UNSECURED CREDIT CARDS IN SOUTH AFRICA: AN ETHICAL PERSPECTIVE

Ashutosh Shrivastava, Hakan Agro DMCC
Perry Haan, Tiffin University

Abstract

In recent years much attention has been given to the alarming increase in the household debt burden in South Africa. The two main remedial efforts, consumer education and prevention of reckless lending, have failed to arrest the trend. Over 40% of the credit active customers in South Africa stand in default in an economy that is struggling. This paper looks at the potential for, as well as the possibility of, ethical self–regulation by store card marketers as a viable solution. An ethical analysis shows there is a limited understanding by companies and law makers. Focus group and interviews indicated that customers do have a high ethical awareness; but they are unaware, for the most part, of the powerful mechanisms that drive predatory financing. However, the status quo appears untenable and there exists a compelling case for an ethical dialogue for bringing about the requisite transformation for all stakeholders.

INTRODUCTION

Unsecured credit creation is a powerful tool with real consequences. It can enhance purchasing power but destroy productivity, quicken growth but compromise sustainability. It is a double edged sword which, if misused, can plunge an entire economy into debt. As of end September 2015, out of 24 million credit active customers in South Africa, 10 million had impaired credit records (National Credit Regulator, 2015b) while the national household debt stood at 78% (South African Reserve Bank, 2015).

Alarmed by the rising consumer debt levels, the South African government in 2007 implemented National Credit Act (NCA) that provided a framework for consumer protection against reckless lending. The NCA applies to store cards (National Credit Regulator, 2007) which is the subject of this study. In addition, in a somewhat controversial move, the government granted credit information amnesty by deleting the records of over 3.1 million consumers with adverse enforcement status code from credit bureaus in 2014 (Fin24, 2014). However, over 2 million of these consumers fell back into the adverse credit category within the following year (Compuscan, 2015).

The unsecured credit through store cards, however, continues unabated. In the quarter ended September 2015, there were 1.7 million new store card agreements accounting for over 75 % of all credit agreements in the country, representing a 17% increase on year to year basis. (National Credit Regulator, 2015b). Not only is an over-indebted customer bad news for an emerging economy like South Africa with an unemployment rate of 25.4% (Statistics South Africa, 2015b), the psychological damage in an uncertain environment can stress consumers grappling with the reconciliation and trust issues. The problem of household debt is complex. However, the role of unsecured credit through store card assumes ethical importance. The goal of this study is to explore the possibility of ethical self-regulation by the store card marketers, which leads to the following research questions:

1. To what extent can the marketing tactics of retailers offering store cards in South Africa said to be unethical or not inspired by a sense of CSR?

2. To what extent does the National Credit Act prompt the store card marketers towards ethical behavior?

3. To what extent and, in what respects, do the South African consumers understand and respond to, the ethics behind the mechanisms that drive unsecured credit through store cards?

Economic Policy

In post 1994 democratic South Africa, both monetary and fiscal policies have aimed to promote equal access to credit to the historically disadvantaged individuals, a group that makes up over 85% of the 55 million population. While banks and other financial institutions have provided the bulk of the credit (National Credit Regulator, 2015b), as is normally the case in any economy, the sophistication of the financial systems has allowed the retail chain stores to sell their merchandize on extended credit terms to millions (National Credit Regulator, 2015c) .

For a while, it even appeared that the consumption led growth formula worked. Despite the caution of experts that the South African economy was unstable, the regular flow of foreign direct investment more than made up the trade deficit (Manuel, 2005). However, it was the Ricardian economy in reverse. The expectation that consumption through promoting credit will create its own supply; employment and income was short-lived (Nene, 2015) .

Per the last census, 44.5 % of the South African population falls into the zero to low income category that survives on less than ZAR 1600 (US $106) per month (Statistics South Africa, 2015). Against this backdrop, the country posts a dismal GDP growth of less than 1.5 % (Nene, 2015) while the expectation for the year 2016 is 0.9 % (Gordhan, 2016). The currency depreciated by 60% during 2015 against the USD. Government debt at 42.9% of the GDP during 2015 (National

Treasury, 2015). Not surprisingly, S&P downgraded the country's sovereign rating to BBB, just a notch above the junk bond status in December 2015 (Standard and Poor's Rating Services, 2015). In 2012, over 20% of those surveyed reported going without enough food on occasions (Finmark Trust, 2012).

Store Card Marketers

The retail sector, however, continues to flourish. Woolworths, one of the largest retail chains, announced on 14 January 2016 that its earnings were up by an estimated 25 to 35% (Woolworths Holdings Ltd., 2016). The latest published results of major chains such as Truworths International and TFG Limited post equally impressive results. Their accounts, though published in different formats, have some commonalty. For example, all the chains sell between 53 and 74% of their products, such as branded clothes and jewellery, to their credit customers. The gross margins of these chain stores vary from 47 to 55%. In terms of reach, Truworths, for example, boasts of an ability to communicate directly with 13 million consumers (TFG Limited, 2015).

Compared to 6.1 million credit cards, there are 16.5 million store cards in operation (Compuscan, 2015). While the commercial banks specify minimum qualifying criteria for a credit card, Woolworths, for example, will issue a store card to anyone who earns minimum ZAR 2,000 a month (Woolworths Holdings Ltd., n.d.). Truworths and TFG do not even specify minimum earning criteria for a store card (Truworths International Ltd, n.d.) (The Foschini Group Ltd., n.d.). It is, in fact, not unusual to receive pre-approved embossed store cards in the post.

Literature Review

The literature ranges from theoretical and exploratory, highlighting issues such as ethical marketing, consumer behavior and CSR. The literature review is divided into three sections. First is an analysis of unsecured credit extension by store card marketers in South Africa. Second, an analysis of the current legislative framework. The third part discusses the relevance of ethics to the store card marketers in South Africa.

Credit Extension by Store Card Marketers

The South African department store industry has an oligopolistic structure, where no shopping mall can operate without the patronage of the large retail chains. These retailers are selling finance (disguised as merchandise) at about 100% mark-up on a further marked up 22.5% interest rate (The Foshchini Group Ltd, 2015). Barclays operating as Woolworths Financial seems to confirm a bank subordinating its otherwise powerful brand in favor of a local retailer for a share of the finance market. The rewards, the free shopping vouchers, the lucky draws on acquiring a store card (Woolworths Holdings Ltd., n.d.) (Truworths International Ltd, n.d.) (The Foschini Group Ltd., n.d.), as well as pre-approved store cards in the post, are designed to entice anyone with a regular income who can acquire one of these cards.

Therefore, the corollary of the belief that good ethics is good business (Schiller, 2005/2006), in certain contexts, may well appear to be that bad ethics is better business. The strategy emanating from the corporate structures that remain distanced from the end consumers but otherwise supported by consistent good results, shareholders' continued confidence and an overall good share performance may often fall short of ethics as is illustrated by the following example.

The last audited results of Truworths International show a provision for doubtful debt of ZAR 652 million representing 12.5% of the receivables, which stood at ZAR 5.2 billion as at the end of June 2015. In addition, considering that 82% of this amount was reported as interest bearing, the figure equals the amount of sales financed for longer than six months, as the first six months' credit is "interest free" (Truworths International, 2015). Store cards, therefore, seems to be the focus and extended credit, the norm; as is evident by the credit to cash sales mix for the group at 71.3%, resulting in an interest income of ZAR 952 million and, gross margin of 55.2% (Truworths International Limited, 2015).

These mixed results do not appear to be accidents. The "use in-house credit for the sole purpose of driving merchandise sales" and "continually grow the Group's active account base" (Truworths International, 2014) are among the well documented strategy of the group. They, however, remain silent on the trauma that they would have caused their target middle class customers by spending ZAR 240 million on debt collection alone. Perhaps, certain balance sheet items are better left unexplained especially when the gross profit is up at ZAR 6.2 billion from the ZAR 5.8 billion of the previous year (Truworths International, 2015). Therefore, behind the glitter of 631 Truworths stores lies a sad story of 2.5 million indebted customers which makes CSR, a word conspicuous by its absence in any of Truworths' presentation and reports, of paramount relevance

Legislative Framework

Drawing upon the constitution and other legislation on non-discrimination and promotion of equality (Department of Justice, Government of South Africa, 2008), the National Credit Act (NCA) seeks to promote access to credit for all, thereby subjecting a deontological principle to consequential scrutiny. However, inherent in the NCA is the assumption that credit providers discriminate. Given the fact that credit providers made 57.56 million enquiries at the credit bureaus in the 12-month period ending September 2015 for reasons of granting credit to consumers (National Credit Regulator, 2015b), only the reverse seems true. This, of course, does not include the informal credit market activity.

Although the act prohibits negative marketing, its provisions on consumer protection against reckless lending are regarded as confusing and inadequate (Developmentnomics (Pty) Ltd, 2012). Here, the key provision being that if a consumer has not disclosed his or her true financial picture, then the credit agreement cannot be termed reckless. In other words, as long as consumers are willing to reveal partial truths about their debts and, store card marketers are willing to accept the same at the face value, the unsecured credit through store cards can continue to be marketed as before. An ethical perspective, however, would be that a reckless credit is reckless credit irrespective of whether it was granted on partial or full disclosure. In addition, one can also argue as to how ethical it is to offer credit for fashionable clothing to a person who only earns ZAR 2,000 per month even if the disclosure is truthful.

The NCA also provides for a debt review process for the over-indebted consumers, which prevents any legal action for a 60-day period. However, it excludes any credit agreement from the review under which a credit provider has already issued a section 129 (1) (a) letter of demand (Government Gazzette, Republic of South Africa, 2006). It may be noted here that it is, indeed, a standard practice for any service provider, such as a store card marketer, to issue a letter of demand to any customer who is in default. Moreover, the cost of debt review, as per the act, needs to be borne by the customer (Government Gazzette, Republic of South Africa, 2006) (Government Gazette, Republic of South Africa, 2014). Further complication arises when an application for a debt review has the potential to be interpreted as an act of insolvency (Steyn, 2012). In other words, unless a customer applies for a debt review process just after bringing the accounts up to date, s/he is not likely to be offered any relief from legal action.
It, therefore, appears that the NCA fails to acknowledge that people live on hope; that they do not like legal processes and courts; that they look for alternatives and that they are likely to borrow more rather than to go for a debt review. Therefore, the likelihood of a common customer approaching the court for protection against future payment obligations is not very likely as is evidenced by the state of 10 million customers who stand in default (National Credit Regulator, 2015b).

Ethics of the Store Card Marketers

From Lehman to WorldCom, from Fiji water to VW, the circumstances vary yet the context remains the same; professionals failing to take cognizance of the triple bottom line (Alhaddi, 2015) by hurting either the stakeholders or the environment in order to generate unsustainable profits. The difference, of course, is that the above instances such as effect of subprime scandal (Baptiste, 2014) still make headlines whereas there is no evidence in South Africa of any investment analyst or journalist having ever criticized the corporate ethics behind unsecured credit.

In this regard, Corporate Social Performance (CSP) should be determined by both the intentions and the actions and, above all by the end result it creates in

the society (Wood, 1991). In the context of the store card retailers in South Africa, however, the meaning of CSP seems limited to providing employment and making token donations of merchandize to charities (Woolworths Holdings Limited., 2015a). Stakeholders appear to mean mainly shareholders (Truworths International, 2015) while the strategic focus remains on acquiring more customers through credit in order to facilitate merchandise sales (TFG Limited, 2015). Whether such ignorance is due to a lack of statistical measurement between CSP and financial performance (Wood, 2010), or the inefficacy of the NCA (Developmentnomics (Pty) Ltd, 2012), the outcome is far from ethical.
TFG's chairman and CEO proclaimed upfront that in their "continuous effort to promote environment sustainability" and "reduce carbon footprint", all shareholder communication including annual reports is available on their website while hard copies are only available on request (TFG Limited, 2015, p. 2). However, in the same report their CFO laments about delays in statement delivery that is, several millions of printed pages each month, due to extended postal strike affecting their collections (TFG Limited, 2015, p. 74). In a further display of incongruity, he says that while "lending criteria continued to be tight", the "redesign in the operational process" led to an increase in the "new account accept rates [*sic*]" (TFG Limited, 2015, p. 75).

Above all, it is not clear from the relevant literature as to who should, indeed, be measuring the corporate social performance and on what moral or statutory authority. In this regard, Wayne Norman's argument of self- regulation as a tool to bridge the gap between what inspired the laws and what should inspire an ethical behavior acquires relevance (Norman, 2011).

Research Design and Methodology

This study used a combination of a focus group interview and individual interviews with South African consumers who have used store cards. The focus group was made up of seven people based in Durban. However, since the qualifying criteria included extensive experience of shopping at the retail stores in question and having used the store card(s) at some point of time, it was very much a purposive sample (Cooper & Schindler, 2001). During the session, not only were the key points recorded but the author also took notes of non-verbal expressions. Both facts and emotions from the focus group discussions were categorized for clearer understanding.

Seven semi-structured interviews were conducted with financially literate professionals. The interviewees possessed varying degrees of depth and insight into the specific research questions and they understood their role in the research process. Everyday discussion terms such as "corporate arrogance", "tendency to go legal", "compliance to Kings Commission on corporate governance", therefore, not only provided the wider context but also paved the way for pragmatic reflection along the lines of *Does good ethics make good business sense in South Africa*?

RESULTS

Focus Group

The group was presented with the first extract as below:

As you know, store cards mean Woolworths or Foschini or Truworths or Edgars or similar stores' cards on which people can buy clothes etc. on six months or even longer credit terms. This type of credit is known as unsecured credit because customers do not have to put up any physical sureties. You also must have seen that all store chains actively encourage people to sign up for store cards. Do you think that unsecured credit through store cards has any undesirable consequences for consumers? Can you please share personal experiences or the experiences of those that you know well?

The following themes emerged from the discussion. The main advantages of having a store card are additional rewards such as discounts and specials as well as being able to buy when money is tight. While the major drawback, the participants observed, was inability to draw the line and not go overboard. Not only was the convenience factor highlighted, an interesting comment was that a good credit record with store cards helps when applying for a bond. The group, therefore, did not exhibit a ready awareness of any ethical issues in the initial stages of discussion. However, one participant observed that he gave up his Woolworths store card as he was running up a huge account without realizing it. When he started paying cash, he realized how expensive, in fact, their food was. An instant limit increase is often offered at the counter when checking out. The group was divided in their opinion on whether this should or should not happen. One participant pointed out that without an increase in income, it amounts to reckless lending while another participant countered that credit management always works on the principle of track record so if a person has not defaulted, s/he should be offered a higher credit limit.

One participant remarked, "Which person or which second person does not have credit?" For any person employed, credit is seen as a realistic way of life. However, another participant emphasized that she could obtain all cards such as Woolworths, Truworths, and Foschini in a day. But the issue was not just easy access to credit because after obtaining the cards, the retailers bombarded the customers with information and made them believe that they could live out an expensive dream. The same participant also revealed that many years ago she found her housemaid was paying Rand 400 per month to a clothing store which was half her monthly wages. A participant revealed that while she only used one store card, she had not only received pre-approved store cards for several clothing stores in the mail; she had also received loan approvals from money lenders or sophisticated "loan sharks." She believed that her information was given out to "a whole new world of credit providers."

Another participant recalled listening to a financial expert on the radio that morning who was urging people not to take on any more debt given that South Africa is expected to experience high food inflation. However, he also wondered as to how likely people are to refuse when someone "throws them a lifeline" by offering extra credit. The group agreed that for those with five or six members in the family, buying clothes for birthdays and Christmas is a societal necessity whether they can afford it or not. Yet another participant, a young employee, shared that she obtained a store card just to get a cell phone contract but otherwise did not use the card. However, six months later at Christmas, she used the card for gifts for family and friends. And before she knew, it became a regular habit that was unaffordable.

Interviews

A total of 254 minutes of recorded interviews with seven financially literate professionals make up an exhaustive transcript. The interviewees, three men and four women, aged 22 to 70 include a chartered accountant, an MBA graduate, entrepreneurs, a marketing specialist, a research analyst and, a retired senior manager from corporates. The highlights are summarized below:

Impact of the Indebtedness

Among others, the story emerges of a young woman, mother of three, who attempted suicide when threatened by loan sharks chasing clothing accounts. Educated and in a stable job at Passenger Rail Agency of South Africa, she was asked by the interviewee to bring all the store card statements and her salary slip. The interviewee noticed a substantial amount being deducted from her salary. The interviewee then went to her place of employment to discover a loan agency operating from the company premises itself, apparently linked to an influential "boss", and authorized to deduct money from employees' salaries against loans. They often granted fresh loans to recover old loans. Over time, this left little disposable income for the woman to pay her clothing accounts. Whether store card debts led to the loan shark loans or vice versa are not clear. However, what is clear is the relationship between life, death and loans. And that the unsecured loan providers only care about the loans.

Another story, an interviewee narrated, of a woman, employed as a cleaner in a hotel, whose entire earnings became insufficient to pay off the store card debts. Her daughter, in matric, had to leave school and work hard to pay off her mother's debts. It still did not work out. All interviewees agreed that children's schooling and nourishment are among the first casualties when faced with pressure from debt collectors. An interviewee also pointed out that retail chains' writing off the bad debts is not the end of the story. They sell off these debts to collection agencies who hound the consumers for years.

Psychological Trauma

Another interviewee's first-hand experience with debt collectors chasing clothing accounts was traumatic. They were firm and demanding. They would phone her at her place of work which left her in a sweat. She would notice a Foschini store and think, "My God, I owe them money." But after settling the account, she would, in what was reported as typical behavior by other interviewees, shop again on credit, "just to feel normal again". Yes, one knows it is bad but "…in that moment", she said, "you would just do it." It would appear then that the individual psychology plays an important role in establishment of the vicious debt cycle. The question arises whether retail chains are aware of it or whether they, in fact, rely on it. It appears that they do or why would they continue credit relationships with consumers who default but then pay up after threats.

Lack of Alternatives

Having a "captive audience which is hooked on" and having access to the "past stats on default rates which favored continuing with credit sales" were cited as other possible reasons from a strategic perspective by some interviewees when asked why this trend has continued for so long. A relevant question arose as to whether consumers have a choice of reasonably priced clothes on a cash basis. No viable alternatives in the formal retail segment was pointed as the main reason why consumers are compelled to shop at Woolworths, Truworths, Foschini or Edgars or other stores owned by them. They remain anchor tenants and the shopping malls will not let any competition in. Therefore, even cash customers cannot boycott these stores. On the other hand, an interviewee opined, the suppliers, too, have to toe the line due to the volumes that retail chains command by offering them discounts and extended credit terms.

Lack of Self-Control

The extent of consumer indebtedness in South Africa creates the impression that half the population is committing fiscal hara-kiri. The issue of why consumers still take on these debts, therefore, needed further probe. From a historical perspective, an interviewee explained, in the isolationist era, the HDIs, in particular blacks, earned daily and weekly wages. They had little perception of managing household budgets over a longer period of time. Therefore, offering them six months to pay for clothes creates a phenomenon they cannot comprehend. Another interviewee, engaged in active research, corroborated that "blacks are open to every single new idea" and would give it a try as refusing in South Africa is considered rude. Other interviewees pointed out "being able to shop like rich people", "accelerated upward mobility" and "societal pressure on wearing branded clothes" as reasons that drove people to these retail clothing stores.

Pro Corporate Government

The interviewees' assessment of the government ranged from being downright corrupt to, at the very minimum, devoid of imagination and skills. The policies, therefore, would accommodate the corporates at the expense of the economy. To elaborate, an interviewee cited the sugar cane farms acquired by Tongaat Hullet for little or no consideration in the past being released now at exorbitant prices as commercial property in Durban where the company now owns the majority of prime land. In addition, the sugar industry continues to remain protected. Another interviewee mentioned that his acquaintance who works for the same group loaned money to farmers (on interest) while they received ZAR 1 billion at zero interest by the Land bank as a draught relief measure recently. When queried, the person showed no qualms about it because he had to satisfy the shareholders. Therefore, one can argue, even an agric, feed-milling, property conglomerate, listed on JSE and LSE, which was owned more than 50% by Anglo American between 1989 and 2009 (Tongaat Hullet, n.d.), sees tough times as an opportunity to make money from lending.

An interviewee also suggested that the South Africa government, desperate for foreign investment, would never take a stand against corporates for fear of backlash. It was, at times, difficult to keep the interviews on track as the retail chains are seen as belonging to the South African, larger culture of corporate arrogance and opportunistic behavior. Given the wider perspective, however, it is easy to answer the why of the lending via store cards. It makes them rich, period.

Corporate Ethics

"Profit is the main driver" and "it would be a brave CEO who would recommend changes to the system" were the frank submissions from the interviewees with one of them, speaking from a life time of experience, said that corporates in South Africa have no ethical considerations whatsoever. Interviewees also pointed out initiatives such as My School Card or Feed the Hungry as nothing but token PR exercises or cause washing. They also pointed out that almost all the merchandise is imported from the east despite the retail chains' claims of patronizing local producers.

It is self-evident, the interviewees agreed, that the retail chain stores, writing off hundreds of millions Rands in bad debt each year, know that they are engaged in reckless lending. While the economy tanks, their results continue to show impressive jumps of 25 to 35% in profits each year. Therefore, the question arose as to why The NCR or any investment analyst has not picked it up. An interviewee, with previous background in the media, said that the media relies a lot on the advertisement revenue from these chains and they would dare not publish any such analysis. Another interviewee explained that the investment analysts generally look for co-relations between ratios such as TO and PE. As long as a given business model is functioning, they do not engage in an ethical analysis. It appears, therefore, that ethics is considered secondary, or even contrary, to the strategy. The stock market believes what it wants to believe and investors focus on the 'what' and not the 'how' of the financial performance.

Should the Government Intervene?
The resounding answer was yes. However, the opinion varied on the form and type of intervention. The main suggestions were first a strict criterion for minimum monthly salary of ZAR 10,000 before a store card can be issued. However, it might be seen as discrimination and goes against the NCA that promotes equal credit to all. Second, credit limited to the useful life of a product. Therefore, for example, Woolworths should not be allowed to sell their 'expensive' and 'premium' food on credit. Two interviewees mentioned their housekeepers shopping at Woolworths' food as they had no money left after settling clothing accounts.

Third, the provision in the NCA that exonerates the lenders from the charge of recklessness, if the customers did not disclose their true financial position, should be removed. If at all, it should be the other way around. Businesses writing off large amount of bad debts as a matter of practice should be queried and brought to book. Next, cash and credit prices must be displayed clearly and must be different. A lower limit must be put on the maximum interest rates as well as administrative penalties and collection fees that the retail chains can charge. Debt collection agencies must be registered and must operate within defined parameters of a code of conduct. Default on a store card is not a criminal offense. However, the interviewees were not so certain that a government, itself in huge debt and relying on corporate earnings, will take such a stance.

Is Ethical Self-Regulation Possible?
This being the key research question, the interviewees were prompted often to share their feelings and views. Their answer was a qualified yes. Three main themes emerged. Ethical self-regulation by store cards marketers is possible but not likely. They will respond somewhat to legislation but will find a way out. They will respond to societal pressure.

Their main suggestions included informing the government of issues raised in this study. Also, using social media to highlight the lack of ethics and urging consumers not only to demand cheaper prices on a cash basis from these stores but threaten to boycott them should they ever resort to threats through debt collectors. Overall, the interviewees showed a keen interest in this research, were appalled by the facts and urged that something must be done urgently.

DISCUSSION

The picture that emerges from this research is that of a debt processing factory, where consumers who are not yet blacklisted are used as raw material, the by-products are interest, insurance, admin fees and the collection cost incomes; the process waste is defined by the bad debts while end product is a set of profitable accounts. To continue with an appreciable growth, it follows that new raw material must be fed at a rate greater than the process loss.

Of course, the minds of the top management of the retail stores cannot be explored to decipher whether the above business model evolved by default due to a series of actions over time or whether management jargon was used in a well thought out strategy to camouflage the real intentions that warranted a set of appreciable yet questionable results. A reverse of the trend looks unlikely and one probable root-cause appears to be the unwillingness of management to examine its activities from a holistic perspective.

Ethics and Creative Strategies

As this research shows, there are few takers for facts but fiction sells. From Shakespeare to Stephen King and all that lies in-between, the public seems to endorse the vicarious thrills of the make-believe world. Creative advertising strategies that find expression through profitable channels and entice an unsuspecting populace to emulate fictional ideals, one can argue, capitalize on this idiosyncrasy. Hence glamorous models adorn the magazines, the banners, the websites as well as the annual reports and even the application forms for store cards in order to capture the imagination of the investors and customers alike. To complement the above, smiling salespeople assure customers of the great benefits of acquiring the easy credit on offer. While discounts, specials and sale signs draw the bargain hunters into stores.

In addition, one of the undesirable spin-offs of the specialization, one can argue, is that an enterprise can remain within the acceptable norms in specific areas yet can create an objectionable end result. Therefore, advertising *can* confirm to the standards, granting of credit *can* comply with the NCA while store employees' incentives on selling the store cards *may* fall well within the employment laws. Similarly, procurement managers, using the clout of volumes thus created, as an interviewee pointed out, *can* squeeze credit terms as well as discounts from the suppliers to ensure a healthy margin. Here, a compartmentalized analysis may well exonerate each function within the company but a transdisciplinary view will term the overall strategy, as creative and as unique it may appear to be, undesirable. Therefore, what drives the vicious cycle of consumer debt is an internal mechanism which is just as vicious being a strategic compulsion.

CONCLUSION

An interviewee talked about "that moment" in which vulnerable consumers succumb to swiping store cards despite being aware of the possible consequences. The corollary of which, one can argue, is that many such "moments" in the boardrooms and meeting rooms of the retail chain stores would provide some clue to the ethical lapses; when leader and managers, the central custodians of ethics (Lee, 2013) strategizing through clever financial modelling and smart marketing communication ignore the issue of sustainability. While many supplementary and collaborative frameworks exist on the need for ethical self-regulation, despite the advances in ethical research, Norman (2011) argued there is enough ambiguity between the levels of market regulation that a government should apply and where ethics should in fact step in (Norman, 2011). In case of South African store card marketers, however, as this research shows, the only possibility for change lies in exerting societal pressure through a dialogue that is more moral than regulatory.

With technology and time, ethical research is making rapid progress (Calabretta, et al., 2011). In time a single equation may emerge that shows the damage that a lack of ethical self-regulation does to an economy. When, therefore, we can demonstrate, for example, the loss of multiplier effect benefits in an economy of consumers paying penal interest to an import dependent business on non-essential merchandize; or the cost of damage to a nation's wealth of depriving the children of nourishment and education due to evaporation of disposable income or the loss of productivity of a mass of employees being stressed due to loan sharks, both the laws and the academic pressures will bring about the right moral responses from businesses. However, in the meantime, the conscientious researchers will do well to continue to highlight the real consequences of unsustainable practices in countries such as South Africa in order to build a societal awareness.

REFERENCES

Alhaddi, H. (2015). Triple Bottom Line and Sustainability: A Literature Review. *Business and Management Studies,* 1(2), 6-10.

Baptiste, N. (2014). *American Prospect Longform.*

Calabretta, G., Durisin, B. & Ogliengo, M. (2011). Uncovering the Intellectual Structure of Research in Business Ethics: A Journey Through the History, the Classics, and the Pillars of Journal of Business Ethics. *Journal of Business Ethics,* 104(4), 499-524.

Compuscan (2015). *Latest statistics on consumer credit behaviour.*

Cooper, D. R. & Schindler, P. S., 2001. *Business Research Methods.* 7th ed. Singapore: McGraw-Hill Higher Education.

Department of Justice, Government of South Africa (2008). *Promotion of Equality and Prevention of Unfair Discrimination Act 4 of 2000.* Available at: http://www.justice.gov.za/legislation/acts/2000-004.pdf

Developmentnomics (Pty) Ltd (2012). *Literature Review on the Impact of The National Credit Act (NCA) has had on South Africa's Credit Market.* Available at: http://www.ncr.org.za/documents/pages/research-reports/jun13/NCR_NCA%20IMPACT%20LITERATURE%20REVIEW_FINAL%20REPORT_260612.pdf

Finmark Trust (2012). *Credit and Borrowing in South Africa; FinScope Consumer Survey South Africa 2012.* Available at: http://www.ncr.org.za/documents/pages/research-reports/jun13/NCR_14.03.2013.pdf

Gordhan, P. (2016). *2016 Budget Speech.*Available at: http://www.treasury.gov.za/documents/national%20budget/2016/speech/speech.pdf

Government Gazette, Republic of South Africa. (2014). *Act No. 19 of 2014: National Credit Amendment Act, 2014.* Available at: http://www.gov.za/sites/www.gov.za/files/37665_gon389.pdf

Government Gazzette, Republic of South Africa (2006). *National Credit Act no 34 of 2005.* Available at: http://www.justice.gov.za/mc/vnbp/act2005-034.pdf

Landrum, B. & Garza, G. (2015). Mending fences: Defining the domains and approaches of quantitative and qualitative research. *Qualitative Psychology,* 2(2), 199-209.

Lee, S. H. M. (2013). Ethics and Expertise: A Social Networks Perspective. *Journal of Business Ethics,* 118(3), 607-631.

Manuel, T. A. (2005). *Budget Speech 2005.* Available at: http://www.dfa.gov.za/docs/speeches/2005/budget2005.pdf

National Credit Regulator (2007). *National Credit Regulator; Consumer Booklet.* Available at: https://www.wesbank.co.za/SiteBranding/documents/coza/NCR_Consumer_Booklet.pdf

National Credit Regulator (2015b). *Consumer Credit Market Report - Third Quarter | September 2015.* Available at: http://www.ncr.org.za/publications/Consumer%20Credit%20Market%20Report/2015/CCMR%20Q3%202015.pdf

National Credit Regulator (2015c). *Credit Bureau Monitor; Third Quarter September 2015* Available at: http://www.ncr.org.za/documents/pages/publications/CBM/CBM%20September%202015.pdf

National Treasury (2015). *Investor Relations Market Data and Information.* Available at: http://investor.treasury.gov.za/Pages/MarketIndicatorSouthAfricandInformation.aspx

Nene, N. (2015). *Medium Term Budget Policy Statement.*Available at: http://www.treasury.gov.za/documents/mtbps/2015/mtbps/speech.pdf

Norman, W. (2011). Business Ethics as Self-Regulation: Why Principles that Ground Regulations Should Be Used to Ground Beyond-Compliance Norms as Well. *Journal of Business Ethics,* 102(August), 43-57.

Schiller, M. E. (2005/2006). Providing Knowledge for Ethical Practice in Marketing Communications;A Kohlbergian Rationale & Model. *International Journal of The Humanities,* 3(8), 7-17.

South African Reserve Bank. (2015). *Quarterly Bulletin September 2015.* Available at: https://www.resbank.co.za/Lists/News%20and%20Publications/Attachments/6883/01Full%20Quarterly%20Bulletin%20%E2%80%93%20September%202015.pdf

Standard and Poor's Rating Services. (2015). *South Africa (Republic of).* Available at: https://www.standardandpoors.com/en_US/web/guest/ratings/entity/-/org-details/sectorCode/SOV/entityId/129834

Statistics South Africa. (2015b). *Quarterly Labour Force Survey:Quarter 3: 2015.*Available at: http://www.statsSouth Africa.gov.za/publications/P0211/P02113rdQuarter2015.pdf

Statistics South Africa. (2015). *Census 2011: Income dynamics and poverty status of households in South Africa.*Available at: http://www.statsSouth Africa.gov.za/publications/Report-03-10-10/Report-03-10-102014.pdf

Steyn, L. (2012). Sink or Swim? Debt Review's Ambivalent "Lifeline". *PER: Potchefstroomse Elektroniese Regsblad,* 15(4), 189-231.

TFG Limited (2015). *Intergated Annual Report.* Available at: http://www.tfglimited.co.za/docs/3257/TFG_IAR2015.pdf

The Foschini Group Ltd. (n.d.). *TFG.* Available at: https://www.tfg.co.za/accounts

Tongaat Hullet. (n.d.) *Tongaat Hullet.* Available at: http://www.tongaat.com/

Truworths International Limited (2015). *Annual Financial Report 2015.* Available at: https://www.truworths.co.za/assets/investor/2015/TRU_AFS15.pdf

Truworths International Ltd, n.d. *Truworths : My Account.* Available at: https://www.truworths.co.za/account-benefits

Truworths International. (2014). *Integrated Report 2014.* Available at: https://www.truworths.co.za/assets/investor/2014/september2014/Truworths_IAR%202014%2025%20Sept.pdf

Truworths International (2015). *Group Annual results for the 52 weeks ended June 2015.*Available at: https://www.truworths.co.za/assets/investor/2015/Analyst%20presentation%20June%202015%20(For%20Web%20New).pdf

Wood, D. J. (1991). Corporate Social Performance Revisited. *Academy of Management Review,* 16(4), 691-718.

Wood, D. J. (2010). Measuring Corporate Social Performance: A Review. *International Journal of Management Reviews. Mar2010, Vol. 12 Issue 1,* 12(1), 50-84.

Woolworths Holdings Limited. (2015b). *2015 Annual Financial Statements.* Available at: http://www.woolworthsholdings.co.za/investor/annual_reports/ar2015/whl_2015_afs1.pdf.

Woolworths Holdings Limited. (2015a). *Woolworths Holdings Limited: 2015 Integrated Report.* Available at: http://www.woolworthsholdings.co.za/investor/annual_reports/ar2015/whl_2015_integrated_report.pdf

Woolworths Holdings Limited. (2016). *Trading Update and Trading Statement: 26 weeks ended 27th December 2015.*Available at: http://www.woolworthsholdings.co.za/media/news_display.asp?Id2=705

Woolworths Holdings Limited. (n.d.) *Wrewards.*Available at: http://www.woolworths.co.za/store/fragments/wrewards/wrewards-index.jsp;jsessionid=zJlkVJCMUXk47DDhWNUKjeUet8dIAW_uSGxqUHJ6thjmoJJwbYhE!2048759238