

## **The National Credit Act**

The National Credit Act (NCA) was assented to by the state president and published as an Act on 15 March 2006. The majority of its administrative provisions came into force on 1 June 2006 and all its provisions came into effect from 1 June 2007.

The NCA seeks to regulate every aspect of credit granting in South Africa and repeals both the Usury Act, No. 73 of 1968 and the Credit Agreements Act, No. 75 of 1980.

The NCA essentially governs the granting and management of credit in South Africa and was written to create a more transparent and more accessible credit market. The implications of the NCA are far-reaching for South African credit providers and consumers alike, as it completely transforms all aspects of the credit industry. The NCA has grown in scope to encompass the entire consumer credit industry and introduces a wide range of reforms to the industry that will now be regulated by the Act and the National Credit Regulator (NCR).

Most credit agreements concluded and in effect within South Africa fall under the ambit of the NCA. There are specific requirements for the conclusion of a valid credit agreement with certain circumstances rendering the entire agreement or some of its provisions, unlawful. The law provides for specific remedies in such cases. The NCA aims to protect consumers from misleading advertising by governing how credit can be marketed. The NCA contains numerous consumer rights aimed at creating a more regulated credit industry, with some provisions giving consumers extraordinary rights to settle accounts or surrender goods such as the right to apply for debt review or rearrangement of obligations, the right to access and to challenge information held about them at credit bureaus. Other provisions relate to maximum charges, fees and interest rates. The NCA specifies general and specific offences, as well as the penalties in terms of the Act which may include - on conviction - fines and or a jail sentence of up to 10 years.

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