

## DEPARTMENT OF TRADE AND INDUSTRY

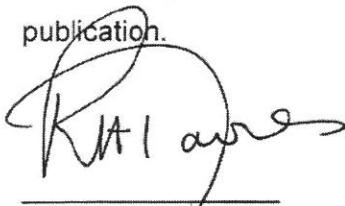
NO. 1080

06 NOVEMBER 2015

## REVIEW OF LIMITATIONS ON FEES AND INTEREST RATES REGULATIONS.

I, Dr Rob Davies, Minister of Trade and Industry, after having published a Notice inviting public comments to the draft Regulations on Review of Limitations on Fees and Interest Rates, which Notice was published in **Government Gazette No. 38911** of 25 June 2015 under **Notice 655 of 2015**, do hereby in terms of Section 171(1) of the National Credit Act, 2005 (Act 34 of 2005), publish the final Regulations on Review of Limitations on Fees and Interest Rates.

These Regulations will come into effect Six (6) months after the date of publication.



**DR ROB DAVIES, MP**

Minister of Trade and Industry

21 / 10 / 2015

**GOVERNMENT NOTICE**

No. R

2015

**REVIEW OF LIMITATIONS ON FEES AND INTEREST RATES  
REGULATIONS**

Regulations made in terms of the National Credit Act, 2005  
(Act No 34 of 2005)

(MINISTER OF TRADE AND INDUSTRY)

The Minister of Trade and Industry has, under section 171 of the National Credit Act, 2005 (Act No 34 of 2005) made Regulations in this schedule.

## SCHEDULE

### 1. Definitions

In these Regulations, any word or expression defined in the National Credit Act, 2005 bears the same meaning as in the Act and –

**the Act**" means the National Credit Act, 2005 (Act No. 34 of 2005) and the Regulations made under the Act.

### 2. Amendment of Regulation 42 (1) of the Regulations

#### **Interest applicable to different products**

(1) Regulation 42(1) of the Regulations is hereby amended by the substitution of the following "Table A:"

<b>TABLE A</b>				
<b>Maximum Prescribed Interest Rate</b>				
Credit type	Maximum Prescribed Interest Rate			
1. Mortgage agreements	RR + 12% per year			
2. Credit facilities	RR + 14% per			

	year			
3. Unsecured credit transactions	RR + 21% per year			
4. Developmental credit agreements	RR + 27% per year			
4.1 Small business				
4.2 Low income housing				
5. Short-term transactions	5% per month on the first loan and 3% per month on subsequent loans within a calendar year			
6. Other credit agreements	RR + 17% per year			
7. Incidental credit agreements	2% per month			

### 3. Amendment of Regulation 42(2) of the Regulations

#### Maximum Initiation Fees

(1) Regulation 42(2) of the Regulations is hereby amended by substitution of "Table B" :

<b>TABLE B</b>	
<b>Sub-sector</b>	<b>Maximum Initiation Fee</b>
<b>Mortgage agreements</b>	(a) R1 100 per credit agreement, plus 10 % of the amount in excess of R10 000  (b) But never to exceed R5 250
<b>Credit facilities</b>	(a) R165 per credit agreement, plus 10% of the amount in

	<p>excess of R1000</p> <p>(b) But never to exceed R1 050</p>
<b>Unsecured credit transaction</b>	<p>(a) R165 per credit agreement, plus 10% of the amount in excess of R1 000</p> <p>(b) But never to exceed R1 050</p>
<b>Developmental credit agreements</b>	
<ul style="list-style-type: none"> <li>- <b>For the development of a small business</b></li> </ul>	<p>(a) R275 per credit agreement, plus 10% of the amount in excess of R1 000</p> <p>(b) But never to exceed R2 600</p>
<ul style="list-style-type: none"> <li>- <b>For low income housing (unsecured)</b></li> </ul>	<p>(a) R550 per credit agreement, plus 10% of the amount in excess of R1 000</p> <p>(b) But never to exceed R2 600</p>
<b>Short term credit transactions</b>	<p>(a) R165 per credit agreement, plus 10% of the amount in excess of R1 000</p> <p>(b) But never to exceed R1 050</p>
<b>Other credit agreements</b>	<p>a) R165 per credit agreement, plus 10% of the amount in excess of R1 000</p> <p>(b) But never to exceed R1 050</p>
<b>Incidental credit agreement</b>	Nil

## 4. Amendment of Regulation 43 of the Regulations

(1) Regulation 43 is hereby amended by the addition of the following sub-regulation after sub-regulation (3):

“An initiation fee must only be charged when a new credit agreement is established with a consumer and must not be charged on a transactional basis where there is no new credit agreement with the consumer.”

#### 5. Amendment of Regulation 44 of the Regulations

##### **Maximum Service fee**

(1) Regulation 44 is hereby amended by –

(a) the substitution of the sub-paragraph immediately preceding sub-regulation (1) of the following sub-paragraph -

“The maximum monthly service fee, prescribed in terms of section 105 (1) of the Act, is R60”.

(b) addition of the following sub-regulations after sub-regulation (2)

“(3) The service fee covers the cost of administering a credit agreement which is the operational cost of the credit provider such as rent, labour, communication, banking, processing of repayments and any other costs related to the administration of a credit agreement.

(4) A service fee must be charged for a calendar month in which it is due and payable and on a pro rata basis where the credit agreement was concluded during the course of that calendar month.