

Get Your Money

A Newsletter by Assegai Communications

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Dear Reader

Reading time: 4 minutes

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THE NATIONAL CREDIT ACT

What a year 2006 will be, with the introduction of the National Credit Act! This complex piece of legislation will come into effect in the New Year. You can expect -

- Extensive training (we are starting shortly);
- Changes to procedures and documentation;
- Resistance from many quarters - this always accompanies change;
- Confusion, as everybody struggles to get to grips with the new law.

Just how will we have to alter our systems and documentation? How will it affect business? What will happen to sales and what about existing agreements? All these questions must be answered, so we decided to make a small start with this, the first of our articles on the new law.

The law contains extensive provisions for registration and control of the industry. All credit providers that have more than 100 credit agreements totalling not less than R500 000 in all, will have to register. All credit bureaus will have to register, too.

All credit agreements must comply with the law - the provisions are far too extensive to list, here. It will be necessary for all businesses that offer credit to have their agreements re-drawn. We expect to be kept busy doing this for most of 2006 and even beyond.

When the Act comes into effect, there will be a lot of credit agreements already in existence. What happens to them? They will continue to be of full force, provided they were legal when entered into. The debtors will however have a lot of rights that are created by the new law. For example, it will be easier for debtors to remove adverse entries from the records of credit providers and bureaus, once they have settled the debt. Indeed, the bureaus will be subject to strict control and may be held liable for the accuracy of information which appears in their records - the Bill provides that the bureaus must "take reasonable steps" to ensure the accuracy of information that they publish.

Debtors will be entitled to receive regular statements of account, to enable them to verify their indebtedness. This is something that all respectable businesses do now, of course; it seems that the informal sector in the micro-lending business may be the target of this and other similar provisions. There is plenty to think about in this new Act - watch for more information in our following newsletters.

DO IT NOW, NOT IN 2006

This is the time to chase money. Not only is it almost the end of the year, but the end of the financial year, with tax and other challenges, is also not far off. Furthermore, the ravages of the December season tend to exhaust the funds of individuals and companies. In short, nobody will have any money for a month or two after 1st January, so you had better get it now.

Individuals get their bonuses at the end of the year. If you want to get paid, you must stake your claims before your customers spend their money on holidays and gifts.

CAPE TOWN – THERE'S STILL TIME TO BOOK!

Roger will be in Cape Town next week, to present three programs. If you have attended before, send somebody else!
