

The Truth About Debt Review: When Protection Becomes Entrapment

By Khosi Mkhize | Financial Literacy Advocate | Founder of Riqueza Wealth

In South Africa, debt review was meant to be a lifeline — a process designed to protect over-indebted consumers. But for many black South Africans, it has quietly become a trap — a system that deepens dependency, limits opportunity, and preys on a lack of understanding. Let's call this what it is: a financial injustice hiding behind technical jargon.

Who Controls the System

Do a random search on Debt Counselors around the country — you will find that the majority of registered debt counsellors are white. On the other side of the desk, the majority of consumers placed under debt review are black. That contrast alone tells a painful story. The racial imbalance in this space is not coincidental. It reflects the broader structure of South Africa's financial system — one that was not built for black participation and that continues to profit from our lack of access to information. Debt review has become yet another area where those who understand the system make money from those who don't.

How Black Consumers Are Misled

For years, thousands of black consumers have been placed under debt review under false pretences. Many are not properly informed that debt review legally restricts them from accessing any form of credit until the process is complete — often for several years. Worse, some only discover this when applying for a car, a home, or a business loan and are shocked to learn they've effectively been blacklisted by the very system that promised to help them. This is not informed consent, it's manipulation through information asymmetry.

Now Consumers Want Out — and the Industry Cries Foul

Today, as awareness grows, more black consumers are demanding to be removed from debt review. They want to take back control of their finances, and rightly so. Yet the same industry that placed them under the system is now "crying foul," accusing consumers of being irresponsible. The truth is, consumers are not rejecting help, they are rejecting exploitation disguised as help. You cannot hold a people hostage in a system they never fully agreed to, and then call it protection.

What Needs to Change

We need a complete review of how debt review is sold, advertised, administered, and exited. We need:

1. Consumer education in local languages, led by community-based credit educators who understand the lived realities of our people.
2. Regulatory accountability — Debt Counsellors who mislead consumers must face sanctions.
3. Public hearings — Parliament and the DTIC should investigate the racial and ethical dimensions of debt review in South Africa.

Financial Inclusion Must Mean Dignity

Credit reform is not just about numbers, it's about dignity. When people lose the ability to borrow, build, or buy because of systems they never understood, we are not helping them, we are entrenching poverty. Until we meet our people at the level where they are, in languages they understand and with the honesty they deserve, we will continue to see mistrust, misinformation, and misuse of power in our financial system. Debt review was meant to save lives. Let's make sure it's not destroying them instead.