



SA's Consumer Credit Market Shifted from Recovery to a More Stable Position in Q4 2025

[TransUnion's Q4 2025 South Africa Industry Insights Report](#) shows the consumer credit market shifting from a tentative recovery to broader stabilisation driven by steady inflation and interest rates, as well as improvements in consumers' repayment behaviour. During the quarter there was again notable growth in vehicle asset finance and the personal loans market, while retail credit saw a change in product preference with consumers making smaller purchases.

South Africa's vehicle finance market continued its expansion in Q4 2025, with a fifth consecutive quarter of sustained growth. The growth in total loan balances continued to outpace new account volumes, indicating a firmer continued recovery in demand supported by a more accommodative interest rate environment following a 25 basis point (bps) repo rate cut in November, which further improved household affordability. Origination volumes rose 9.9% year-over-year (YoY), supported by strong consumer interest in affordable new car models and sustained lender confidence. The average new loan amount also climbed, by 3.3% YoY.

Much of this growth was driven by younger consumers, with Gen Z and Millennials^[1] accounting for 66% of all originations. Lenders demonstrated an increased risk appetite, with originations to riskier below-prime borrowers growing by 20.2% YoY. This expansion coincided with positive repayment performance, as account-level delinquencies (the percentage of accounts three or more months in arrears) declining by 59 bps YoY to 6.8%.

The market dynamics were further shaped by a significant shift in the used-to-new vehicle financing ratio, which declined to 0.96 used vehicles for every new one financed, down from 1.56 in Q4 2024. This shift towards more new vehicle financing reflects the availability of budget-friendly new models and favourable inflation trends.



More consumers chose longer loan terms to improve monthly affordability too: in Q4 2025, 56.4% of consumers chose a loan term of 72 months or more, compared to 51.9% who made the same choice one year prior. This marked the first quarter this decade that more than half of consumers chose the longest vehicle finance term available.

“The change in the used-to-new finance ratio indicates stronger momentum in new-vehicle financing and can also be attributed to shifting consumer preferences,” said Ayesha Hatea, director of research and consulting at TransUnion South Africa. “With advancements in technology, new vehicles often offer more features, safety upgrades, and improved fuel efficiency compared to older models, along with longer and more comprehensive warranties.” “The data on longer loan terms highlights how consumers are adjusting their spending patterns and making strategic financial decisions. By opting for longer loan terms, many are able to manage their monthly payments more effectively and potentially afford a newer or higher-priced vehicle,” she added.

Diverging Strategies Shaped Personal Loan Market

The personal loan market showed a distinct divergence in Q4 2025 as bank and non-bank lenders pursued contrasting growth strategies. Bank personal loan originations grew by 10.2% YoY with average new account amounts up by 10.7% YoY, extending larger loan amounts to lower-risk consumer cohorts. This disciplined approach yielded better repayment performance as account-level delinquencies for bank loans dropped by 271 bps YoY to 27.0%.

Conversely, non-bank lenders grew their portfolios quickly by shifting toward smaller loans, with average new account amounts down 2.8% YoY and the total volume of originations up 14.7% YoY. Younger borrowers drove a significant portion of this growth, with the volume of new loans issued to Gen Z borrowers climbing 39.6%. However, in contrast to bank lenders, which target relatively better risk borrowers, non-bank lenders’ customer bases are heavily skewed toward the riskiest subprime^[2] consumers. As a result of this exposure, account-level delinquencies for non-bank loans remained elevated at 48.0%.

“These trends highlight a clear market split. Banks successfully managed risk while expanding their active books through larger loans to lower-risk borrowers. Meanwhile, non-bank lenders extended credit access to higher-risk borrowers through smaller loans, but faced notable repayment strain,” said Hatea.

Retail Credit Adapted as Buy Now Pay Later Gained Traction

The retail credit sector showed signs of a strategic shift in Q4 2025, influenced by changing consumer behaviours and the growing adoption of Buy Now, Pay Later (BNPL) solutions. While the clothing account sector showed resilience account originations growing by 7.2% YoY, other areas of retail credit saw a decline in new account openings. Retail instalment origination volumes decreased 19.4% YoY, and revolving credit originations fell 16.6% YoY. This downturn in traditional retail credit originations could be influenced by increasing popularity of BNPL solutions in the market. [TransUnion's Q4 2025 Consumer Pulse Study](#) shows 57% of South African respondents hold a BNPL product, and 36% have used a BNPL product multiple times in the last 12 months to pay for goods and services.

“Consumers appear to be choosing these flexible payment options for smaller credit purchases, drawn to their fixed or interest-free instalment plans,” said Hatea. “However, this trend has not yet significantly affected clothing accounts, which benefit from strong consumer loyalty and accessibility.”

Despite fewer new accounts in some retail segments, possibly also influenced by tighter lending policies, portfolio health shows positive signs. Account-level delinquencies for clothing accounts fell 213 bps YoY to 24.5% and retail revolving delinquencies dropped 238 bps YoY to 17.6%. Lenders also adapted their strategies: the average clothing account limits went up 6.8% YoY, while the average limit for revolving accounts also grew, by 3.9% YoY. This suggests a focus on providing more credit to existing, credit-healthy customers while managing the influx of new, potentially riskier borrowers.

Table 1: Key South African Consumer Credit Market Metrics (Q4 2025 vs Q4 2024)

Product	YoY origination growth	Serious account-level delinquency rate*	YoY basis points (bps) change in delinquency rate
Credit card	8.0%	12.9%	+33 bps
Bank personal loan	10.2%	27.0%	-271 bps
Non-bank personal loan	14.7%	48.0%	+50 bps



Clothing accounts	7.2%	24.5%	-213 bps
Retail instalment	-19.4%	26.8%	-110 bps
Retail revolving	-16.6%	17.6%	-238 bps
Home loans	8.5%	7.5%	+11 bps
Vehicle finance	9.9%	6.8%	-59 bps

*Account-level serious delinquency rate, measured as a percentage of accounts three or more months in arrears

“In Q4 2025, lenders widened access to credit where consumers showed stronger repayment discipline, tightening where risk accumulated and reshaping their portfolios towards lower risk borrowers,” Hatea said. “The data suggests that lenders’ priorities are shifting from stabilisation towards sustainable momentum as they pair cautious growth with sharper exposure discipline, deeper affordability insights and refined product strategies.”

¹ TransUnion age distribution: Gen Z (Born 1995 – 2010); Millennials (Born 1980-1994); Gen X (Born 1965-1979); Baby Boomers (Born 1946-1964)

² Scores are based on TransUnion’s CreditVision® generic scoring methodology. Risk distribution key: subprime (0-625), near prime (626-655), prime (656-695), prime plus (696-720), super prime (721-999).

Source: TransUnion

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