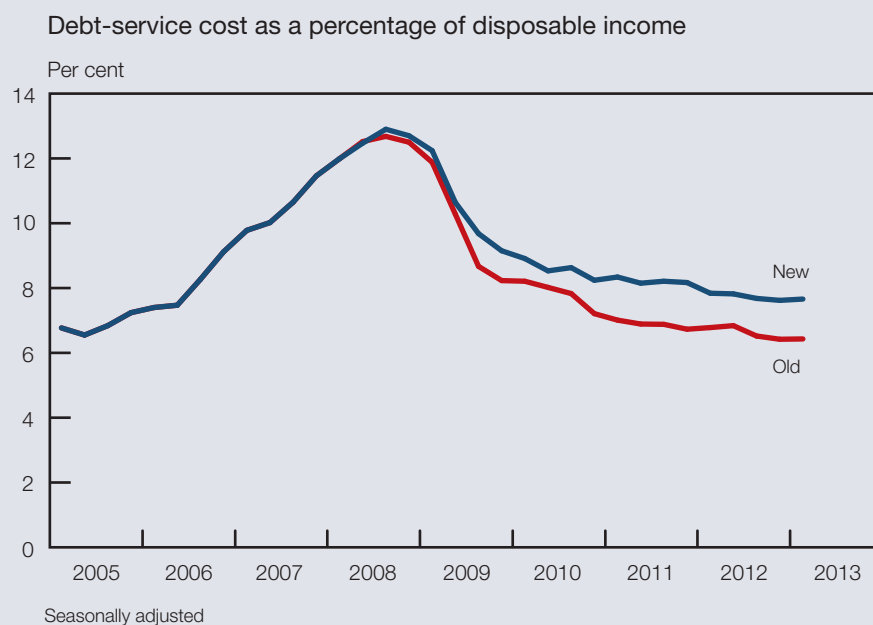


### Box 1: Revision of the household debt-service cost ratio

The interest rates that apply to various types of loans differ significantly. A structural shift in credit extension in favour of non-mortgage lending, together with an extension of the range of interest rates reported to the South African Reserve Bank covering various types of credit extended to households, mandated a re-look at the methodology used to estimate the debt-service cost of the household sector in the national accounts statistics. As a percentage of total household debt, the non-mortgage debt of the household sector rose from 39 per cent in 2007 to 46 per cent in 2012 as so-called unsecured lending expanded briskly.

As shown in the accompanying graph, the revised debt-service cost as a percentage of disposable income has exceeded previously calculated ratios since the first quarter of 2008. The broad trends, however, remain roughly unchanged. The increasing gap between the two ratios mainly reflects the growing share of non-mortgage lending in total lending to the household sector, and the fact that the interest rates applicable to non-mortgage loans are generally significantly higher than typical mortgage interest rates.



Although still work in progress, the preliminary revised debt-service cost ratio is published as part of key national accounts statistics on page S-152 of this *Quarterly Bulletin*. The secondary impact of this revision on other national accounts aggregates will be made available at a later stage.