodology of Social Sciences*, Van Schaik Publishers, Pretoria.
- Nagel, C.J. (2007), *Business Law 3rd Edition*, LexisNexis, Durban.
- Neuman, W.L. (2000) *Social Research Methods*, Allyn & Bacon Incorporated, Boston.

Otto, J.M. & Otto R.L. (2006), *The National Credit Act Explained 2nd Edition*, Pietermaritzburg.

Pellissier, R. (2005), *Business Research Made Easy*, Juta Academy, Pretoria.

Renke, S., Roestoff, M. & Haupt, F. (2007), *The National Credit Act: New Parameters for Granting Credit in South Africa*, *Obuter* 28 (2): 229 –270

Sekaran, U. & Bougie R. (2009/2010), *Research Methods for Business 5th Edition*, John Wiley & Sons, Chichester

Shiffman L.G. & Kanuk L.L. (2004), *Consumer Behavior: A European Perspective*, Prentice-Hall, Englewood Cliffs

Schurink, E.M. (2003), *Deciding to use a Quantitative Research Approach*, Pretoria: 239 – 251.

<http://www.k-repbank.com/modules> (12/07/2011)

<http://sociology.camden.rutgers.html> (05/12/2011)

<http://www.financialmarketsjournal.co.za> (13/09/2012)

<http://o-proquest.umi.com.oasis.ac.za> (24/11/12)

<http://www.thedti.gov.za/parliament/ncr> (24/01/2013)

<http://www.credit.maine.gov> (20/02/2013)

APPENDICES:

Appendix 1 Ethical Clearance:



Research Office, Govan Mbeki Centre
Westville Campus
Private Bag x54001
DURBAN, 4000
Tel No: +27 31 260 3587
Fax No: +27 31 260 4609
mohung@ukzn.ac.za

17 August 2011

Mrs FN Khuzwayo (201509302)
Graduate School of Business
Faculty of Management Studies
Westville Campus

Dear Mrs Khuzwayo

PROTOCOL REFERENCE NUMBER: HSS/0746/011M
PROJECT TITLE: Durban Consumer Views of the National Credit Act

In response to your application dated 12 August 2011, the Humanities & Social Sciences Research Ethics Committee has considered the abovementioned application and the protocol has been granted **FULL APPROVAL**.

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment /modification prior to its implementation. In case you have further queries, please quote the above reference number.

PLEASE NOTE: Research data should be securely stored in the school/department for a period of 5 years.

I take this opportunity of wishing you everything of the best with your study.

Yours faithfully

Professor Steven Collings (Chair)
HUMANITIES & SOCIAL SCIENCES RESEARCH ETHICS COMMITTEE

cc: Supervisor: Mr A Bozas
cc: Mrs C Haddon, Management Studies, Westville Campus

Appendix 2 Informed Consent and Questionnaire

QUESTIONNAIRE

UNIVERSITY OF KWAZULU-NATAL GRADUATE SCHOOL OF BUSINESS

I am a third year MBA student at The University of Kwa-Zulu Natal business school and I am currently doing my dissertation about the Durban consumer views on the National Credit Act.

I would be grateful if you could assist in my research by completing the attached survey.

Thank you for your assistance.

Nozipho Khuzwayo

Student Number: 201509302

073 149 5274

**UNIVERSITY OF KWAZULU-NATAL
GRADUATE SCHOOL OF BUSINESS**

Proposed Qualification MBA

Researcher : Nozipho Khuzwayo (0731495274)
Supervisor : Alec Bozas (0823344477)
Research Office : Ms P Ximba 031-2603587

Title of Survey: Durban Consumer Views on the National Credit Act

The purpose of this survey is to solicit information from consumers regarding the National Credit Act. The questionnaire should only take **10** minutes to complete. Indicate what is true for you. There are no “right” or “wrong” answers to any question. If you wish to make a comment please write it directly on the booklet itself. Please do not to skip any questions. Respondents are assured of confidentiality and you may withdraw from the research at any time.

Thank you for participating.

Questionnaire

1. Age Category

21 – 30	31 – 40	41 – 50	50+
---------	---------	---------	-----

2. Ethnic Group?

Black	White	Coloured	Asian
-------	-------	----------	-------

3. Type of Business?

Education	Correctional	Health	Justice	Other
-----------	--------------	--------	---------	-------

4. Gender

Male	Female
------	--------

5. Level of Education

Gr. 8 – 11	Matric	Certificate	Dip/Degree	Post Grad.
------------	--------	-------------	------------	------------

6. Were you satisfied with the way the National Credit Act (NCA) was explained when it was introduced?

Yes	No
-----	----

7. I understand the purpose of the NCA

Strongly Disagree	Disagree	Unsure	Agree	Strongly Agree
-------------------	----------	--------	-------	----------------

8. Since the NCA was enacted, have you applied for credit?

Yes	No
-----	----

9. How long did the application process take?

1 week	2 weeks	3 weeks	4 weeks	more
--------	---------	---------	---------	------

10. How much did you apply for?

<2000	2000 - 4000	4001 - 6000	6001 - 8000	8000+
-------	-------------	-------------	-------------	-------

11. Since implementation of the NCA have you been declined credit?

Yes	No
-----	----

Explain:

.....

.....

.....

.....

12. Service providers (banks etc.) are strictly controlled by the NCA?

Strongly Disagree	Disagree	Unsure	Agree	Strongly Agree
----------------------	----------	--------	-------	-------------------

13. I have managed my level of debt/borrowings better since the NCA became law

Strongly Disagree	Disagree	Unsure	Agree	Strongly Agree
----------------------	----------	--------	-------	-------------------

14. Getting a loan is easy even under the NCA.

Strongly Disagree	Disagree	Unsure	Agree	Strongly Agree
----------------------	----------	--------	-------	-------------------

15. What percentage of your salary is used to repay borrowed money?

0 - 10%	11 – 15%	16 – 20%	21 – 25%	25%+
---------	----------	----------	----------	------

16. After paying off your loans, how much money do you have to spend on:

Groceries	Transport	Education	Savings /Policies	Other
R	R	R	R	R
% of your salary	% of your salary			

17. The NCA is a good piece of legislation

Strongly Disagree	Disagree	Unsure	Agree	Strongly Agree
-------------------	----------	--------	-------	----------------

18. Discuss your opinions and experiences of the NCA

20. What changes should be made to improve the NCA?

End of the Questionnaire

Thank you for taking the time to complete the questionnaire

Appendix 3 Turnitin Page

