

The Nature of the Creditor-Debtor Relationship in South Africa

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Abstract

This article was a result of an investigation measuring the ‘Correlation between Borrower Education and Non-payment Behaviour in Low Income Homeowners in South Africa as the premise of the study and poor relationship between lenders and borrowers as the secondary proposition. The study was motivated by the high level of foreclosures for non-payment of mortgages in the Protea Glen area in Johannesburg, Gauteng, as reported by the Human Rights Commission Inquiry in 2008. In investigating this non-payment behaviour the researcher employed largely quantitative instruments supplemented by qualitative methods. The study revealed interesting empirical findings that largely invalidated the founding hypotheses, despite existing theoretical frameworks - underpinned by various scholars - that sought to corroborate the hypotheses. The findings have however supported the premise that households reporting poor relationships with lenders were susceptible to non-payment behaviour. The rest of the secondary hypotheses were rejected by the empirical findings, viz. that there was no correlation between the level of formal education and non-payment behaviour; the link between propensity to default and the age of homeowners were also invalidated. From these findings, it can be demonstrated that there is a critical need for mitigating measures to remedy the identified shortcomings in this sector.

Keywords: Credit; Banking; Finance; Borrowers

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1. Introduction

The original study, entitled “Borrower Education and Non-payment Behaviour in Low Income Homeowners: A Case Study of Protea Glen, Johannesburg in South Africa” was conducted on the premise that susceptibility to mortgage defaults was linked to a of borrower education in empowering low income homeowners. This was the main proposition. The study examined the probability of risk of defaults as a result of the lack of borrower education, factoring in demographic and financial variables. The investigation sought to discover whether banks have borrower education programmes aimed at empowering prospective homeowners and also to understand the type of relationship that exists between lenders and borrowers.

Furthermore, the study was motivated by a desire to ascertain the impact borrower education has on the propensity to default on home loans in low income households. In other words, the investigation sought to establish the importance of borrower empowerment programmes in view of non-payment behaviour. Such evidence would be invaluable given that public housing policy in South Africa and the global world is increasingly viewing comprehensive borrower education as an important mechanism for preventing financial problems and promoting healthy ownership and responsible lender conduct. Furthermore, any credit provider extending and granting mortgage finance to a consumer risks default and foreclosure, making borrower education an essential mitigation instrument.

Nanda (1999), while recognising the importance of property as an important asset to alleviate poverty, argues that greater access to credit and ability to pay is critical to the improvement of the borrower’s optimal use of the asset

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(Nanda:1999). In the absence of well-structured and targeted borrower education, Nanda's (1999) theory would not have the potential to realize its intended objectives, a view substantiated by Hornburg (2004), who asserts that financial counselling can affect the default decision by helping high risk potential borrowers to opt out of homeownership (Hornburg, 2004).

2. Importance of Borrower Education in Finance and Banking

While borrower education in South Africa is a new concept, introduced only in the late 2000s, this is not the case in some other parts of the world. Confirming this view, Hornburg (2004) observed that the homeownership counselling industry exists in a rapidly changing and growing financial services industry. He further stated that the last decade has seen the development of an increasingly specialized and segmented financial services market offering an explosion of choice and options but requiring a far savvier consumer to safely navigate these choices (Hornburg, 2004).

This is illustrated by Carswell's (2009) assertions that the housing counselling industry came into existence with the passage of the 1968 Housing and Urban Development (HUD) Act in the United States of America (Carswell, 2009). "This legislation was advanced with the help of testimony from low- and moderate-income advocates who believed that proper counselling in budget and credit matters would assist lower-income families in becoming successful homeowners" (Carswell, 2009: 340).

The suggestion that borrower education is not a new subject within the homeownership sphere, especially in the case of low income homeowners, is substantiated by Quercia and Spader (2008), who argued that the provision of homeownership education and counselling boomed during the 1990s. Stricter enforcement of the Community Reinvestment Act (CRA), along with the imposition requirements by institutions such as Fannie Mae and Freddie Mac, fuelled the creation of a large network of homeownership education providers and programs (Quercia and Spader, 2008).

Unlike South Africa, other countries like the United States of America (USA), United Kingdom (UK), Canada and Australia, the borrower education phenomenon is usually referred to as financial literacy or financial counselling. Huston (2010) stated that the terms financial literacy and financial education are often used interchangeably in the literature. She further asserted that few, if any scholars have attempted to define or differentiate these terms. Unlike health literacy, reasoned Huston (2010), which is typically measured using one of three standardised tests. There are currently no standardised instruments with which to measure financial literacy (Huston, 2010).

Borrower education is thus a fundamental component to empowering borrowers to make informed financial choices and to comprehend fully the intricacies of homeownership. The borrower education carries significant weight and is essential for both homeowners and mortgage credit grantors. The importance of acquiring financial knowledge was emphasised by Kassarian and Robertson (1999), who show that consumers with moderate financial knowledge tend to make more informed choices (Kassarian and Robertson, 1999). An impression shared by Schwartz (2005), who stressed that financial counselling sessions should be used primarily to maintain contact with debtors in order to provide rudimentary budget advice and address questions and issues relating to the bankruptcy process (Schwartz, 2005). Schwartz's philosophical assumptions are quite decisive. This underscores that borrower education should not only empower the borrower or the debtor, but also re-establish and restore relationships between the creditor and the debtor. The relationship between the lender and the borrower is an essential component and theoretical assumption of this investigation.

Schwartz further outlined that financial counselling is therefore necessarily and prudent about teaching households financial management skills (Schwartz, 2005). Financial counselling provides the opportunity to give advice tailored to individual situations and which should serve to help debtors with the rehabilitation process (Schwartz, 2005). While I understand Schwartz's suppositions, the argument that financial education always assists the indebted borrowers with rehabilitation processes should be critically considered. Carswell suggested that during much of the 1970s and early 1980s, the housing counselling industry was characterised by delinquency and default counsellors who, for the most part, only met with clients who were already on the brink of foreclosure (Carswell, 2009).

This emphasised the premise that the fundamental principle of borrower education or financial literacy should not be just the provision of general financial education, but instead specific and targeted financial education. Carswell (2009) considered that different training programmes may have different goals: some counselling agencies may strive for increased homeownership, while others place more emphasis on education for those not yet be ready for homeownership (Carswell, 2009). McCarthy and Quercia (2000) in Carswell (2009) showed that many counselling providers develop their own curricula and educational materials; thus, programmes differ according to the topics covered, resources available, breadth and depth of instruction and the specific goals of the counselling agencies.

A thorough, content rich and a lender appraised borrower education that is designed to meet the needs of borrowers would sufficiently empower them against the risks of default and indebtedness. If borrower education programmes are introduced at pre-purchase level, when a consumer is still contemplating acquiring a house, this will encourage the consumer to self-assess his or her credit worthiness and readiness in getting credit to acquire a property. This is given that high levels of borrowers' indebtedness are largely attributable to a lack of financial knowledge and a concomitant lack of change in financial behaviour.

A view illustrated by Monticone (2010) by observing that the widespread lack of financial literacy casts serious doubts on the ability of individuals to make financial decisions (Monticone, 2010). Some studies suggest that financial experience can affect financial knowledge and that household financial wealth can influence the acquisition of financial literacy (Monticone, 2010). Financial knowledge, reasoned Monticone, affects a wide range of financial behaviours, including wealth accumulation, stock market participation, portfolio diversification, participation and asset allocation in plans, indebtedness, and responsible financial behaviour in general (Monticone, 2010).

Borrower education is such an imperative intervention to both the financier and the homeowner as it reduces the potential risk of default. It is therefore crucial for lenders to empower the borrowers to understanding the credit contract processes for mortgage finance to mitigate the non-payment risk and to understand the wholly the corresponding roles, responsibilities and obligations. An assertion shared by Ambrose (2000) when he argued that the relationship between financial literacy and mortgage default is the backbone of modern mortgage pricing models.

A view that was later developed by Santomero (2008) when he espoused that the ability to honour monthly mortgage payments consisting of both principal loan and interest that are to be paid until the loan is amortised and the borrower's understanding of the impact on mortgage debt is significant to becoming a responsible borrower. Santomero (2008) further argued borrowers' understanding of the impact that mortgage debt can have on household finances is vital.

3. Risk of Default Relative to Relationship between Lender and Borrower

Good relationship between the bank and the borrower is essential and building, maintaining, nurturing and enhancing the relationship create a more welcoming environment for banks, and banks become more efficient. As a result, the bank will have a happy borrower that values the lender and fully understand his/her rights and his/her corresponding obligations. This will improve participation, behaviour, perceptions and attitudes. This will enable borrowers to make informed purchasing choices that are likely to lead the household into a better financial position and improvement in financial behaviour. Accordingly, the lender is likely to earn handsome financial returns on relationship investments and customer centred approach. This is precisely because a good rapport facilitates borrowers' proper conduct and encourages responsible and dependable financial behaviour that reduce susceptibility to mortgage defaulting.

According to Rose (2002) in Van Ravesteyn (2005) banks are considered the most important financial institutions in a country's economy. Thus they rely heavily on deposits and capital borrowing by consumers, the nature of the relationship between the bank and the borrower should be mutual beneficial. A supposition supported by Anani (2010) when he explained how paramount the relationship is between the consumer and the bank. Anani (2010) illustrated that that providing continuous value to customers underpins the nature of the relationship.

According to Anani (2010) banks that embrace a concept of good relationship see it as way to build loyal and long term customer retention which leads to improved financial performance (Anani, 2010). Anani broadened his theory when espoused that to create customer loyalty, various value-added services, which start long before the transaction and continue far beyond it. "Banks need to know their customers, what their needs are" (Anani, 2010, p.16). The relationship must also be based on equal and respectful terms, being close to your customers has undoubtedly been one of the key successes of relationship management, concluded (Anani, 2010).

While these theoretical assertions carry logic, they should however be viewed primarily against context and climate in which the country's characteristics are embedded. In a fully functional and equitable credit market, such theoretical assumptions would hold convincingly. However, in South Africa, the relationship between borrowers and the banks is based on historical negative impressions. Such unpleasant association and connection is informed by South Africa's political history during which time apartheid laws reigned supreme. As such communities, black communities in particular have revolted against payment of services and mortgage loans as they associated banks as conduit of apartheid legislation and credit policies.

Such boycotts (of municipal services, rent, mortgages, etc) were advocated and fully supported at the upper echelons of political leaders as part of the action to destabilise the apartheid administration in South Africa. After the liquidation of apartheid in 2004 and the new democratic order in place, communities were to be mobilised again and be informed

that now that we have a new democratic dispensation, communities have to be responsible and pay for the services rendered and also honour their credit contract responsibilities.

However, it seems that blemished relationship between the banks and the lenders are far from restoration. The findings by Social Survey in 2003 show that 50% of the surveyed respondents of potential borrowers revealed that they did not even approach lenders to inquire about a mortgage loan. The primary reason given by these potential borrowers, according to the survey, was a negative perception of banks that was can be further broken down into a fear of the repercussions of non-payment, a distrust of banks and their motives, concerns about endless debt repayment and a perception that banks were unfriendly (Social Survey Report, 2003).

The issues of negative borrower perception of banks and a lack of rapport between lenders and borrowers in South Africa is confirmed by the findings of another global study on customer satisfaction and consumer banking. According to the Global Consumer Banking Survey (2011), banks need to reconnect with their customer base by improving the customer experience (Global Consumer Banking Survey Report, 2011).

The report demonstrated that there is a clear demand for greater personal attention to customers, and that it is also evident that banks need to invest in improved communication channels and become more customer-centric across their operations. The report stated that there is considerable room for improvement in the levels of channel efficiency, personalisation and integration that banks offer their customers.

According to the Global Consumer Banking Survey (2011), the erosion in trust and confidence was attributed primarily to poor service quality and pricing by South African consumers. In an earlier unrelated study on consumer education and literacy, Finscope (2006) finds that there is a lack of understanding of financial terms Finscope further argues that if people are to successfully engage in the low income and middle income target market (R1 500 - R15 000 per month); they have to understand the relevant product offerings better; this is particularly applicable to the lower income segment of this market(Finscope, 2006).

Elucidating on the advantages of a good relationship, Van Ravesteyn (2005) revealed that the dependent customer will seek advice from his bank, thus a relationship will be formed which will reduce uncertainty and assist in structuring purchasing decisions. Relational contracting is an important aspect of customer-banker relationships. Customers want to make informed decisions and will draw on the assistance and expertise of their informed banker. In this relationship, trust plays a critical role (Van Ravesteyn, 2005).

4. Empirical Evidence Validates Theoretical Assertions

Theoretical considerations emerged from literature analysis and studies underpinning the concept of relationship between lender and borrower are corroborated by quantitative findings showing an existence of an association between poor relationship and non-payment borrower conduct. The primary data analysis demonstrates that there is a linkage between the risk of default and poor relationship between the lender and the borrower. The findings revealed the more pleasant the relationship between the lender and the borrower, the lower the tendency is to non-payment behaviour. This illustrates the fundamentals in strengthening relationships.

4.1 Findings regarding the gender of respondents

In measuring the gender status of the surveyed population who are homeowners, the table below shows that the majority of homeowners responsible for monthly bond repayments were males (at 62.5%) while females only constituted 36.5%. This illustrates that males dominate in terms of household budget contribution of a household as a bond is the biggest expenditure of many households' balance sheets. The significance of this finding shows that males dominate the low income mortgage market as they hold the majority of mortgage accounts through monthly instalments.

Table 1: Gender of respondents

		Frequency	Per cent	Cumulative Per cent
Valid	Female	38	36.5	36.5
	Male	65	62.5	99.0
	missing	1	1.0	100.0
Total		104	100.0	

4.2 Findings regarding the marital status of respondents

The majority (56%) of the surveyed respondents were married couples. Those were followed by single status relationships that constitute 27% of the total. A total of 6.7% reported to be living with their partners and 5.8% were

divorced while the 3.8% were widowed. The finding that the majority of homeowners are married couples enhances the preconceived notion that propensity to access credit for a home loan increases for households with a joint income. The majority (56%) of the surveyed respondents were married couples. Those were followed by single status relationships that constitute 27% of the total. A total of 6.7% reported to be living with their partners and 5.8% were divorced while the 3.8% were widowed. The finding that the majority of homeowners are married couples enhances the preconceived notion that propensity to access credit for a home loan increases for households with a joint income.

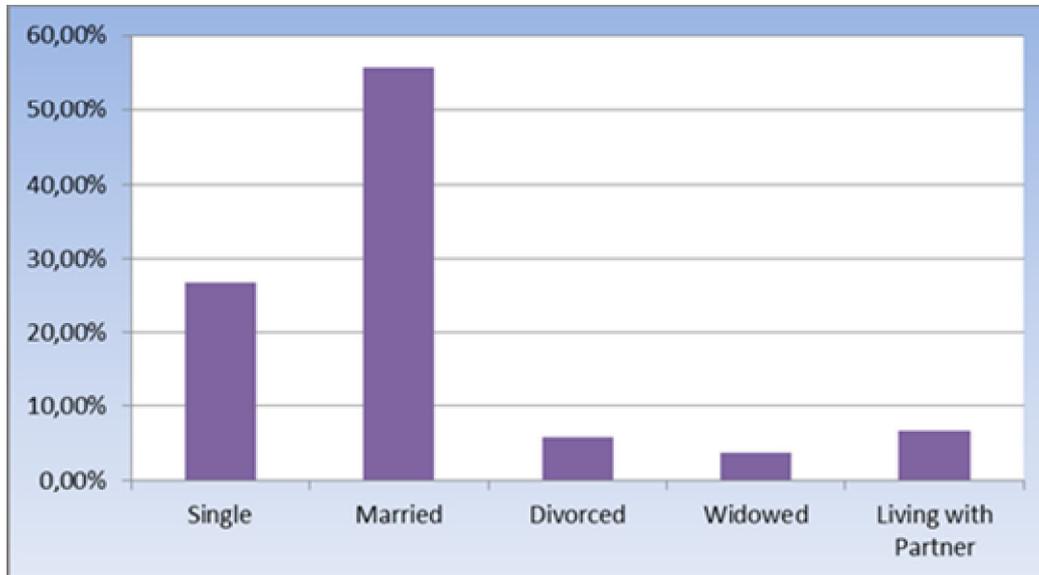


Figure 1: Marital status of respondents

4.3 Age analysis of the respondents

As reflected below, a large number (47%) of the respondents was aged 25-35 and was followed by those in the age category of 35-45 who constituted 31% of the total. Age categories 18-25 and over 55 years comprised 12% and 8% respectively. In terms of Protea Glen’s age population, the suburb has a total of 29 504 working adults aged 18-60.

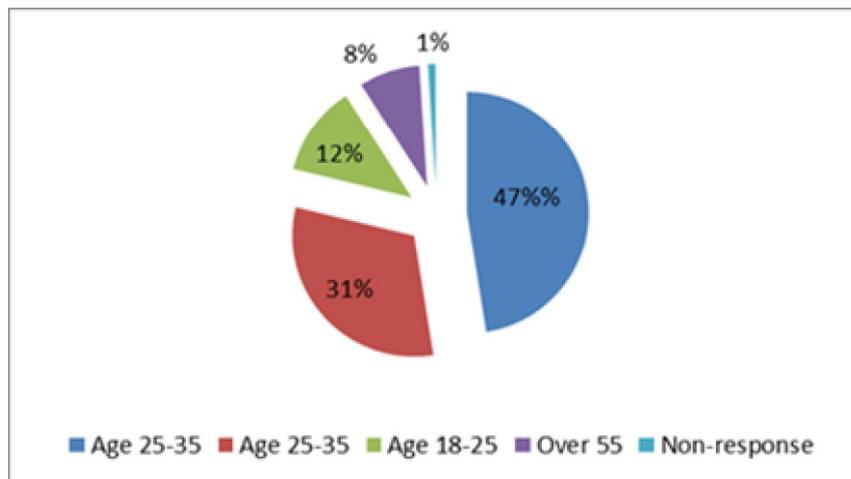


Figure 2: Age Analysis of the respondents

4.4 Employment sectors of respondents

When asked about the nature of their employment sectors, just over half of employed households with regular incomes are reported to be employed by public sector/government (51%) followed by private sector (42%) and 3.8% were unemployed, mostly retired and running their own business and used pension fund money for loan repayments. It

should be noted that the study concentrated its focus only to those household whose mortgage loans were still active and subject to monthly repayments.

Table 2: Showing employment sectors of respondents

	Frequency	Per cent	Cumulative Per cent
Government	53	51.0	51.0
Private	42	40.4	91.3
Informal	2	1.9	93.3
Unemployed	4	3.8	97.1
Missing	3	2.9	100.0
Total	104	100.0	

4.5 Length of employment of respondents in present job

When the respondents were asked about the length time at their present jobs, answers showed that the population was fairly stable in their current jobs. Nearly 50% of households in the target population had stayed in their current jobs for over ten years and those with three to ten years in their present jobs cumulatively represented 45% of the surveyed households. This could be pointing out to the phenomenon: (i) stability of the market in the work place; (ii) a possible lack of upward-moving opportunities; and (iii) uncertainty or fear to change jobs.

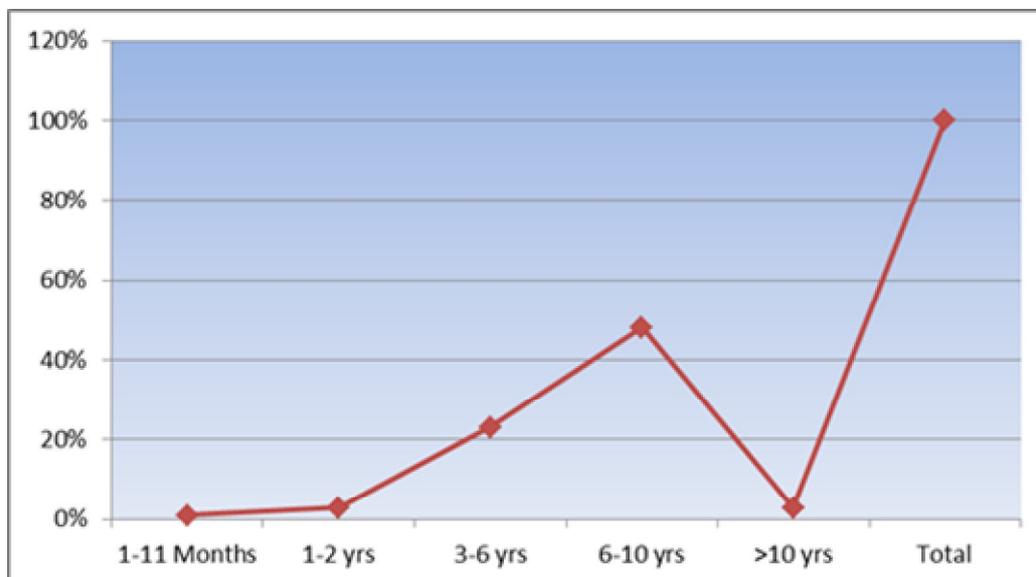


Figure 3: Length of employment of respondents in their present jobs

4.6 Educational level of respondents

The finding demonstrates that the sampled population is, on the whole, a relatively educated population. In response to a set of pre-determined statements about the probability of default relative to level of education, the survey households showed fairly educational levels. The proportion of households with a degree or diploma qualification was higher (47.1%) than any other measured level of education category. While those with matric qualifications made up 39.4% of the total. This above stats, together with the high percentage permanent formal employment and regular income, also explains their potential abilities to buy houses. This is one of the key indices used by the banks when applying their credit assessment process for granting a home loan. This means that a significant proportion of the surveyed households fall into the category of approved home owners hence they have mortgage bonds.

Table 3: Education level of respondents

	Frequency	Per cent	Cumulative Per cent
Primary	1	1.0	1.0
Matric	41	39.4	40.4
Secondary	6	5.8	46.2
Diploma/Degree	49	47.1	93.3
Other	4	3.8	97.1
Missing	3	2.9	100.0
Total	104	100.0	

4.7 Total monthly income of households

In general, income and less-liabilities are the ultimate determinant for homeownership and the higher the income, the greater are the prospects of accessing credit. The access to credit in particular mortgage finance is felt mostly by the lower income groups. The finding on households monthly income shows that 86% of households joint income earn between R4 501 and R12 000 a month. Of the 86%, approximately 41% were earning from R7 000 to R12 000 per month.

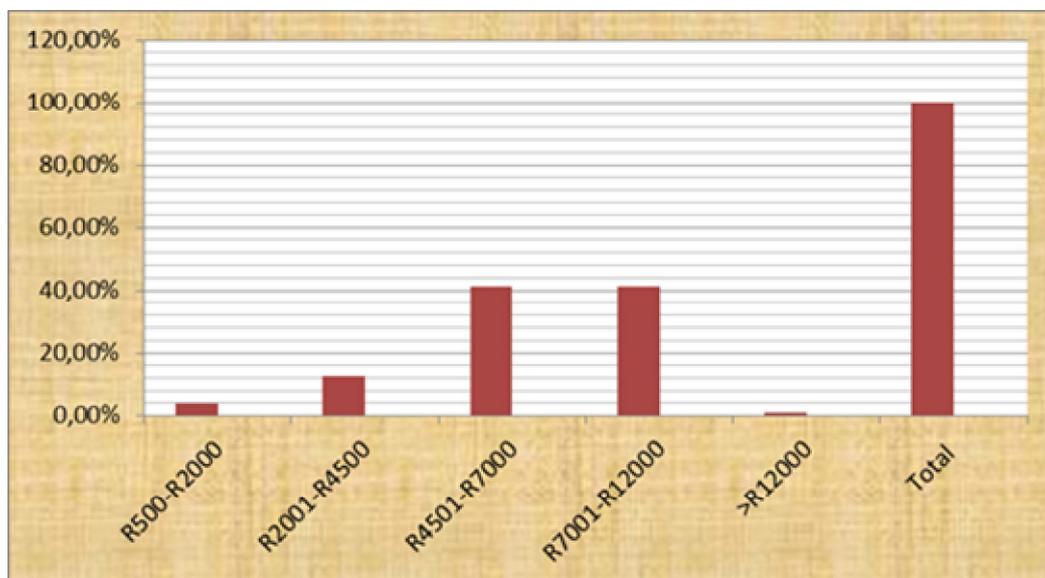


Figure 4: Total monthly household income

4.8 Lenders who provided borrower education to respondents before taking out a mortgage

From the questionnaires it has become clear that financiers failed to explain the responsibilities and corresponding obligations of homeownership to the borrowers. A significant proportion (55%) of the borrowers when asked if the bank provided any form of information or empowerment before acquiring a house, indicated that they did not receive any such material compared with the 36% that reported to have received some form of information.

The lack of borrower education, as hypothesised in this study, is particularly associated with a propensity for default behaviour and investigating this trend was the main aim of this study. In order to comprehend if there was any correlation between the dependent variable (non-payment behaviour) and the independent variable (borrower education), it was essential to ask questions which would elicit this kind of data.

Table 4: Lenders who provided education to owners before taking out a mortgage

	Frequency	Per cent	Cumulative Per cent
No	57	54.8	54.8
Yes	38	36.5	91.3
Missing	9	8.7	100.0
Total	104	100.0	

4.9 Defaulted and non-defaulted households on mortgages

One of the assumptions of this investigation was that the level of defaults was high and one of the contributory reasons to the statement was that this was due to a lack of borrower education programmes. The results indicate that the vast majority of respondents, nearly two-thirds, defaulted.

On the other hand, households who had never defaulted represented a total of 31.7%. The findings illustrate that the difference between the defaulters and non-defaulters is quite significant as 64% of the respondents defaulted on their mortgage payments. The general picture of foreclosures in South Africa as suggested by current statistics from Lightstone is on the decline.

The low income housing market stats of houses priced up to R500 000 statistics show that the number of registered distressed properties continue to shrink and are set to decline even further. Unsurprisingly, Gauteng has been leading in regard to the number of distressed sales, recording a figure of 1 414 in 2009 against the national total of 3 279 recorded during the same period (Lightstone, 2013). The figures have however shrunk quite noticeably between 2010 and 2012, illustrating a sustained market recovery or improved borrower education and financial behavior.

Table 5: Defaulted and non-defaulted households on mortgages

	Frequency	Per cent	Cumulative Per cent
Never defaulted	33	31.7	31.7
Defaulted	67	64.4	96.2
Missing	4	3.8	100.0
Total	104	100.0	

4.10 Respondents' relationship with their lenders

One of the propositions of this investigation was that a poor relationship between lender and borrower may contribute to non-payment behaviour. As a result of this history of poor relationship between borrower and lender, negative perceptions and attitudes among borrowers towards lenders have been created. The empirical data demonstrated that the relationship between lenders and borrowers is cordial, with the majority of respondents (35.6%) indicating to be having a good relationship with the lender. Twenty-one per cent (21.2%) of the respondents seem to enjoy a very good relationship with the lender, while 21.2% expressed that their relationship with the lender is poor, and 14.4% classified their relationship with the lender as fair. Whether this relationship impacts on non-payment or not will be determined in the cross-tabulation section between non-payment and lender relationship to be presented below.

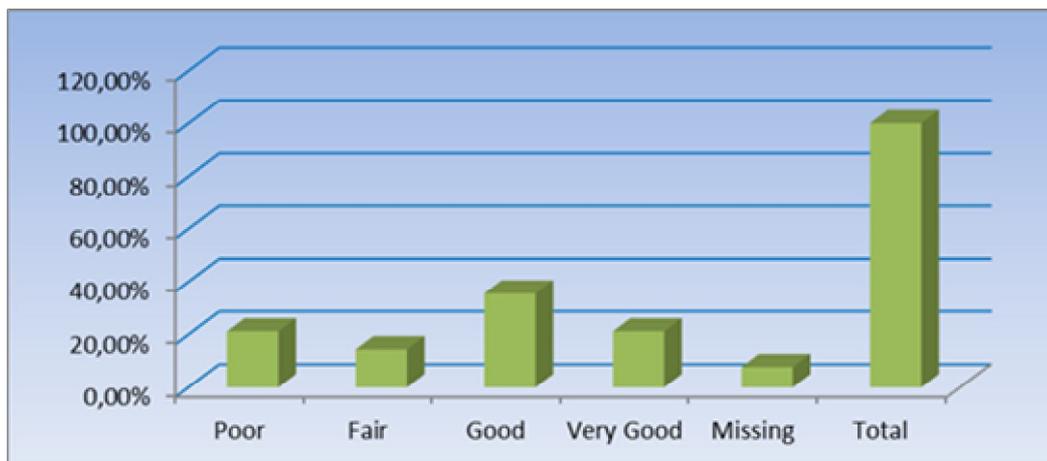


Figure 5: Respondents' relationship with the lender

Table 6: Cross tabulation of borrower's relationship with his or her financier versus Propensity to default.

	Borrower's relationship with Financier					Total
	Poor	Fair	Good	Very Good	Missing	
Never defaulted	1	1	20	10	1	33
Defaulted	20	14	15	11	7	67
missing	1	0	2	1	0	4
Total	22	15	37	22	8	104

Pearson Chi-square value = 26.306 P-value = 0.001

4.11 There is an association between the borrower's relationship (*rapport*) with his or her financiers and susceptibility to default.

The proposition was validated by the empirical findings of this study. The findings show the existence of the relationship between the borrower's rapport with the lender and his or her propensity to default. The statistics suggest that those who have poor relationship with lender and have never defaulted constituted a mere 0.96%.

In contrast, those who defaulted and reported to have been exposed to poor relationship with lender represented 19.2%. Meaning, the 'poorer' the relationship, the higher is the default probability ratio. This confirms the premise that the poorer the relationship between the lender and the borrower, the higher is the borrower tendency to default.

Further, the statistics show that 19% of those who enjoy good relationship with their lenders have never defaulted; while 14% of those reported to have a good relationship with lender have defaulted. This reflects a positive statistical margin of 5%.

This substantiates that there exists a correlation between the level of relationship between the lender and the borrower susceptibility to defaults. In other words, non-payment behaviour of homeowners is probably influenced by the type of relationship that exists between the lender and the borrower.

The relationship between a borrower and the financier defines the borrower's propensity to default or not to default. This notion validates the theoretical supposition that the risk of default is embedded in the actual type of relationship present; the poorer the rapport, the greater the non-payment prospect.

5. Recommendations

The findings revealed the existence of the correlation between the borrower's relationship with the lender and his or her propensity to default. Meaning, susceptibility to default is probably informed by the type of relationship exists between mortgage debtor and lender. The better the relationship and level of engagement the lower the default probability rate. Statistical findings revealed that mortgage debtors who enjoyed a 'good' relationship with their financiers constituted a default rate of 14.5%, while those with 'very good' relationship comprised only 10% of the default rate and the figure was descending to those who reported to have had a 'bad' relationship with the lender.

5.1 Building a rapport and strengthening relationships between borrowers and lenders

The data suggests that a poor relationship between lenders and borrowers contribute to non-payment. There appears to be a need for more effective communication and greater participation strategies, as well as interventions for facilitating relationships. Banks have to become more customer-centric in particular in the low income mortgage finance portfolio.

As deduced from the findings, there is a considerable need to build and improve relationships between lenders and borrowers, and lenders should be the primary drivers of the process. The envisioned results will offer benefits to both the lender and the borrower. This will be in the form of openness, trustworthiness, positive attitudes and accepting responsibility. Borrowers will therefore be fully aware of and willing to accept their responsibilities and duties, thereby reducing the level of non-payment behaviour.

5.2 Building banks' staff capacity is paramount

In building relationships, the principal drivers are people employed by the banks who interface with both existing and aspirant borrowers. The issue of non-payment behaviour, as is evident from the findings, is underpinned by poor relationships between the bank and the homeowner. In essence, the banks are seen as the servicer, the bank employees are expected to provide financial and technical services, and the homeowner is the borrower or customer receiving that service. This is indicative of peoples' skills pre-requisites when dealing with customers. Now that the underlying causes of the problem have been established, it is an important to address these wholly and not superficially.

6. Concluding remarks

The article is published at a time of considerable uncertainty in global financial markets, a period which the IMF has described as the “largest financial shock since Great Depression”. The Euro zone sovereign debt crisis cracks also appear to be widening and suitable interventions are urgently required to circumvent any resultant risk impact from spreading to other markets. This study was largely motivated by the high level of evictions and repossessions for the non-payment of mortgages in the area of Protea Glen, Johannesburg, as reported by the SA Human Rights Commission Inquiry in 2008.

The report shows that in the area banks had higher levels of default than in any other area. The rationale was further founded on the underlying fact that the big four banks account for ninety four per cent (94%) of the total home loan market share in South Africa. Only 6% is shared by other role-players, namely NHFC, SA Home Loans, Investec, Integer, etc. All the respondents’ houses were financed by the big four banks

Accordingly, understanding the underlying causes for default behaviour relative to poor relationship between lender and the borrower was paramount. The findings revealed a lot more about the importance of relationship between lenders and borrowers and borrower education in empowering homeowners. A good relationship between a lender and a borrower appears to be pivotal in understanding the corresponding roles and responsibilities and also for the borrower to comprehend the on-going costs and value of ownership. Statistics suggesting that the propensity to default or exhibit other forms of non-payment behaviour is higher in situations where the relationship between lender and borrower is broken down highlights such intricacies. In addition, understanding the complexities of ownership is underscored by the importance of the relationship type that exists between the lender and the borrower.

There appears from the findings to be a lot of challenges in this respect, especially in view of non-payment behaviour and lender conduct as well as a lack of connection between the lender and the borrower. Important to consider is a need to improve customer service by lenders to restore broken trust and enhance qualitatively the content of borrower education programmes to be specific and appropriately targeted. Accordingly, the article proposed mitigating techniques, alternative models and strategic interventions to remedy the challenges. This is towards ensuring greater positive impact on borrower empowerment programmes through proper monitoring and assessment processes.

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Institutional Experts Interviews

Interview with ABSA on Home Loan Product Offerings for Low income Households

Interview with Financial Services Board (FSB) on Role of the Financial Institutions to Empowering Consumers

Interview with First National Bank on Home Loan Product Offerings For Low income Households

Interview with Nedbank on Home Loan Product Offerings For Low income Households

Interview with SA Home Loans

Interview with Mortgage Disclosure Act Office on Regulations of Banks and Banks and Reporting Requirements