

DEPARTMENT OF BUSINESS MANAGEMENT
FACULTY OF BUSINESS AND ECONOMIC SCIENCES

**UNDERSTANDING HOW CREDIT SCORES IMPACT ACCESS TO PERSONAL
DEBT INSTRUMENTS**

BY

IHLOMILE BEZA

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STUDY LEADERS:

MS PFUNZO BADANE
DR JASMINE KINSMAN

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DECLARATION BY CANDIDATE

NAME: IHLOMILE BEZA
STUDENT NUMBER: 220132143
QUALIFICATION: BACHELOR OF COMMERCE HONOURS
TITLE OF PROJECT: **UNDERSTANDING HOW CREDIT SCORES
IMPACT ACCESS TO PERSONAL DEBT
INSTRUMENTS**

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A handwritten signature in black ink, appearing to be 'Ihlomile Beza', written in a cursive style.

SIGNATURE:

DATE: 11 October 2025

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ABSTRACT

This study examines the impact credit scores have on the access to personal debt instruments within the South African lending landscape. Credit scores are widely used by financial institutions to assess creditworthiness and many consumers remain unaware of how their scores impact loan approval decisions. This research addresses a knowledge gap by exploring how different credit score categories affect eligibility for various personal debt instruments namely mortgage loans, personal loans, vehicle loans and credit cards. The study analyses the roles and credit scoring systems of South Africa's major credit bureaus: Experian, TransUnion, CompuScan and Xpert Decision System and their influence on lending. A mono-method research design was used relying only on secondary data from published research and credit bureau reports. Findings indicate a strong relationship between higher credit scores and improved access to credit while also highlighting challenges for consumers with lower credit scores. The research contributes to academic literature on credit assessment and offers insights for consumers, lenders and regulators seeking to improve credit scores in South Africa.

Keywords: Credit scores, Credit scoring systems, Personal debt instruments, Credit bureaus, Creditworthiness, South Africa.

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CHAPTER ONE

INTRODUCTION AND BACKGROUND OF THE STUDY

1.1 INTRODUCTION

In South Africa's financial landscape credit scores play a crucial role for individuals seeking personal debt instruments as lenders use these credit scores to evaluate creditworthiness and decide on extending personal debt (Mathebula 2019:1). According to Kern (2017:1) one's creditworthiness is determined by their credit score. The term creditworthiness describes a borrower's ability to obtain credit legally and financially as well as their willingness and capacity to repay the borrowed money (with interest) within the predetermined time frame, given the added value created by the credit itself, even in the face of uncertainty and taking sectoral, regional, and personal factors into account (Caplinska and Tvaronavičienė 2020:2547). A credit score is a numerical representation of a person's creditworthiness, indicating the likelihood that they will repay their debts as agreed (Arya, Eckel and Wichman 2013:175). Credit scores are based on information taken from a consumer's credit report and usually ranges from 300 to 850, where 300 is the lowest score and 850 is the highest (Kern, 2017:1). Credit scoring impacts a person's access to loans and interest rates, rentals, and even employment prospects hence understanding and managing one's credit score is crucial (Ashton, 2025b:1). According to Bakare (2024:2126) a higher score means less risk is associated with a person meaning that they are more trustworthy while a person with a poor credit score might have higher interest rates or be denied credit.

De Jager and Tillemans (2014:9) define credit scoring as the process by which a lender assesses an individual's credit risk or the possibility that an application will default in the future. According to Anderson (2014:292) credit risk is the likelihood that a legally binding contract will be worthless (or at least significantly diminished in value) due to the counterparty defaulting and going out of business. Credit risk occurs when a borrower does not fulfil their contractual debt commitments, either by completely defaulting or by partially or completely deferring repayment (Zamore, Djan, Alon and Hobdari 2018: 811). Therefore, credit scoring is primarily used to help lenders make informed decisions about accepting or rejecting the loan applications (Kritzinger and van Vuuren, 2019:227). Mathebula (2019:1) defines credit scoring as a collection of decision models and the underlying methods that

help lenders make decisions about who can obtain credit, how much credit they should grant, and what tactics to use to increase the profitability of the borrowers.

According to Chatterjee, Corbae, Dempsey and Rios-Rull (2023:1804) a borrower's ability to obtain credit is largely dependent on their credit score. Knowing one's credit score is crucial to being financially literate because understanding credit score is like understanding your health when it comes to money (Ashton, 2025b:1). Mathebula (2019:5) states that lenders rely heavily on consumer credit histories and credit agency scores since credit scoring is still the main instrument used to assess borrowers and determine the likelihood of loan default. Furthermore, Mathebula (2019:5) states that in certain cases, an applicant's credit score is the only factor used to make a lending decision. Kern (2017:1) states that a credit report offers detailed information on a person's credit history, including loan repayment patterns and credit account statuses as of right now. Lenders use this data to evaluate credit risk and make loan decisions (Kern, 2017:1).

Credit bureaus in South Africa are responsible for gathering and keeping track of credit data, such as past payments, outstanding invoices, and rulings by the courts (Ashton, 2025a:1). When a person requests a credit report, credit bureaus create one based on the credit information they have gathered from banks, merchants, and other credit providers (Anderson, 2024:301). Credit bureaus get data from banks, retailers and companies which contain details about how applicants manage their previous debts and whether they missed payments or if they are blacklisted (Ortlepp, 2019:5). Experian, TransUnion, Compuscan and XDS are the four main credit bureaus in South Africa that use information gathered mostly from lenders to create credit reports on individuals (Ortlepp, 2019:6).

Credit scoring models have become essential tools for financial institutions to efficiently assess borrower risk, enabling them to identify, differentiate, and screen out potential defaulters, thereby reducing overall credit risk exposure (Mokheleli and Museba 2023:497). Posnaya et al. (2020:459) states that credit bureaus function as information intermediaries, operating independently and for profit, they receive client credit information from lenders, compare it with data from other sources, and compile comprehensive credit profiles or file cabinets for each borrower. Bakare (2024:2126) states that Fair Isaac Corporation and VantageScore are two of the most widely used rating systems credit bureaus use. If consumers wish to maintain good credit and avoid issues like identity theft and false credit

reporting, they must be familiar with these models (Bakare 2024:2126). Kern (2017:1) states that the information that each bureau gathers and adds to a consumer's credit report may differ even though they carry out similar duties and each of these bureaus is legally required to provide consumers with one free credit report each year. Van Wyk and Boraine (2017:148) states consumers have unique personal credit information and credit bureaus serve as a bridge between them and credit providers who use this information to assess a person's creditworthiness before granting credit. According to De Wet, Botha and Booyens (2015:84), access to credit loans is necessary for financial empowerment since they enable people to access assets and financial resources while deferring payments. Although credit loans significantly boost economic growth, relying too much on debt makes us more vulnerable and unstable (De Wet *et al.* 2015:84).

1.2 PROBLEM STATEMENT

In South Africa customers' credit scores have a significant impact on their ability to get personal debt instrument (Ashton 2025a:1). Furthermore, de Jager and Tillemans state many consumers have no idea what their credit reports indicate or how it affects their financial circumstance. Mathebula (2019:5) states that consumers who have no credit history are more likely to have a low or poor credit score which increases the possibility that regulated financial institutions would refuse them credit. According to Li and Zhong (2012:185) young adults and other consumers who are new to the credit market tend to be the ones without credit scores.

This study is important because it offers insight into the current gap of how credit scores affect South Africans ability to get personal debt instruments. Young individuals and first-time borrowers are affected by this gap because they often lack both a credit history and the financial literacy needed to understand how credit scores work and their impact. Therefore, this study seeks to address the research gap by exploring how credit scores impact access to personal debt instruments, based on a review of existing literature, regulatory frameworks, and financial data.

1.3 RESEARCH OBJECTIVES

The following section outlines research objectives of the study, namely the primary, secondary and methodological objectives presented below.

1.3.1 PRIMARY RESEARCH OBJECTIVE

The primary research objective of the study is to assess how credit scores influence loan approval for different types of personal debt instruments offered by South African banking institutions.

1.3.2 SECONDARY RESEARCH OBJECTIVES

To achieve this primary objective the following secondary research objectives (SO) are formulated:

SO¹: To understand the nature and importance of credit scores, credit scoring systems and credit bureaus, as well as the types of personal debt instruments offered by South African banking institutions.

SO²: To provide an analysis of how credit factors including credit scores can affect access to personal debt instruments that are offered by different banking institutions in South Africa.

1.3.3 METHODOLOGICAL RESEARCH OBJECTIVE

To address the above-mentioned primary and secondary objective, the following methodological research objectives are presented:

MO¹: To conduct an in-depth literature review to discuss the nature and importance of credit scores, to identify different credit scoring systems (FICO, VantageScore, Proprietary credit score), different credit bureaus (TransUnion, Experian, XDS, and Compuscan), as well as types of personal debts (mortgage loans, personal loans, car loans, and credit cards).

- MO²: To develop a research design and methodology to collect and analyse information on credit scores and their impact on access to personal debt instruments.
- MO³: To collect, analyse and describe the data collected from reports, articles and websites from registered credit bureaus and South African banking institutions.
- MO⁴: To summarise and provide appropriate recommendations and conclusions on the findings of the study to South African consumers, regulators (FSCA, NCR, SARB) and credit providers to improve the credit behaviour of South African consumers

1.4 SIGNIFICANCE OF THE STUDY

This study is important because it offers insights on how credit scores affect South Africans ability to get personal debt instruments. The study will explore the limited studied relationship between credit scores and the access of personal debt instruments adding to the body of knowledge in academia, it will also look at the role of credit bureaus and credit scoring systems to give consumers, lenders and regulators a better understand of factors affecting loan approvals. The findings of this research will help better South Africans financial literacy and overall financial well-being. The study also intends to fill in the current knowledge gaps and help create a more accessible lending environment in South Africa. The findings are aimed to improve credit behaviour for customers. Consumers will gain a better understanding of how credit ratings affect credit availability.

1.5 STRUCTURE OF THE STUDY

The structure of the study will be presented in the following format:

Chapter One includes an introduction and a background to the study, followed by the problem statement and thereafter will be the primary, secondary, and methodological research objectives. Also included in this chapter is the significance of the study and the chapter concludes with the structure of the study.

Chapter Two provides a literature review of the study. The chapter starts with the nature and importance of credit scores. The credit scoring systems mainly FICO (Fair Isaac Corporation), VantageScore and Proprietary credit scores will be discussed. This chapter also highlights the different credit bureaus available and conclude by discussing the four types of personal debts offered by south african banking institutions namely mortgage loans, personal loans, car loans and credit cards.

Chapter Three focuses on outlining the research approach and methodology adopted in this study. It begins by detailing the research objectives, followed by a discussion of the research design, research paradigm, and the approach to theory development. The chapter also covers the selected time horizon, data collection and analysis methods. Furthermore, it addresses issues of trustworthiness, validity, and reliability, and concludes with a review of the ethical considerations relevant to the study.

In **Chapter Four** the findings and interpretation of the data that was collected for the study will be presented. It describes the sample, compares credit scoring models and analyses how different score categories affect access to mortgage loans, vehicle loans, personal loans and credit cards. The chapter concludes with a summary of overall trends showing how higher scores enable wider access and better terms while lower scores restrict credit opportunities.

Chapter Five provides an overview of the study and demonstrate how the research objectives are achieved. It discusses the key findings, draws relevant conclusions and highlights the study's contributions. Furthermore, it identifies the limitations encountered during the research process.

CHAPTER TWO

A LITERATURE REVIEW ON CREDIT SCORES, CREDIT SCORING SYSTEMS, CREDIT BUREAUS, AND PERSONAL DEBT INSTRUMENTS

2.1 INTRODUCTION

In this chapter a literature review will be provided on the overview regarding the nature and importance of credit scores, credit scoring systems, credit bureaus, and the types of personal debt instruments offered by South African banking institutions.

2.2 THE NATURE AND IMPORTANCE OF CREDIT SCORES

Credit scoring was first used in the 1950s has gained popularity as a tool for consumer lending especially for credit card approvals and its use has since expanded to include mortgage lending and other types of personal credit assessment (Burger, 2001:1). Although credit scoring was initially created to reduce the number of loan defaults lenders are now increasingly using it to find the most profitable clients using risk-based pricing (Ferretti and Vandone 2019:114). The risk-based pricing model is a lending strategy that uses a borrower's credit risk to determine the interest rate or cost of credit applied to a loan (Mukatuni 2021:26). According to Odette (2024) lenders assess loan affordability by evaluating an applicant's income, monthly expenses, existing debt obligations, credit history, and the requested loan amount and term to determine their ability to repay the loan. This risk-averse approach ensures that lending decisions align with the institution's financial interests and ability to recover assets in the event of default (Odette 2024). Credit scores are used extensively especially in South Africa to evaluate borrower's creditworthiness and to guide financial institutions' lending choices even though they are determined and managed differently in different countries (Ortlepp 2019:11). Credit scores are determined solely by how individuals manage their credit obligations, focusing on credit behaviour rather than income or bank balance (Neser 2025).

To determine a borrower's credit eligibility, lenders or credit providers usually evaluate the borrower's credit score when they apply for credit (Boughaci and Alkhawldeh, 2018:15). Additionally, Boughaci and Alkhawldeh (2018:15) states that lenders can determine an applicant's creditworthiness by using a credit score as an assessment tool and it shows how

likely the borrower is to pay back the loan based on their credit management history, payment habits and borrowing history. According to Nesor (2025) in South Africa, credit scores typically range from 300 to 850 and significantly influence an individual's borrowing power, determining access to credit and the terms offered. Dungen, Coutts and Macdonnell (2016:11) state that scores are categorized into five ranges: Very Poor (300–499), Poor (500–599), Fair (600–649), Good (650–699), and Excellent (700–850) with each tier reflecting varying degrees of creditworthiness and access to financial products. A score in the very poor or poor range usually indicates a history of missed payments or defaults and limits access to affordable credit, while fair and good scores suggest moderate to responsible financial behaviour, opening better loan options and those in the excellent range are seen as low-risk borrowers and receive the most favourable credit terms (Nesor 2025).

Established in 1989, the South African Credit and Risk Reporting Association (SACRRA) is a voluntary industry association comprising companies that are committed to sharing essential credit and risk-related payment performance data with registered credit bureaus (SACRRA 2024). The South African Credit and Risk Reporting Association (SACRRA) plays a central role in facilitating the secure and standardised sharing of credit and risk-related data across the financial ecosystem because it includes the management of consumer credit information, which may encompass details such as an individual's credit and financial history, education, employment, career trajectory, business activities and identity (SACRRA 2024).

2.3 CREDIT SCORING SYSTEMS

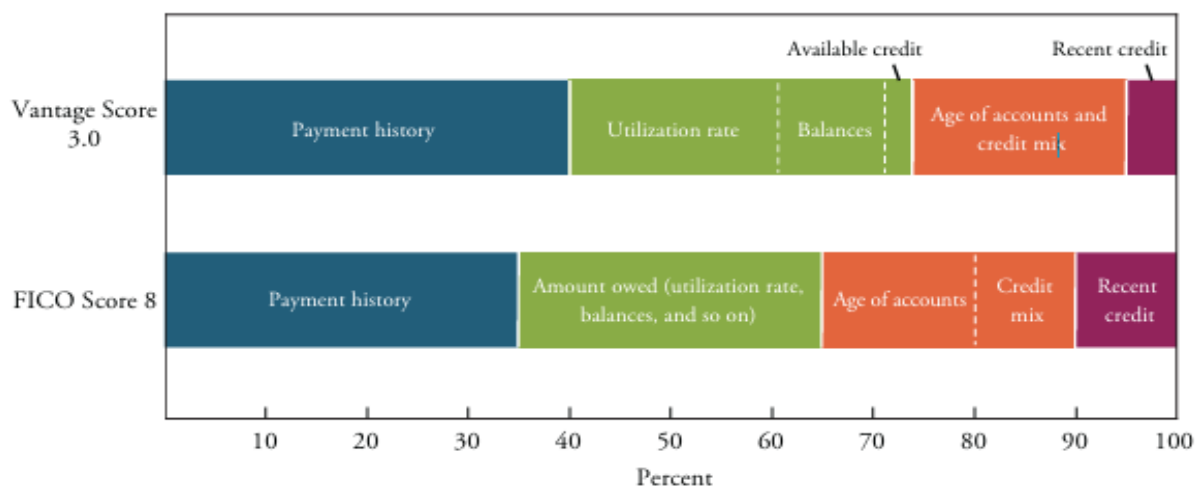
Ferretti and Vandone (2019:114) states that credit scoring systems serve the main purpose of risk prediction in the lending process by automatically evaluating customer creditworthiness and calculating the likelihood of repayment or default from the lenders point of view. Additionally, Ferretti and Vandone (2019:114) state that credit scoring systems are mathematical algorithms or statistical programmes used to predict a consumer's likelihood of repaying debt. Credit scoring systems are designed to enhance the decision-making process of financial institutions by providing a structured and data-driven method for assessing the risk associated with credit applicant when applying for a new credit product (Tripathi et al, 2022:785). Furthermore, Henning (2016:17) states that by offering unbiased,

data-driven assessments of borrower risk, credit scoring models have the ability to increase consistency in credit decision-making and boost the effectiveness of credit risk assessments.

These systems divide potential borrowers into different risk groups and provide a credit score using data from various sources (Ferretti and Vandone, 2019:114). Henning (2016:18) states that differentiating between high-risk (bad) and low-risk (good) loans is the main goal of credit scoring models, which helps lenders make trustworthy and well-informed credit decisions. Although credit scoring models differ in their design, providing a range of scores, all of them share the characteristic that a higher credit score is always associated with a higher likelihood that the borrower will return their debt (Tshauambea, 2021:8). According to Bakare (2024:2125) the most popular credit scoring models are the FICO Score and the VantageScore, which are both based on statistical assessments of consumer credit data to evaluate credit risk and these models vary in complexity and practical approach.

The chart below illustrates the relative importance assigned to various categories of consumer credit data in the two most widely adopted credit scoring models: **FICO Score 8** and **VantageScore 3.0**. Both models use similar data types but differ in how they weigh these factors.

Figure 2.1: Factors that determine a consumer's credit score



Source: Lei Toh (2024:3)

The chart above shows how FICO Score 8 and VantageScore 3.0 assign weight to different components of consumer credit data. Both models rely on similar categories which are

payment history, amounts owed, credit mix, length of credit history and recent credit. The comparison between VantageScore 3.0 and Fico Score 8 reveals important differences in how these models weigh and interpret consumer credit information despite using similar inputs. Payment history is the most influential factor in both models, yet it accounts for a larger proportion of the overall score in VantageScore 3.0 compared to FICO 8. Another notable difference is the treatment of credit history length and composition. VantageScore combines these elements into a single category which is age of accounts and credit mix. FICO Score 8 treats these as separate categories assigning distinct importance to the duration of credit history and the variety of credit products held. Both models assess recent credit behaviour but deviate in their weighting with VantageScore allocating more emphasis to recent credit activity than FICO Score 8.

2.3.1 FAIR ISAAC CORPORATION

The Fair Isaac Corporation created the well-known credit scoring model known as the FICO Score (Bakare 2024:2125). Higher scores suggest less credit risk and they range from 300 to 850 (Bakare 2024:2125). Payment history (35%), credit usage (30%), duration of credit history (15%), forms of credit utilized (10%), and recent credit inquiries (10%) are the five main factors that the model assesses (Henry and Morris 2018:5). These elements are combined to provide the FICO Score, which helps lenders make well-informed credit choices by providing a thorough evaluation of a person's credit behaviour over time (Bakare 2024:2125). Table 2.1 provides a summary of the FICO scores:

Table 2.1: FICO Score summary

Score Range	Category	Description	Estimated Risk of Serious Delinquency
800 and above	Exceptional	Well above average; very low-risk borrowers; easy credit approvals	1%
740 – 799	Very Good	Above average; likely to qualify for favourable interest rates	2%
670 – 739	Good	Median range; generally acceptable to most lenders	8%
580 – 669	Fair	Below average; considered subprime; higher interest rates likely	28%
Below 580	Poor	High-risk borrowers; limited access; may need deposits or face rejections	61%

Source: Henry and Morris 2018:5

As can be seen in Table 2.1, base FICO Scores range from 300 to 850, with higher scores indicating lower credit risk however, a credit score does not definitively predict whether an individual will be a “good” or “bad” borrower; rather, it reflects the probability of default based on historical credit behaviour (Henry and Morris 2018:5).

2.3.2 VANTAGE SCORE

VantageScore, developed jointly by the major credit bureaus utilizes a scoring range similar to that of the FICO Score and while it shares several core factors with FICO, VantageScore places greater emphasis on recent credit activity and is designed to provide a more inclusive assessment by incorporating alternative data sources where available (Bakare 2024:2125). According to Aswathi Jayachandran (2025) the three main national credit reporting companies, Equifax, Experian, and TransUnion, collaborated to create the VantageScore consumer credit scoring model as an alternative to more established scoring schemes like FICO. In recent years, this approach has become increasingly popular, especially among lenders looking to assess credit risk for borrowers with short or changing credit histories (Bakare 2024:2125). Schwahn and O’Shea (2018) state that VantageScores fall between 300 and 850, which is the same range as a normal FICO score and a score that is closer to the upper limit of 850 indicates stronger credit. According to Goodman and Zhu (2024:8) VantageScores are calculated using six categories of information: payment history (41%), credit utilization (20%), length and mix of credit (20%), recent credit behaviour (11%), total balances (6%), and available credit (3%), with the first two categories; payment history and credit utilization being identical to those used in FICO scores. The VantageScore models have adjusted their weighting over time, with the most recent version VantageScore 4.0 assigning 41% to payment history, 20% each to age and mix of credit history and credit utilization, 11% to new credit, 6% to balances, and 2% to available credit (Cochran and Stegman 2022:15).

2.3.3 PROPRIETARY CREDIT SCORE

Some banks create their own unique credit scoring models that use information from regular credit reports as well as internal client data (DeNicola, 2025). To improve the assessment's predictive accuracy, these custom scores may also incorporate standard credit scores like FICO or VantageScore (DeNicola, 2025).

Additionally, DeNicola (2025) states that by integrating external credit information with internal behavioural data, these models can offer a more customized assessment of a borrower's creditworthiness. Individual credit bureaus create and hold proprietary credit scoring models which are usually not made public, these models differ from standardised scoring systems in that they frequently incorporate special algorithms or data inputs (Zerbst, 2024). Additionally Zerbst (2024) states that proprietary models may use different weightings or include additional bureau-specific data even though they typically consider common variables like payment history, credit utilization, length of credit history, credit inquiries, and public records like collections, judgments, or insolvencies and the kind of credit product being assessed may also have an impact on how these models are used and designed.

Credit bureaus play a pivotal role as borrower-discipline mechanisms, as borrowers are aware that defaulting on a loan will negatively affect their credit reputation with all potential lenders in the market. (Ferretti 2013:794). According to Deventer (2025) a credit bureau is an institution responsible for collecting, storing, and maintaining individuals' credit-related information, which is typically submitted monthly by various credit providers such as banks, retailers, microlenders, utility companies, and telecommunications firms. Furthermore Ferretti (2013:795) lenders assess credit applications and evaluate an applicant's creditworthiness by contributing their own customer credit information to centralized databases managed by third-party providers known as credit bureaus.

2.4 NATURE AND IMPORTANCE OF CREDIT BUREAUS

Commercial lenders are served by credit bureaus which are private businesses that gather and compile credit related information from banks, retailers and micro-finance businesses (Ortlepp, 2019:13). Govend (2018:40) defines credit bureau as an institution that collects and collates credit-related information from a closed group of creditors, including retailers, telecommunications providers, utility companies, and financial institutions. Furthermore, Ortlepp (2019:13) states that through the provision of comprehensive credit reports these bureaus give lenders the ability to assess an individual's creditworthiness some credit bureaus provide other services like credit scoring in addition to the services they already offer to customers. Kritzinger and Van Vuuren (2020:260) states that even though credit bureaus often gather similar types of data, there may be differences in the ways that this data

is gathered, handled, presented and kept. These variations may have an impact on how different credit bureaus organize and interpret individual credit reports (Kritzinger and Van Vuuren, 2020:260). Ortlepp (2019:15) states that the biggest credit bureaus in South Africa are XDS, TransUnion, Compuscan and Experian and each bureau creates a person's credit report using information gathered mostly from lenders.

2.4.1 TRANSUNION

According to Meerkat (2025) TransUnion is another of the main three bureaus, formerly known as ITC. It is a credit reporting organization based in the United States that gathers and compiles information on about one billion customers across nearly 30 nations, including South Africa and VantageScore is their system for scoring (Meerkat 2025). The Empirica Score is the name given by TransUnion to the credit bureau score (Kritzinger 2017:11). To create a thorough evaluation of a customer's creditworthiness, this scoring model uses a variety of data inputs, such as payment records, court rulings, default events, credit inquiries, and demographic data (Kritzinger 2017:11).

2.4.2 EXPERIAN

Experian is a global credit bureau that has been operating for over 40 years. It is known for its expertise in delivering consumer and business credit reports in accessible formats, underpinned by its long-standing experience in providing information-based solutions (admin 2024). Based on data gathered from a credit bureau check the Experian credit score assesses a person's borrowing, credit use, and repayment patterns, by combining both favourable and unfavourable credit-related variables, it offers a forecast of the probability that a customer will fulfil future credit commitments (Free credit report 2025).

2.4.3 XPERT DECISION SYSTEMS

According to Ashton (2025) Xpert Decision Systems (XDS) is a 100% independently Black-owned credit bureau based in South Africa and it provides consumer-focused credit information services and develops tailored, data-driven solutions for financial institutions and borrowers alike. A variety of credit scoring models are offered by XDS, one of the recognized credit bureaus in South Africa, to evaluate the creditworthiness of consumers

(Zerbst 2024). Through the Splendi platform, customers can examine their credit profiles and scores and contest any errors online (Zerbst 2024).

2.4.4 COMPUSCAN

Compuscan South Africa (Pty) Ltd. is a South African company that was founded in 1994 and provides credit reporting and reference bureau services (Preqin 2025). The business collects, validates, and disseminates consumer and commercial credit data also decision analytics, marketing services, loyalty and rewards, credit, and skills learnerships are among the services offered by the organization (Preqin 2025). According to Hero (2024) Compuscan, formerly one of South Africa's largest credit bureaus, was acquired by Experian in 2019 and following the acquisition, Compuscan ceased operating as an independent entity and was fully integrated into Experian's business operations, consolidating their position within the South African credit reporting industry.

2.5 TYPES OF PERSONAL DEBT

Personal debt instruments cover a broad range of financial products from unsecured short and medium-term consumer credit product to secured long term credit such as mortgage loans (Ferretti and Vandone, 2019:30). In addition, Ferretti and Vandone (2019:33) states that banks and other specialised financial institutions that are allowed to provide credit products to individual consumers are the main providers of personal debt. For several years, banks have effectively used credit scoring systems to assist in the decision-making process for consumer loans, such as credit cards, personal lines of credit, and vehicle loans (Van der Walt, 2011:64). Store credit, enterprise lending, unsecured and secured credit, and service delivery are just a few of the financial areas where a credit score is used (Tshauambea, 2021:9). Furthermore Tshauambea (2021:9) states personal loans, credit cards, and overdraft facilities are commonly found in the unsecured credit market, whereas house loans, mortgage financing, and auto financing are found in the secured credit market.

2.5.1 MORTGAGE LOANS

A mortgage is a loan given to the buyer of a building or piece of land so they can pay for it (Nakiwala, Mukiib and Kiggund 2022:49). According to Naicker and Kabir (2013:18) a

home loan or mortgage is broadly regarded as the largest credit purchase decision undertaken by retail consumers and is a major contributor to household indebtedness. Mortgage loans are long-term credit agreements which are secured by an immovable property. They are used to purchase fixed assets such as buildings or lands with the loan secured against the assets (Ferretti and Vandone, 2019:30; Ajita et al., 2024:15). There are 15 banks in South Africa that provide residential mortgage loans to households, the four largest banks in the country First National Bank (FNB), Standard Bank, ABSA, and Nedbank are the primary providers of home financing (David 2022:10). Deventer (2023) states that lenders in South Africa take credit scores into account when evaluating bond applications as a high credit score increases the likelihood that a bond will be issued, while a low credit score may result in a higher interest rate or possibly the application being denied.

2.5.2 PERSONAL LOANS

Ajith et al (2024:15) defines a personal loan as an unsecured type of credit that financial institutions offer and is usually awarded based on the applicant's credit history, job history, income, and ability to repay the loan in full. Since personal loans are categorized as unsecured loans, they typically have higher interest rates compared to other loans secured by collateral such as gold jewellery or high surrender value insurance policies (Somasundara 2013:17). According to Flagg and Hannon (2023:1) personal loans may carry either fixed or variable interest rates, depending on the loan agreement and the lender's credit policy. A personal loan is a form of credit obtained from either a banking or non-banking institution, typically used for personal or private purposes (Tiwari and Somani 2021:263). A personal loan refers to funds that an individual takes from a bank or another financial institution for personal purposes and it represents a form of consumer financing offered by lenders including banks and financial organizations to help individuals address short-term gaps in their personal finances (Ismail, Alias, Koe, Othman and Mahphoth 2018:116).

2.5.3 CAR LOANS

According to Bradley and Hutchison (2025) car loans are a type of credit where a borrower buys a car with a lump sum payment from a lender and then pays it back over a certain period of time, usually 24 to 84 months, in fixed or variable monthly instalments that include interest. Any type of credit given by a commercial financial institution to a person or business

for the purpose of buying an automobile is referred to as a car loan and usually the loan has a set interest rate, a predetermined payback time and explicit terms and conditions (Olajide and Wreford, 2023:81). Auto loans are typically categorized as secured credit, meaning the vehicle purchased serves as collateral for the loan as a result, the lender retains legal ownership of the car (the title) until the loan is repaid in full and reserves the right to repossess the vehicle if the borrower defaults on repayment (Bradely and Hutchison 2025). According to Butterworth (2022) private car financing and dealership financing are the two main types of auto financing. Dealership finance, which is applicable when buying a car from a licensed dealer, usually comes with structural safeguards and compliance procedures and on the other hand, private vehicle finance is designed to meet the unique risks and paperwork needs of private-party transactions (Butterworth 2022).

2.5.4 CREDIT CARDS

A credit card is a financial instrument provided by a financial institution that subject to pre-established credit limits and payback limits allows the cardholder to access revolving credit for purchases or cash advances (Ajith et al, 2024:15). Credit cards, as a form of unsecured credit, offer consumers the flexibility to finance purchases at their discretion over time, without the requirement of providing collateral such as real estate or motor vehicles (Canner and Elliehausen 2013:1). Credit card debt is among the costliest types of debt that people may incur. (Islam and Picault 2025:1). According to Chen and Zurlo (2022:675) medical debt and credit card debt is often considered unsecured debt because no collateral is borrowed against the debt. Credit cards were initially introduced as a convenient payment instrument designed for high-income individuals, enabling them to settle retail transactions without the need to carry physical cash (Kelly and Reilly 2005:86). Credit cards are a popular form of short-term debt financing that usually carries interest charges (Rodrick, Islam, Sarker and Tisha 2021:168). Agarwal and Zhang (2015:4) state that annual interest rates on credit card debt are often substantially high, frequently exceeding 15%, which significantly surpasses the average returns generated by most liquid assets, such as cash balances and cheque accounts. Interest is charged 55 days after purchases are made provided the full closing balance is paid by the due date otherwise interest accrues from the transaction date (Fnb, 2025).

2.6 SUMMARY OF THE CHAPTER

The purpose of this chapter was to provide a literature review on the nature and importance of credit scores, credit scoring systems, credit bureaus and the types of personal debt instruments offered by South African banking institutions. It began by explaining the nature and importance of credit scores highlighting that credit scores represent a borrower's creditworthiness and influences loan approvals and terms. The chapter also discussed South Africa's four major credit bureaus and their roles in collecting and managing consumer credit information and how their information impact their credit scores and reports. The chapter also addressed the main types of personal debt instruments and their characteristics. The chapter concluded by emphasising the critical role of credit scores in access to and terms of personal debt in South Africa. Chapter three, which follows discusses the technique used to carry out the study.

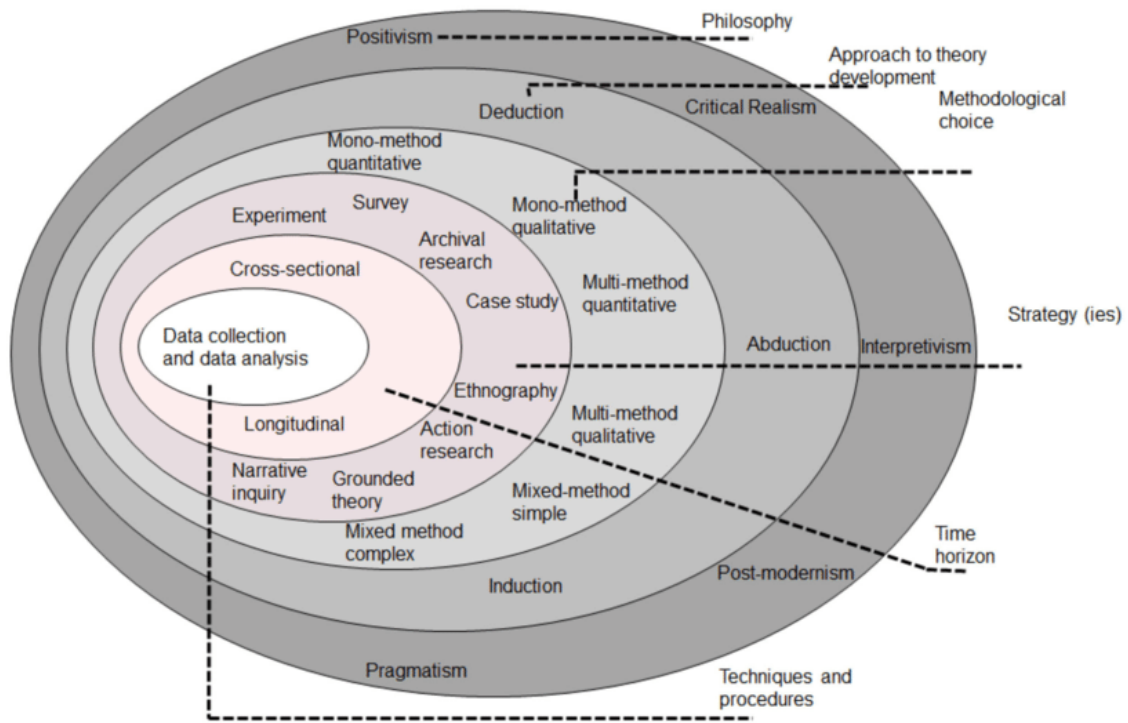
CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 INTRODUCTION

In order to accomplish the primary and secondary goals, this chapter's key goal is to outline the study strategy and methods. The methodological framework will be based on the research onion model developed by Saunders, Lewis, and Thornhill (2019:130). This model views the research process as a series of layered stages similar to layers of an onion and each of these layers reflect key methodological decisions such as the study's approach, philosophy, time horizon and data collection methods.

Figure 3.1: The research onion



Source: Saunders et al. 2019:130

3.2 RESEARCH PHILOSOPHY

The term research philosophy describes a set of assumptions and perspectives regarding the advancement of knowledge, which underpins the way research is conducted (Mwita,

2025:44). Mwita (2025:44) furthermore states research philosophy shapes the researcher's worldview, influences methodological choices, informs how reality is perceived, and how data is collected and findings are interpreted. Pragmatism, postmodernism, interpretivism, critical realism, and positivism are the five main research paradigms that influence methodological decisions in research according to Saunders et al. (2019:131). The research philosophy that will be used in this study is **pragmatism**. According to Goldkuhl (2012:136) Pragmatism is concerned with action, change and the dynamic relationship between knowledge and practice. Pragmatism is based on the proposition that researchers should apply the philosophical or methodological approach the best addresses the specific research problem under investigation, focusing on practical outcomes rather than adherence to a single worldview (Kaushik and Walsh 2019:2). Goldkuhl (2012:140) furthermore states pragmatism views knowledge as an instrument to be used purposefully in addressing real-world problems and improving practice, it views research as a process aimed not only at understanding facts but also at producing outcomes that can inform and improve practice. Given that the study seeks to explore the influence that credit scores have on access to personal debt instruments in South African context, pragmatism philosophy is deemed appropriate as it emphasizes on practical outcomes and real-world relevance. This approach supports the identification of patterns and relationships between credit scores and loan approval outcomes based on empirical evidence.

3.3 RESEARCH APPROACH TO THEORY DEVELOPMENT

The theory development process, or the research approach can be defined as a multi-step process or a strategy that consists of several steps and these steps typically involve overall assumptions regarding the data collection procedures, the analysis of data collected, and the interpretation of the findings (Kalimashe 2020:10). According to Moule et al. (2017:155) researchers should make a decision on which of two approaches to follow in conducting a research study either the deductive approach, abductive approach or the inductive approach, depending on the type and purpose of the research. As stated by Kalimashe (2020:10) and Mqekelana (2022:49) the deductive research approach focuses on testing existing theories. This study will adopt a **deductive approach** because deductive reasoning involves drawing conclusions based on the logical alignment of multiple premises that are generally accepted as true (Mqekelana 2022:49).

Since the study's main objective is to evaluate current opinions on the connection between credit scores and the accessibility of personal debt instruments such credit cards, car loans, house loans, and personal loans, deductive reasoning is suitable.

3.4 METHODOLOGICAL CHOICE

According to Moule et al. (2017:151), research design or methodological approach is a framework outlining the way the researcher will engage participants to obtain the necessary results as a response to the objective and aims of the study. Quantitative research design refers to the techniques and measurement tools that produce quantifiable or discrete data, typically derived from empirical observations and systematic measurement (Asenahabi 2019:79). Albers (2017:221) states quantitative research should emphasize practical significance and the data collected must offer a basis for substantiating any claims regarding the real-world applicability or impact of the findings. Qualitative research refers to research that explores and provides deeper insights into real-world problems, qualitative research seeks to generate hypotheses and to further investigate and interpret quantitative findings (Tenny, Brannan & Brannan, 2022). According to Cypress (2015:356) Qualitative research includes studies that generate results not derived from statistical or numerical analysis. When a single method, either quantitative or qualitative, is used independently the methodological approach is referred to as either a mono-quantitative or mono-qualitative methodology (Kashiya 2020:32). A mono-methodological choice refers to a research design that employs a single data collection method to address the research question (Saunders et al., 2012:164). This study adopts a mono-method approach as it employs only a single data collection technique. The study will employ a **mono-method qualitative approach** relying on secondary data, as it aims to focus on identifying access patterns and differences across credit score categories and South African banking institutions.

3.5 RESEARCH STRATEGY

This study adopts an **archival research strategy**, which involves the collection, extraction, and analysis of existing records, documents, and previously conducted research therefore this approach is used to obtain relevant secondary data that can be systematically analysed to address the study's research objectives (Saunders 2012:178). The primary sources of information for archival research methods are administrative records and documents and the

term "archival" includes both current and historical documents despite the fact that it frequently connotes the past (Saunders 2012:178). This study relies on archival research meaning we will analyse data collected from annual reports, articles and websites of the annual reports of the National Credit Regulator (NCR) as well as registered credit bureaus and South African banking institutions. The chosen credit bureaus are TransUnion, Experian, Compuscan, and XDS, they are all officially registered and operating in the credit reporting market in South Africa. Absa, First National Bank (FNB), Nedbank, Standard Bank, Capitec and TymeBank, a prominent digital bank are the Big Five banks in the nation that are the subject of the research. These establishments were chosen due to their consistent release of trustworthy, comprehensive, and openly available information on lending patterns, credit activities, and financial performance. Because of its transparency, lack of sensitivity, and openness for academic use, their data is appropriate for analysis in this desktop study, guaranteeing both ethical compliance and the validity of the research conclusions.

3.6 TIME HORIZON

Price and Lovell (2018:42) defines this type of study is referred to as a cross-sectional study, which entails capturing data from a population at a single point in time, thereby providing a snapshot of existing conditions or relationships during that specific moment. A cross-sectional study is an observational research design in which both the exposure and the outcome are measured simultaneously for each participant and depending on the research objective, cross-sectional studies may be either descriptive focusing on the prevalence of outcomes or analytical examining associations between outcomes and potential risk factors or exposures (Phandis 2014:127). Depending on whether the result variable is only stated or investigated for any correlations with exposures or risk factors, cross-sectional studies can be categorized as either descriptive or analytical (Xang and Cheng 2020: S66). The current study aims to capture the present state of how credit scoring influences access to personal debt instruments, with data collected at a single point in time. Accordingly, the study adopts a **cross-sectional time horizon**.

3.7 TECHNIQUES AND PROCEDURES FOR DATA COLLECTION

Gathering and measuring information on variables of interest in a thorough and planned way is referred to as data collection and this procedure makes it possible for researchers to

successfully test hypotheses, respond to particular research questions, and evaluate results (Kabir, 2016:202). Primary and secondary research data are the two primary categories of data. This section will provide a detailed examination of these data collection approaches, along with a discussion of the population and sample, the sampling method, and the sample size used in the study.

3.7.1 SECONDARY DATA COLLECTION

Coe et al (2021:144) defines secondary data as an empirical investigation conducted on data that has already been collected or compiled, typically by a different researcher or institution for a purpose other than the current study. Taherdoost (2021:12) points out that secondary data is information that was first gathered by others for unrelated reasons but may be used in research to address new or related objectives and such information is obtained from public sources, such as databases, reports, and academic journals. Since the literature review in research uses previously published studies, reports and documents to enlighten and reinforce the current research, it is mainly based on secondary data (Kabir, 2016:205).

3.7.2 PRIMARY DATA COLLECTION

Taherdoost (2021:12) states that the term primary data describes unique, first-hand information that hasn't been published or changed by others. Primary data comprises information gathered for the first time, rendering it original and novel (Mazhar 2021:6). Researchers use a variety of data-gathering approaches to obtain it directly for a particular purpose and as a result, primary data is typically thought to be more authentic, objective, legitimate, and reliable than secondary data (Taherdoost, 2021:12).

Some of the methods of primary data collection include questionnaires, surveys, experiments, observation, and personal interviews whereas secondary data sources comprise journal articles, books, websites, government publications, and internal records (Ajayi 2017:3). For the purpose of this study no primary research will be collected and instead the analysis will rely solely on secondary data. Only publicly accessible secondary data, including trusted websites, annual reports, regulatory publications, and financial disclosures from the major credit bureaus and South African banking institutions will be included in the research. This is because the study focuses on analyzing pre-existing reliable data rather than

gathering new data. Secondary data will be collected from academic sources and regulatory documents which will be accessed through electronic databases such as google scholar, research journals and financial institutions website.

3.7.3 POPULATION, SAMPLE, SAMPLE SIZE AND SAMPLING METHOD

Sampling involves the selection and investigation of a sample of sources that represent a broader population and is widely applied in research due to practical limitations, such as time, cost, and accessibility, that by and large make it unfeasible to collect data from the whole population (Ragab and Arisha 2017:10). Kashiya (2020:36) states that sampling enables researchers to conduct their studies in a practical and efficient manner, allowing them to obtain valuable insights that would otherwise require access to an entire population. Grove, Burn and Gray (2013:44) states the population refers to the total set of elements whether individuals, objects, or substances that meet specific criteria for inclusion within a defined context. It is essential for the researcher to identify the accessible population that can be most accurately and feasibly represented by the selected study sample (Grove et al. 2013:44).

3.7.3.1 Population and sample

The foundation of research methodology is the population, which is the total set of people, cases, or data sources that have similar traits within a specific institutional or geographic setting and since it offers the more comprehensive framework from which research questions and hypotheses are derived, this idea serves as the cornerstone of research design (Willie 2024:76). In this research, the population is the readily available data from banking institutions and credit bureaus that are registered in South Africa. Data from South Africa's main banking institutions and reputable credit bureaus including TransUnion, Experian, Compuscan, and XDS are included in this.

3.7.3.2 Sampling method

The sampling strategy involves applying an exact sampling method to select cases in the population being studied (Kegler et al., 2019:25). As Coughlan (2017:93) explains, all sampling designs fall within one of two broad categories, either probability sampling or non-

probability sampling methods. Probability sampling occurs where every participant has an equal non-zero chance of being selected so that every element in the population of study has a fair chance of being included in the sample whereas non-probability sampling is based on the researcher's personal judgment and occurs when the probability of any particular element being selected from the population is unknown (Mfulwane 2023:64-65). Given the archival and cross-sectional nature of this desktop research, a **non-probability purposive sampling technique** has been employed to deliberately select data sources that are most relevant to the research objective. According to Etikan, Musa, and Alkassim (2016:2), purposive sampling, also known as judgmental sampling, is a non-random sampling technique that does not necessitate a predetermined sample size or underlying statistical theory. It entails the deliberate selection of participants based on particular traits or attributes they possess. Purposive sampling techniques deliberately depart from random sampling in order to guarantee that particular case types that are thought to be especially pertinent to the study's goals are represented in the final sample. This strategy is predicated on the idea that given the goals and objectives of the investigation, certain individuals or data sources may offer unique or critical insights into the issues under investigation and therefore must be deliberately selected (Campbell 2020:654).

3.7.3.3 Sample size

According to Biyela (2018:49) it is essential that the selected sample adequately represents the entire population, as an appropriate sample size contributes to producing findings that can be reliably generalized to the broader population. The number of components included in a study is referred to as the sample size. Furthermore, Biyela (2018:49) states that the research questions being examined, the goals the researcher hopes to accomplish, the reliability of the results, and the possible value of the findings are the main factors that decide the sample size. Data from six financial institutions and the four main South African registered credit bureaus TransUnion, Experian, Compuscan, and XDS make up the study's sample. These consist of one digital bank, TymeBank, and the Big Five commercial banks Absa, First National Bank (FNB), Nedbank, Capitec, and Standard Bank. To guarantee that the sample is representative and appropriate for addressing research issues, these institutions are chosen based on their trustworthiness, reputation, and the accessibility of their data to the public.

3.8 TECHNIQUES AND PROCEDURES FOR DATA ANALYSIS

Data analysis is the methodical process of arranging and analyzing raw data to get significant insights and this approach is crucial for analyzing the data's implications and for recognizing any deficiencies or constraints within it (Islam 2020:10). According to Albers (2017:215) the aim of data analysis is to uncover underlying trends, relationships, and patterns within the contextual framework of the research and it enables researchers to apply statistical tests as tools for drawing meaningful conclusions from the data. In research, descriptive analysis is used to summarize measurements and samples in order to investigate the basic properties of the data and through the use of descriptive statistics, complex data is translated into simplified, interpretable insights, enabling researchers to present findings in a clear and meaningful manner (Ghanad 2023:3802). Ghanad (2023:3797) defines comparative analysis as type of research, which closely resembles true experiments, aims to identify cause-and-effect relationships by examining the effects of a naturally occurring independent variable on a dependent variable without manipulating the variable or randomly assigning participants to groups.

Descriptive analysis will be used to present key trends observed in the secondary data gathered from credit bureaus and the South African banking institutions while **comparative analysis** aims to provide a comprehensive overview of how credit scores impact access to personal debt instruments in the SA banking institutions while comparative analysis will be made between various sources to find both common points and differences in the application of credit scoring systems across different organisations.

3.9 VALIDITY AND RELIABILITY

In qualitative research, rigour is established by evaluating the validity and reliability of the instruments or tools employed in the study (Heale and Twycross 2015:67). The degree to which a test or instrument accurately assesses what it is supposed to measure is known as its validity whereas reliability concerns the consistency, accuracy and precision of the measurement process over time (Verma, Verma and Abhishek, 2024:42). Amoah, Ferreira and Potgieter (2020:17) state that validity concerns the extent to which data can be regarded as credible, trustworthy, and accurate and in qualitative research validity refers to the truthfulness or soundness of the findings, often ensured through rigorous statistical testing,

including the construction of reliable questionnaires and the application of hypothesis testing. The concepts of validity and reliability are still crucial even if this study does not employ primary data gathering methods like questionnaires or interviews. We will employ archival data from reliable and respectable sources, such as financial data from well-known South African banks and datasets from licensed credit bureaus like TransUnion, Experian, Compuscan, and XDS. The study is more credible overall and the validity and reliability of the findings are supported by the inclusion of validated and publicly accessible data from these reliable sources. According to Heale and Twycross (2015:67) assessing the extent to which reliability and validity have been rigorously addressed is a critical aspect of evaluating a research study and it also significantly influences the decision regarding the applicability and implementation of the study's findings.

3.10 ETHICAL CONSIDERATIONS

According to Fleming and Zegwaard (2018:207) ethical values are fundamental to people who are involved in scientific research as well as other creative or intellectual endeavours and they align with the broader goals and objectives of these kinds of studies. Ensuring that research is conducted ethically helps to safeguard individuals from potential harm arising from either the research process or its outcomes (Blumberg, Cooper & Schindler, 2014:12). In the present study, a desk-based research approach is employed, with no direct involvement of human participants in the data collection process. As the data used is publicly available and does not contain private or personal information, formal ethical clearance is not required. Secondary data is obtained from reliable and easily accessible sources, including publicly accessible reports and documents released by major banking institutions and the official websites of registered South African credit bureaus. No additional permissions are needed to utilize these sources which are publicly available. However, in adherence to the ethical standards and protocols of Nelson Mandela University (NMU), an ethics declaration form (see Annexure A) has been duly completed and signed by the researcher, the study supervisor, and the Head of the Department of Business Management. In addition, the researcher avoided plagiarism at all costs and a Turnitin report was generated (see Annexure B) and all sources were managed appropriately (see Annexure C). The researcher abided by the learning agreement with here study leader (see Annexure D) and used AI responsibility (see Annexure E).

3.11 SUMMARY OF THE CHAPTER

This chapter explains the research methodology and design employed in the research. This chapter presented the research methodology, including research philosophy, approach to theory development, selection of methods, research strategy, time horizon, data collection and analysis technique and procedure, and research ethics and reliability and validity issues. The results obtained from secondary data sources will be presented and analyzed in the next chapter with a connection made to the study's theoretical framework and research goals.

CHAPTER FOUR

FINDINGS OF THE STUDY

4.1 INTRODUCTION

The main objective of Chapter Four is to present and report on the findings of the analysed data. This chapter thus presents the findings of the study using descriptive and comparative analyses to explore how credit scores affect access to personal debt instruments in South Africa. The findings are shared in two parts: first a descriptive overview that highlights key trends and distributions and whereafter a comparative analysis is presented that looks at differences across credit score categories, types of loans, and various lending institutions. The chapter commences with a description of the sample.

4.2 DESCRIPTION OF THE SAMPLE

The sample for this study is based entirely on secondary data obtained from the four major South African credit bureaus which are TransUnion, Experian, Compuscan and XDS and are all regulated by the National Credit Regulator (NCR). These bureaus were selected because they provide the most comprehensive credit information available, offering a representative view of consumer credit profiles. Additional data were obtained from the annual reports and product disclosures of major banking institutions such as ABSA, Capitec, FNB, Nedbank, Standard Bank and TymeBank. These institutions were selected due to their role as leading providers of personal debt instruments and TymeBank was selected because it is a digital bank. The dataset includes information on credit score ranges, loan types, amounts, interest rates, and approval patterns ensuring a credible, cross-sectional view of the South African credit market.

4.3 RESULTS OF THE STUDY

The results of the data analysis are presented in the section below. Secondary data from credit bureau reports, banking information and academic literature were used to examine how credit score categories influence access to personal debt instruments. Access to mortgage loans, credit cards, personal loans and vehicle loans was analysed based on credit score categories from Experian (Clearscore) scale. The findings are summarised to show the

general level of accessibility within each score range, highlighting where applicants are likely to be approved or face rejection. A comparative analysis across all four debt instruments is provided, these findings offer insight into how credit scores correlate with access to differing forms of consumer credit in the South African context.

4.3.1 CREDIT SCORING MODELS AND SCORE RANGES

The first step in the analysis involves documenting and comparing the credit scoring models and score ranges used by South Africa's four main credit bureaus namely, TransUnion, Experian, Compuscan (now part of Experian) and XDS. Each bureau uses its proprietary model, generally scaling from 0 to 999 with categorical groups representing varying levels of creditworthiness. Understanding these models is essential as differences in score thresholds can influence how banks assess and categorise borrowers. Lender decisions and consumer outcomes are strongly impacted when a score that is deemed good by one bureau is deemed fair by another.

Table 4.1: Credit scoring models and score ranges for the selected credit bureaus

Credit Bureau	Credit Scoring Model	Score Range
TransUnion	CreditVision, FICO Score 6	0-999
Experian (Clearscore)	Sigma	0-740
Compuscan (Via Experian)	Uses Experian's scoring system	485-700
XDS (Splendi)	Proprietary scoring model	0-1000

Source: TransUnion (2025); Free credit report (2025); Bowzyk (2023); DeNicola (2025).

The scoring model used by XDS (Splendi) is proprietary and ranges from 0 to 1000. This broader scale is more in line with TransUnion's 0–999 range, although the way scores correspond to risk categories is different. Compuscan which is now part of Experian doesn't run a separate credit score system. Instead, Experian's scoring model which has a range of roughly 485 to 700 is used. The Sigma scoring model used by Experian (via Clearscore) is different from TransUnion's in terms of scale and interpretation. Its range is much smaller than TransUnion's 0–999 scale, ranging from 0 to 740. Experian divides credit risk into several bands according to this model with lower risk being indicated by higher scores. TransUnion uses a scale from 0 to 999 where higher scores indicate stronger

creditworthiness together with the CreditVision model and FICO Score 6. To produce a more accurate forecast of consumer credit risk this model incorporates local South African data such as payment history, credit behaviour, and public records.

Together these differences show how creditworthiness views are shaped by score ranges and category definitions, which can lead to customers being categorised differently across bureaus even though their credit histories are similar. The differences in scoring scales and categories across bureaus can cause the same borrower to be categorised differently for example a borrower can be categorised as good by one bureau and fair by another. This variation influences how lenders evaluate credit risk and ultimately affects access to personal debt instruments.

4.3.2 CREDIT SCORE CLASSIFICATIONS BY SELECTED CREDIT BUREAUS

The analysis focuses on comparing how credit scores are categorized into risk groups by the major credit bureaus. Not all bureaus use the same classification system or terminology. Each credit bureau applies its own proprietary categories and ranges which can vary in naming and thresholds. For clarity and consistency in this study we have adopted a standardised set of five risk categories: Poor (very high risk), Fair (high risk), Good (average risk), Very Good (low risk) and Exceptional (minimum risk). This classification was chosen because it simplifies comparison and understanding without diverging from the underlying meaning of each bureau's categories. It aligns closely with the score of the different bureau classifications, capturing the relative risk levels consumers face. TransUnion assigns credit scores to five levels namely: subprime, near prime, prime, prime plus and super prime (TransUnion 2025). For this study the scores have been classified into five risk bands to make it easier to compare the data from each source. The other credit bureaus CompuScan, Experian and XDS use between four and five score categories in their scoring models. All these categories were integrated to a common five-band framework so that we could reliably compare the credit risk profiles across all sources. Table 4.2 provides an overview of credit score categorisation as per the different credit bureaus.

Table 4.2: Credit score categorisation across the selected credit bureaus

Credit Bureau	Poor	Fair	Good	Very Good	Exceptional
TransUnion	0 - 625	626 - 655	656 - 695	696 - 720	721 - 999
Experian (Clearscore)	0 - 599	599 - 615	616 - 633	634 - 657	658 - 740
Compuscan (Via Experian)	480 - 621		622 - 641	642 - 667	668 - 700
XDS (Splendi)	0 - 679		680 - 759	760 - 839	840 - 1000

Sources: Nyam (2025); TransUnion (2025); Bowzyk (2023); Kletschke (2020).

Table 4.2 makes it clear how various bureaus have different numerical ranges for each category which can lead to inconsistencies in how the same consumer is assessed. For Experian, the study relies on the Clearscore rating system, while the XDS classifications were obtained through Splendi. For both CompuScan and XDS the poor and fair categories are combined into one credit score range because these bureaus do not separately classify poor scores. TransUnion places a score of 625 in the Fair category while Experian considers it to be good. Similarly, TransUnion only uses the very good score range of 696 and above while XDS defines it as beginning at 760. This implies the same customer may be categorised differently based on which bureau report is examined because of these differences. It is important to note that table 4.2 is indicative rather than definitive as credit score ranges and category definitions can vary across sources and may shift over time as credit bureaus update their scoring methods or adjust thresholds in response to market and regulatory changes.

4.3.3 ACCESS TO PERSONAL DEBT INSTRUMENTS BY CREDIT SCORE CATEGORISATION

An individual's creditworthiness is largely determined by their credit score, which affects not only the possibility of loan approval but also the conditions and expenses of borrowing. These scores, which are divided into categories such as poor, fair, good, very good and exceptional, give lenders a consistent way to evaluate a borrower's financial risk. To understand the dynamics of the lending market, one must understand how these score categories correspond to access to different personal debt instruments, such as credit cards, auto loans, home loans, and personal loans. The relationship between credit score categories

and the availability of personal loan instruments is examined in this section. Access to personal debt instruments by credit score categories is described in Table 4.3.

Table 4.3: Access to personal debt instruments by credit score categories

Score Category	Mortgage Loan Access	Vehicle Loan Access	Personal Loan Access	Credit Card Access
Poor	Difficult to access; likely denied	Difficult to access; likely denied	Very limited access; often denied	Likely denied
Fair	Possible but with higher interest rate	Loans available but interest rates may be higher	Possible but with high rates.	Basic credit cards with limited limits.
Good	Ideal for mortgage access	Better terms and competitive interest rates.	Accessible with reasonable terms	More competitive credit card options.
Very Good		Very easy loan access with low rates	Easy access and good loan conditions.	
Exceptional			Best rates and easiest access	

Source: Henry and Morris (2018); Cameron-Brown (2022); Vance (2023).

There is an overall trend that higher credit score categories offer wider access to personal debt instruments with better terms and lower costs, while lower score categories face more restrictions and higher costs. For categories where score ranges are merged the descriptions in the table apply to all those categories. Difficult to access refers to situations where approval at mainstream banks is highly unlikely and borrowers may either be denied outright or pushed toward microlenders and non-traditional lenders often at high interest rates. Limited access means that some products are available but with significant restrictions such as higher-than-average interest rates, smaller approved amounts, shorter repayment terms or additional conditions. It emphasises how lower credit scores typically limit access and raise borrowing costs, while higher credit scores provide wider and more favourable lending alternatives.

Higher scores translate into more favourable lending access since lenders see them as a sign of reduced risk. Interest rates, loan limits, payback terms, and fees associated with personal debt instruments are all impacted by credit scores in along with the chance of approval. Consumers in the good to exceptional ranges are generally rewarded with larger loans, lower interest charges, and longer repayment terms, while those in the poor and fair categories experience higher costs and limited borrowing choices. This difference reinforces the

importance of credit scores in determining both access and affordability of credit products. This overview in Table 4.3 includes traditional credit score ranges and how they affect credit card access, auto loans, home loans, and personal loans as reported by credit reporting agencies and lending industry standards.

4.3.4 CREDIT SCORE CATEGORIES REQUIRED ACROSS PERSONAL DEBT INSTRUMENTS

The analysis for this study focuses on South Africa's five largest traditional banks Standard Bank, First National Bank (FNB), Capitec, Nedbank and ABSA alongside one digital bank, TymeBank. These banks were chosen because they are widely accessible to South African consumers and together represent the most significant providers of personal debt products in the country. Each of these banks offers the four key types of personal debt instruments that the study focuses on namely credit cards, car loans, mortgage loans and personal loans. TymeBank does not currently offer all four of these personal debt instruments but has been included in this analysis due to its role in South Africa's digital banking landscape and accessibility of entry level credit products. To keep the focus of this study on comparative analysis rather than specific competitive practices of individual institutions the banks have been made anonymous in the presentation of the findings. In the table they are identified as Bank A, Bank B, Bank C and so on. This approach not only avoids issues related to brand-specific disclosures but also ensures that the discussion remains applicable to the South African context. Affordability is a key consideration every institution must evaluate when processing applications for any form of credit facility. In terms of the National Credit Act (NCA) 34 of 2005 and its Affordability Assessment Regulation (Regulation 23A), credit providers are required to take practicable steps to assess a consumer's discretionary income, existing financial obligations and ability to afford credit without becoming over-indebted (Department of Trade and Industry 2018:25). Therefore, both creditworthiness and affordability determine access to credit products. Table 4.4 focuses on the credit score categories and minimum income requirements applied by the major South African banks to determine eligibility for different types of personal debt instruments

Each of the chosen banks' minimum credit score categories for each of the four categories of personal debt products is compared in the table. This method of organizing data allows the study to highlight the similarities and significant differences between the top banks in

South Africa's use of credit scores to determine a customer's eligibility for different types of loans. Table 4.4 below presents the comparison. In cases where the minimum credit score thresholds for personal debt instruments were not disclosed the minimum monthly income requirements specified by the respective financial institutions were used as a measure to evaluate eligibility and access criteria. Table 4.4 provides an overview of the minimum credit score categories and income requirements required across personal debt instruments.

Table 4.4: Credit score categories/income requirements required across personal debt instruments by selected banking institutions

Bank	Mortgage Loan	Vehicle Loan	Personal Loan	Credit Card
Bank A	Very good credit score	Fair credit score	Minimum income R2000+ monthly; Fair credit score	Minimum income R7000+ monthly; Fair credit score
Bank C	Fair credit score	Fair credit score	Minimum income R3000+ monthly; Fair credit score	Minimum income R3000+ fixed salary; R5000+ self-employed monthly; Fair credit score
Bank F	Fair credit score	Minimum income R6000+ monthly; Fair credit score	Fair credit score	Minimum income R60000+ per annum; Fair credit score
Bank N	Good credit score	Good credit score	Good credit score	Good credit score
Bank S	Good credit score	Minimum income R8000+ monthly; Fair credit score	Minimum income R3000+ monthly; Fair credit score	Minimum income R5000+ monthly; Fair credit score
Bank T	Not applicable – no mortgage finance offered	Not applicable – no vehicle finance offered	Fair credit score	Minimum income R3000+ monthly; Fair credit score

Source: Vance (2025); Bank (2025); Nedbank (2024); Capitec Bank (2025); Rainbow (2022); Absa Group Limited (2025); Standard Bank (no date); First National Bank (no date); AutoTrader (2025); TymeBank (no date).

Specific credit score categories are generally not publicly disclosed by banks therefore some requirements have been used as a substitute measure to assess eligibility and access criteria for personal debt instruments. Income thresholds are typically published by financial institutions and indicate the financial capacity expected of borrowers to service their debt obligations reliably. Using income requirements as a substitute therefore provides a transparent comparative basis for evaluating access criteria across different institutions and debt products where credit score information is unavailable. The banks analysed in Table

4.4 generally require a fair to very good credit score range for access to personal debt instruments with some variation among the banks. Minimum income requirements vary by loan type and bank typically starting from around R2000 to R8000 monthly for some loans while other loans require proof of stable salary such as a three-month consecutive payslip. TymeBank unlike traditional banks does not offer mortgage or vehicle loans but provides personal loans and credit cards with salary proof and income minimums around R3000 monthly. The table illustrates that both income stability and creditworthiness are key determinants of access to personal debt instruments in South Africa.

To be eligible for a home loan in South Africa, individuals typically need a credit score of at least 640. Depending on the bank, you may still have a good chance of getting approved if your score is 600 or higher (Vance 2023). If your score is 670 or above, which is regarded as exceptional you have a far better chance of getting a home loan. The minimum credit score required for house loans varies by bank (Ashton 2025). A credit score of 660 and above is generally considered sufficient to secure a car loan in South Africa as lenders view this as the threshold for a good credit score and reliable repayment behaviour (Coetzee 2024). As summarised in table 4.3 individuals with good credit scores are considered ideal candidates for most forms of credit. Those with very good or exceptional scores experience the easiest access to all personal debt instruments as they qualify for the most favourable loan terms. Borrowers with poor credit scores often face difficulty in obtaining any form of credit and individuals with fair scores obtain limited forms of credit usually at higher interest rates.

Bank F considers applicants with scores of 600 or higher for first-time buyers (ranging from Fair to Good), Bank A recommends a minimum of 640 (Fair category), Bank S requires a minimum of 620 (selected as Fair risk) and Bank N has a threshold of 610 (Fair) (Bank 2025). While the best interest rates are typically offered to people with credit scores of 650 or higher (Good to Very Good and Exceptional), credit scores as low as 550 (Poor) are typically approved for personal loans. Auto loans require a minimum score of 580 (Poor category). For bank N a credit score of 621 is considered the starting point for obtaining better interest rates and tailored lending offers. This score indicates a strong credit profile and is in the fair range (Nedbank 2024). Many South Africans with lower credit scores may not be able to access the same variety of financial products including credit cards, personal loans and other lending choices as applicants with scores of 621 or above. The banks with

no minimum credit score thresholds do not disclose these minimums hence it states no published minimum. Approvals depend on internal scoring and affordability.

4.4 SUMMARY OF THE CHAPTER

The results of the study on the role of credit scores in obtaining personal debt instruments in South Africa were reported in this chapter. Assessing the effects of credit score categories on credit card, mortgage, auto, and personal loan eligibility and terms was the aim of the study. While those with higher scores enjoy easier approvals and better borrowing terms, those with lower scores are subject to additional conditions like higher interest rates. The findings described the differences in access across the five score categories from Poor to Exceptional. For more information, the chapter also included the sample's descriptive statistics in a table format. The empirical findings provide a thorough summary of credit score requirements and their practical implications within the South African lending market.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

The study's findings, conclusions, and recommendations are summarised in this chapter. The aim is to translate the findings into useful information for the main players in the South African credit market, including credit providers, consumers, and regulators like the Financial Sector Conduct Authority (FSCA), National Credit Regulator (NCR), and South African Reserve Bank (SARB). Supporting improvements in South African consumers' credit behaviour and directing institutional and regulatory practices that affect credit availability are the main objectives. The results are compiled and evaluated considering these objectives in this chapter. Following that, suggestions are made for how consumers, regulators and credit providers can encourage sustainable credit markets and encourage responsible lending and borrowing practices. This chapter ends with a reflection on the study's contribution and some recommendations.

5.2 RATIONALE, PURPOSE AND OBJECTIVES OF THE STUDY

The rationale for this study stems from the increasing importance of credit scores in determining individuals' access to personal debt instruments in the South African financial landscape. Credit scores serve as a critical tool for lenders in assessing borrower creditworthiness by measuring risk, influencing decisions regarding the approval, terms, and interest rates of various credit products such as mortgages, personal loans, vehicle finance, and credit cards. Despite the significance of credit scores, there remains limited understanding of the extent to which these scores impact access to debt and the true implications for consumers, especially those in lower credit categories. This study seeks to address this gap by examining how credit scores affect access and terms within the personal lending market in South Africa.

The purpose of the study is to explore and clarify the relationship between credit scores and access to a range of personal debt instruments, focusing specifically on how different credit risk categories affect lending outcomes. By focusing on the South African context, where credit behaviour and risk assessment processes may differ from global norms, the study aims

to generate insights that can assist lenders in refining credit assessment models and enable policymakers to create balanced regulations. Ultimately, the research seeks to provide practical recommendations that empowers consumers to improve their credit profiles and encourage best practices among credit providers and regulators to foster a more equitable and sustainable lending environment in South Africa.

To accomplish this, the study lays out the following objectives: first, to perform a thorough literature review on the types of personal debt instruments that are available in South Africa, credit scoring systems, credit bureaus, and the nature and significance of credit scores. The second step is to create a research design and methodology that will help us understand how credit scores affect customers' ability to access personal debt products from the main banks in South Africa.

5.3 OVERVIEW OF LITERATURE FINDINGS

Chapter Two provided a review of the literature and discussed the nature and importance of credit scores, the different credit bureaus, credit scoring systems and the different kinds of personal debt instruments that are available in South Africa. Beginning with a review of the history of credit scoring, the chapter focused on how it changed from being a tool to lower loan defaults to a thorough risk assessment system used for a variety of lending products including credit cards, personal loans, vehicle loans and mortgages. Data-driven models are used to calculate credit scores, which assess a borrower's creditworthiness by looking at a variety of factors such as length of credit history, credit utilization, and payment history (Ferretti & Vandone 2019:114; Mukatuni 2021:26). The FICO Score and VantageScore were the two most frequently discussed scoring models and they both had scores between 300 and 850 but they varied in how they weighted credit factors and how inclusive their data was (Henry & Morris 2018:5). By giving lenders an unbiased way to measure the probability of on-time loan repayment these scoring systems aim to enable reliable and effective credit decisions.

The chapter also highlighted the role of credit bureaus as central sources for the collection and distribution of credit and financial data of consumers. In South Africa, the main credit bureaus, such as TransUnion, Experian, CompuScan and Xpert Decision Systems play a key role in the preservation of credit information used by financial institutions for the purpose of

making sound credit decisions. Their data management procedures, although largely standardised sometimes vary which affects the way credit reports and scores are created and presented. The literature review also covered different instruments for personal debt, such as secured credit products such as mortgages and car loans, and non-secured credit products such as credit cards and personal loans. Key characteristics of each category have been reported in the literature, including that unsecured loans have higher interest rates due to higher risk to creditors and that credit ratings have a strong influence on the terms and conditions of credit, especially for mortgages which are a major financial responsibility.

Chapter 2 achieved the first methodological objective (MO¹) of providing a thorough literature review of credit scores and their impact on access to personal debt. The review provided the basic knowledge needed to examine how credit ratings influence risk assessment and credit decisions in South Africa.

5.4 OVERVIEW OF THE RESEARCH DESIGN AND METHODOLOGY

Chapter 3 describes the design and methodology of the research used in this study, organised in accordance with the Saunders et al. (2019) onion framework of research. The positivist research philosophy, which emphasizes collecting and examining objective and measurable data to understand how credit scores affect access to personal debt instruments was chosen. The deductive approach used allows for the testing and validation of current information about lending and credit scoring in the context of the South African financial system. To examine credit score ranges and lending outcomes, a qualitative research methodology was applied, mainly depending on secondary data sources. This strategy supports the objective of looking at trends and patterns and the links between credit scores and the availability of different types of personal debt instruments.

To provide a snapshot of the lending environment as it relates to credit scoring, a cross-sectional time horizon was selected which means the data under analysis was gathered at a particular moment in time. To ensure that the research objectives were met by data-driven findings the sampling strategy focused on relevant credit scoring data and credit bureau information available during the period of the study. The data analysis included descriptive statistics to summarise the main risk categories associated with the different credit score ranges and deductive statistical methods to interpret the impact on access to lending, credit

scores and the risk of default. Ethical considerations including data integrity, confidentiality and respect for research standards were addressed during the entire study.

This chapter meets the second methodological objective (MO²) by establishing a suitable research design, aligning with research objectives and ensuring strong and credible empirical findings on the impact of credit scores on the level of personal indebtedness.

5.5 OVERVIEW OF EMPIRICAL FINDINGS

The main objective of Chapter Four was to present the empirical findings obtained from data analysis in accordance with the research objectives of the study. This chapter effectively achieved the third methodological aim which entailed gathering and examining secondary data through qualitative methods to explore how credit scores influence access to personal debt instruments. The results discussed in Chapter Four offer valuable insights into the connections between credit score classifications and lending results for South African consumers. This section provides a summary of the essential findings and makes relevant conclusions from the data

5.5.1 OVERVIEW OF THE SAMPLE

The secondary data used in this study was gathered from the four main credit bureaus in South Africa which are TransUnion, Experian, Compuscan, and XDS. The National Credit Regulator (NCR) oversees all these bureaus which were selected for their detailed consumer credit data and ability to offer an accurate reflection of credit profiles in South Africa. The annual reports and product disclosures from major financial institutions, such as ABSA, Capitec, FNB, Nedbank, Standard Bank, and TymeBank, provided more information. These banks were selected as the best producers of instruments for personal debt. The dataset provides an accurate and reliable cross-sectional analysis of the South African credit market related to the study's goals, covering credit score ranges, loan types, loan amounts, interest rates, and approval patterns.

5.5.2 OVERVIEW OF THE DESCRIPTIVE FINDINGS

The descriptive findings of the study show key trends and distributions regarding credit scores and how they affect South Africans' ability to obtain personal loan instruments. First, the four main credit bureaus in the nation TransUnion, Experian, Compuscan (now a part of Experian) and XDS are compared and their credit scoring methods and ranges are presented. The scoring models used by each bureau are unique and have different ranges and classifications. For example, XDS applies a proprietary range from 0 to 1000, Compuscan adopts Experian's method with a more limited scale of 485 to 700, TransUnion's model goes from 0 to 999, and Experian's Sigma model ranges from 0 to 740.

Five categories were used to standardize credit scores: exceptional, fair, good, very good, and poor. Although the scales used by the various bureaus vary these categories assist in comparing their evaluations. The study shows that various credit bureaus may classify the same score in different ways. The availability of personal debt, such as credit cards, auto loans, mortgages, and personal loans, differs depending on the credit score category. While the minimum score criteria for personal and auto loans are more lenient or not disclosed, banks usually want better credit scores for mortgages usually 600 to 640 or higher. The study's major South African banks showed different minimum credit score requirements for various credit products, which reflected their different risk tolerance and lending methods. The results show that credit scores are important for loan eligibility and terms, but that differences in scores between banks and bureaus might have different implications on customers.

5.5.3 OVERVIEW OF COMPARATIVE TRENDS

The study's comparative trends demonstrate how South Africa's credit scores impact people's ability to get personal loans. While various credit bureaus use different models and categories for credit scoring, a borrower's score may be categorised differently depending on the bureau, which could affect their eligibility for a loan. Higher credit scores typically result into better approval chances and terms for credit cards, auto loans, personal loans, and mortgages. While the minimum ratings for personal and auto loans are more flexible or not publicly accessible, mortgage loans typically require scores in the fair level or better. Due to different lending rules, major banks display different credit score criteria for various loan

types. The score thresholds used by some banks vary depending on the type of loan, while others are uniform across all products. Overall, different lending outcomes for similar clients can be explained by the link between specific bank policies and variations in bureau score, which affect credit access.

When comparing across personal debt instruments, clear differences appear in how credit scores affect access and cost. Mortgage loans are the most credit score sensitive. Borrowers with poor or very poor scores are usually denied mortgage finance altogether or they may only be considered if they can provide a large deposit while still facing severe interest rates. Those with fair scores may qualify but at higher-than-average costs while good and very good scores open access to more competitive interest rates. Only borrowers in the exceptional category typically qualify for prime rates and the most favourable repayment conditions. Vehicle loans display more flexibility because lenders view the asset itself as collateral. Consumers with poor scores face limited access and those in the fair category may obtain vehicle finance but usually at inflated interest rates. Borrowers with good to exceptional scores are rewarded with easier access and repayment terms that are more affordable and flexible.

Personal loans being unsecured are heavily dependent on credit scores. Borrowers with poor or fair credit may still qualify but usually at extremely high interest rates with smaller loan amounts and stricter repayment terms. Those with good scores can access larger amounts at more manageable interest levels, while very good and exceptional scores secure the best approval chances, lowest rates and longer repayment terms. Credit cards are often the most restrictive product for low scoring borrowers. Consumers in the poor category are frequently denied or offered only entry-level cards with very low limits and high annual fees. Fair scores may allow access to standard cards, but interest remains high and credit limits are limited. Good, very good and exceptional scores open wider product ranges including premium cards with higher limits, loyalty rewards and lower borrowing costs.

Across the six banks analysed most require a minimum credit score in the fair category. Where specific credit score threshold were unavailable minimum income requirements were used as a substitute measure to assess eligibility. Income thresholds are transparent and provide a comparative measure of affordability and access to personal debt instruments. The relationship between credit scores and access to personal debt instruments involves not only

approval likelihood but also affordability. Banks apply risk-based pricing meaning that the same product costs substantially more for borrowers in lower credit categories than for those with higher scores. As a result, consumers with weak credit profiles not only struggle to access credit but also end up paying far more when they do.

5.6 RECOMMENDATIONS

The following recommendations can be made for consumers, credit bureaus, financial regulators and bank. Each recommendation is designed to be practical, specific and improve the credit environment and consumer outcomes in South Africa.

Consumers are encouraged to take proactive steps in managing their credit profiles. This includes properly managing their debt, paying their bills on time, avoiding default and limiting excessive borrowing. In addition, consumers should make use of their free annual credit report provided by credit bureaus to monitor their credit records and correct inaccuracies. By adopting these practices consumers can strengthen their creditworthiness and improve their access to credit.

Credit bureaus are encouraged to enhance transparency by providing clear, accessible information on credit scoring, user-friendly explanations of credit scores and factors affecting creditworthiness. Credit bureaus should provide free or affordable tools that allow consumers to understand how difficult financial decisions impact their creditworthiness. This may be achieved through simplified credit reports and consumer awareness initiatives. Additionally, bureaus should ensure that credit information should be regularly updated and improve accuracy in credit reporting. Credit bureaus must implement stricter quality controls on information received from lenders to reduce errors and ensure accuracy in credit records.

Financial Regulators (NCR, FSCA, SARB) must continue strengthen enforcement of fair and responsible lending practices by conducting regular compliance of credit providers. The National Credit Regulator (NCR) and the Financial Sector Conduct Authority (FSCA) should update existing frameworks to address emerging innovations in credit scoring while ensuring consumes protection and fairness.

Banks need to implement more inclusive lending policies that evaluate creditworthiness using factors other than standard scores and consider alternative data. Offering tailored financial products and support for consumers with lower scores such as financial education or flexible payment plans will help improve credit access while managing risk. Banks should also improve transparency by clearly disclosing the reasons behind loan approvals or rejections, empowering consumers to address weaknesses in their credit profiles.

By implementing these recommendation consumers, banks, credit bureaus and financial regulators can promote a more efficient, open and equitable credit market in South Africa that encourages responsible borrowing and access to financial services by tackling these issues.

5.7 LIMITATIONS OF THE STUDY

Future research studies should consider and address the limitations of this study, and recommendations for addressing those limitations will be given. Firstly, the study relies mainly on existing credit score data and secondary information from South African banking institutions and credit bureaus, which may have limitations in terms of completeness, accuracy or timeliness. The reliability of the results could be impacted by missing or outdated data.

The study concentrates on major personal debt instruments such as mortgages, personal loans, vehicle finance, and credit cards. It may not capture the full extent of informal or alternative lending products that also affect consumer credit behaviour in South Africa. A cross-sectional design gives an overview of the effects on credit scores at a particular moment in time, but it might not take into consideration how consumers' credit behaviour and the state of the credit market change over time.

The study focuses more on the relationship between credit scores and lending outcomes with less emphasis on the qualitative factors influencing consumer financial behaviour such as financial literacy, attitudes towards credit or socio-economic challenge. Although the study considers the role of regulators, it may not fully capture the complex relationship between regulatory changes, lender policies and broader economic forces within its research space. In addition, the study looks at credit scores only as a determinant of access to debt

instruments. However, other factors such as income level, affordability, employment status, repayment history, existing debt obligations and demographic characteristics for example age and gender also play an important role in shaping lending decisions and access to credit.

5.8 CONCLUDING REMARKS

The goals of the study and how they were addressed in the earlier chapters have been thoroughly summarized in this chapter. One of the study's main contributions is a better comprehension of how credit ratings affect people's ability to obtain personal loan instruments in the South African financial system. The chapter also recognized the limitations of the study and pointed out areas that needed more investigation to advance our understanding of this field. A few useful suggestions were made for banks, financial regulators, credit bureaus, and consumers to enhance credit behaviour, encourage equitable lending policies and promote financial inclusion considering the findings. The completion of this chapter indicates that the study has successfully met its primary objective of assessing the influence of credit scores on loan approvals, supported by the achievement of its secondary objectives. Overall, this study contributes valuable insights to the academic field and offers meaningful implications for policy and practice within South Africa's credit market.

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ANNEXURE A: Form E

ANNEXURE A: ETHICAL CLEARANCE (FORM E)



FACULTY OF BUSINESS AND ECONOMIC SCIENCES DEPARTMENT OF BUSINESS MANAGEMENT

ETHICAL CONSIDERATION FOR HONOURS TREATISE (non-publication route)

INSTRUCTIONS

- Should be completed by study leader and student.
- Must be signed off by the student, study leader and HOD.
- Submit the completed and signed form to the module coordinator who will submit to Mrs Kim.Alexander@mandela.ac.za.
- Please ensure that a summary of the research methodology section of the treatise is attached to this form (*Complete Annexure A to this Form*).
- **Please note that by following this ethics route, the study will NOT be allocated an ethics clearance number.**

SECTION A – STUDENT ACKNOWLEDGMENT

- The student acknowledges that their research project is for academic qualification purposes only. As such, the research report or any sections thereof **may not be published**.
- The student also acknowledges that their research project **will be a desktop study** and will **make use of publicly available documents or secondary data**. No human subjects will be involved in the study as primary sources of data.

Secondary data, in this instance, refers to data that was collected and processed by someone else for some other purpose but is now being used by the researcher for another reason (Tripathy, 2013). Research utilising secondary data that both exists and has been collected in a public, academic database, for example Google Scholar, is considered desktop research, and generally does not require full ethical approval (Creswell & Poth 2017).

SECTION B – STUDENT AND RESEARCH PROJECT DETAILS

Student name & surname	Ihlomile Beza
Student number	220132143
Title of treatise	UNDERSTANDING HOW CREDIT SCORES IMPACT ACCESS TO PERSONAL DEBT INSTRUMENTS
Qualification	Bcom Honours: Business Management
Department	Business Management
Study leader	Dr Kinsman & Miss Badane

SECTION C – ETHICS CRITERIA

	<i>(Please tick the appropriate block)</i>	YES	NO
1.	Is there any risk of harm, embarrassment of offence, however slight or temporary, to the participant, third parties or to the communities at large?		X
2.	Is the study based on a research population defined as 'vulnerable' in terms of age, physical characteristics and/or disease status?		X
2.1	Are subjects/participants/respondents of your study:		
2.1.1	Children under the age of 18?		X
2.1.2	NMU staff?		X
2.1.3	NMU students?		X
2.1.4	The elderly/persons over the age of 60?		X
2.1.5	A sample from an institution (e.g. hospital/school)?		X
2.1.6	Handicapped (e.g. mentally or physically)?		X
3.	Does the data that will be collected require consent of an institutional authority for this study? (An institutional authority refers to an organisation that is established by government to protect vulnerable people)		X
3.1	Are you intending to access participant data from an existing, stored repository (e.g. school, institutional or university records)?		X
4.	Will the participant's privacy, anonymity or confidentiality be compromised?		X
4.1	Are you administering a questionnaire/survey that:		
4.1.1	Collects sensitive/identifiable data from participants?		X
4.1.2	Does not guarantee the anonymity of the participant?		X
4.1.3	Does not guarantee the confidentiality of the participant and the data?		X
4.1.4	Will offer an incentive to respondents to participate, i.e. a lucky draw or any other prize?		X
4.1.5	Will create doubt whether sample control measures are in place?		X
5.	Do you wish to publish any research output (i.e. article) from this study?		X

*Please note that if **ANY** of the questions above have been answered in the affirmative (**YES**) the student will need to complete the full ethics clearance form (MEOS REC-H application) and submit it with the relevant documentation to the Faculty RECH (Ethics) committee.*

The student hereby certifies that he/she has given his/her research careful ethical consideration and full ethics approval is not required.

SECTION D – INFORMATION TO BE INCLUDED INTO THE RESEARCH REPORT

(The section below should be edited and aligned to the specifics of the study)

1. ETHICAL CONSIDERATIONS

This study will follow the ethical research considerations that apply to all research in the social sciences, which are defined as moral rules and professional codes of conduct to the collection, analysis, reporting, and publication of information about research subjects (Pietilä, Nurmi, Halkoaho & Kyngäs, 2020:49). The research will, at all times, adhere to the following ethical considerations:

1.1 Informed Consent

Where data is freely available on the Internet, books or other public forum, permission for further use and analysis is implied, however, the ownership of the original data must be acknowledged (Tripathy, 2013).

1.2 Anonymity and Confidentiality

To ensure privacy and to protect individuals or institutions within the secondary data, a privacy plan or protocol will be in place to protect the confidentiality of the users. This may include removing identifiable information, securely storing the data and removing any sensitive information prior to distribution of the outcome of the study (where needed).

1.3 Action and Competence of Researchers

The study will be undertaken in an ethically correct manner. Under no circumstances would the researcher in this study make judgments about data, falsify data or plagiarise.

1.4 Respect of Intellectual Property

Intellectual property is the creation arising from intellectual activity, and this study will acknowledge and reference all ideas and sources used in the study.

1.5 Beneficence

The study topic being researched is for degree purposes only and will not be published.

1.6 Non-Maleficence

Non-maleficence makes sure that what is being done is not harmful and that harm is not done by omitting care or treatment. This study will make sure that no harm will come to anyone connected to the study. This body of work and the documents consulted will also adhere to the Protection of Personal Information Act (PoPIA). POPIA governs the collection, processing and sharing of personally identifiable information (PII).

1.7 Applying for ethical consideration

The researcher will apply for ethical consideration from the **Department of Business Management** (Nelson Mandela University) to have the right to research within the intended domain. The research

process, in particular data collection, may only be conducted once ethical clearance has been granted, i.e., the ethics form has been signed by the student, the study leader and the Head of Department.

SECTION E – SIGNATURES AND DATES

I.Beza
STUDENT

21/04/2025
DATE


STUDY LEADER

20/10/2025
DATE

HEAD OF DEPARTMENT

DATE

REFERENCES

Cilliers, L. & Viljoen, K. (2021). A framework of ethical issues to consider when conducting internet-based research. *South African Journal of Information Management*, 23(1).

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ANNEXURE A: BCOM HONOURS TREATISE – SUMMARY OF RESEARCH METHODOLOGY

Please provide a summary of the research design and methodology employed in the study by completing the following template.

Treatise details	Title of treatise
	UNDERSTANDING HOW CREDIT SCORES IMPACT ACCESS TO PERSONAL DEBT INSTRUMENTS
Background to the study	Introduction and background
	According to Kern (2017:1) A person's creditworthiness is determined by their credit score, which is a numerical representation of their capacity to pay back loans. Usually based on information taken from a consumer's credit report, it ranges from 300 to 850. Credit scoring impacts a person's access to loans and interest rates, rentals, and even employment prospect hence understanding and managing your credit score is crucial (Ashton, 2025b:1). In South Africa's financial landscape credit scores play a crucial role for individuals seeking personal debt instruments as lenders use these credit scores to evaluate creditworthiness and decide on extending personal debt (Mathebula 2019:1). Mathebula (2019:5) states that in certain cases, an applicant's credit score is the only factor used to make a lending decision.
	Problem statement
	In South Africa customers credit scores have a significant impact on their ability to get personal debt instrument (Ashton 2025a:1). Furthermore, de Jager and Tillemans state many consumers have no idea what their credit reports indicate or how it affects their financial circumstance. Mathebula (2019:5) states that consumers who have no credit history are more likely to have a low or poor credit score which increases the possibility that regulated financial institutions would refuse them credit. According to Li and Zhong (2012:185) young adults and other consumers who are new to the credit market tend to be the ones without credit scores.
Objectives of the study	Primary objective
	The primary research objective of the study is to assess how credit scores influence loan approval for different types of personal debt instruments offered by South African banking institutions.
	Secondary objectives
	SO1: To conduct a literature review on the nature and importance of credit scores, credit scoring systems and credit bureaus, as well as the types of personal debt instruments offered by South African banking institutions. SO2: To develop an appropriate research design and methodology to understand how credit scores can affect access to personal debt instruments offered by different banking institutions in South Africa.
	Methodological objectives
	MO1: To conduct an in-depth literature review to discuss the nature and importance of credit scores, to identify different credit scoring systems (FICO, VantageScore, Proprietary credit score), different credit bureaus

	<p>(TransUnion, Experian, and XDS), as well as types of personal debts (mortgage loans, personal loans, car loans, and credit cards).</p> <p>MO2: To develop a research design and methodology to collect and analyse information on credit scores and their impact on access to personal debt instruments.</p> <p>MO3: To collect, analyse and describe the data collected from annual reports, articles and websites of the annual reports of the National Credit Regulator (NCR) as well as registered credit bureaus and South African banking institutions.</p> <p>MO4: To summarise and provide appropriate recommendations and conclusions on the findings of the study to South African consumers, regulators (FSCA, NCR, SARB) and credit providers to improve the credit behaviour of South African consumers.</p>
Research design & methodology	Research philosophy / Paradigm (positivism, interpretivism etc.)
	Pragmatism
	Approach to theory development (inductive, deductive, abductive)
	Deductive
	Purpose of study (descriptive, exploratory, comparative)
	<i>Descriptive and Comparative</i>
	Methodological choice (mono, multi, mixed methods)
	Mono method
	Research approach (quantitative, qualitative, mixed)
	Qualitative
Data collection*	Technique and procedures (desktop study / desk research)
	The study will collect, analyse and describe the secondary data collected from annual reports, articles and websites of the annual reports of the National Credit Regulator (NCR) as well as registered credit bureaus and South African banking institutions.
	Search strategy: Data inclusion criteria
	Data will be collected from annual reports, articles and websites of the annual reports of the National Credit Regulator (NCR) as well as registered credit bureaus and South African banking institutions.
	Search strategy: Sources of data (databases, websites etc.)
	Regulatory documents, Google Scholar, Financial institution website
	Search strategy: Search terms or word strings

	Credit, Credit Score, Debt, Debt Instruments, Personal Debt, South Africa
Data analysis*	Data analysis techniques (content analysis, thematic analysis)
	<p>Descriptive Analysis: will be used to present key trends observed in the secondary data gathered from credit bureaus, the NCR and the South African banking institutions. Through this approach the study aims to provide a comprehensive overview of how credit scores impact access to personal debt instruments in the SA banking institutions.</p> <p>Comparative Analysis: Comparisons will be made between various sources to find both common points and differences in the application of credit scoring systems across different organisations.</p>
Trustworthiness*	Quality criteria (credibility, dependability, transferability, and confirmability) (How will each of the aforementioned be ensured?)
	<p>Credibility: is established by utilising trusted sources such as NCR, Experian, academic journals and peer reviewed articles. Additionally, it is important to confirm results by comparing various articles and to define important terms clearly such as credit scores and personal debt instruments.</p> <p>Dependability: is ensured by regularly following a structured methodology for reviewing literature and analysing data.</p> <p>Transferability: By offering detailed context about the credit score environment of South Africa, this approach allows others to evaluate how the results might apply to other socio-economic contexts.</p> <p>Confirmability: is ensured by basing results on reliable data instead of personal opinions, maintaining thorough documentation of all sources referenced, and using transparent, unbiased standards for selecting and understanding sources.</p>

* The details in these section could vary. Be guided by your study leader.

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ANNEXURE E: GENERATIVE AI AND AI-ASSISTED TECHNOLOGIES IN WRITING PROCESS – USAGE DECLARATION

According to Nelson Mandela University's Institutional Position Statement on the use of Generative Artificial Intelligence (AI) (D_71_24_(2025-02-07), the following are considered recommended uses and unacceptable uses of AI by students and staff.

Recommended uses:

- Search engine
- Enhancing understanding
- Gaining insights
- Gathering information
- Clarifying concepts
- Critically evaluating information

Unacceptable uses:

- Copy and paste generated intellectual work.
- Claiming a generated product (text, image, creation) as your own.
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- When you do not follow permissions and prohibitions provided in assessment guidelines.
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Student declaration:

During the undertaking of preparing and writing this mini treatise,

I _____ IHLOMILE BEZA _____, with student number

_220132143_____, declare that (please tick the appropriate circle indicating whether you have used AI or not):

- I have not used AI in an unacceptable manner as described by Nelson Mandela University's Institutional Position Statement on the use of Generative Artificial Intelligence.

I further declare that I have used [AI tools] in order to [REASON(s)]. [LIST THE NAME AND REASON FOR USING EACH TOOL HERE]

.....Quillbot – Paraphrasing

...Grammarly – grammar check.....

.....

.....

.....

I also acknowledge that I am ultimately responsible and accountable for the contents of this mini treatise.

- I have not used AI at all during the completion of my treatise.



SIGNATURE STUDENT:

DATE:

_____ 11 October 2025 _____

[NOTE: Students must declare in their mini treatise the use or not of AI and AI-assisted technologies in the process of writing their treatise by completing this declaration statement. This statement must be included as an Appendix/Annexure in their mini treatise. AI and AI-assisted technologies do not include basic tools for checking grammar, spelling, references etc. Using AI and AI-assisted technologies in their mini treatise without completing this declaration amounts to academic dishonesty. Should AI and AI-assisted technologies not have been used in the process of writing, *the appropriate circle should be ticked*. Students should note that the use of AI is detected by Turnitin and in addition to this declaration a Turnitin report is required as an Appendix/Annexure to their mini treatise.

LEARNING AGREEMENT



FACULTY OF BUSINESS AND ECONOMIC SCIENCES **LEARNING AGREEMENT BETWEEN STUDY LEADER AND POSTGRADUATE** **STUDENT FOR BCOM HONS MINI-TREATISE QUALIFICATIONS**

The aim of this learning agreement is to provide postgraduate students and their study leaders an opportunity to develop a sound and productive working plan. This document should be read in conjunction with the following Nelson Mandela University Policy documents:

- The General Prospectus
- Faculty of Business and Economic Sciences Prospectus
- University Code of Ethics Policy
- Policy on Intellectual Property
- Promotion of Academic Integrity and Prevention of Plagiarism

These documents are available on the Nelson Mandela University's website (<http://my.mandela.ac.za/default.asp?id=308&IRCno=>)

The Faculty of Business and Economic Sciences requires all postgraduate students and their study leader(s) to complete a learning agreement. Postgraduate students and their study leader(s) should discuss the issues outlined in this agreement, to have clarity and consistency regarding the conduct of the Postgraduate student and study leader. The document should be signed in each other's physical presence.

The postgraduate student and study leader should keep a copy of this learning agreement, and a copy must be sent to the module coordinator (Shelley.Farrington@mandela.ac.za).

PART A: DETAILS OF POSTGRADUATE STUDENT, STUDY LEADER(S) AND QUALIFICATION

NAME & SURNAME:	Ihlomile Beza
STUDENT NUMBER:	220132143
QUALIFICATION:	BCom Honours in Business Management
YEAR OF REGISTRATION:	2025
DEPARTMENT:	Business Management
STUDY LEADER:	Dr Kinsman & Ms Badane

PART B: ROLES AND RESPONSIBILITIES OF THE POSTGRADUATE STUDENT AND STUDY LEADER(S)

- **POSTGRADUATE STUDENT:**

As a postgraduate candidate, the student is expected to apply him- or herself to meeting the following reasonable responsibilities.

The postgraduate Student accepts and undertake the following responsibilities:

DESCRIPTION	INITIAL
Complete all the required components of the academic programme as stipulated.	I.B
Plan and execute the research study as agreed to with the guidance of the study leader (and co-study leader, where applicable).	I.B
Ensure that the research proposal (Chapter 1-3) is submitted at the stipulated date.	I.B
Adhere to the principles of accepted safety and health standards, ethical research practice as per Nelson Mandela University Code of Conduct for Researchers (IRC 404.01), Policy on Research Ethics (IRC 404.02), specific codes of the discipline (where applicable) and conventions regarding plagiarism as per Nelson Mandela Policy for the Promotion of Academic Integrity and Prevention of Plagiarism (IRC 305.04).	I.B
Make regular appointments with study leader(s) to update study leaders(s) on progress or any difficulties encountered in executing the academic project as planned to ensure timeous remedial action where required.	I.B
Keep written record of supervision sessions and the decisions agreed to.	I.B
Submit regular outputs from the academic project to ensure effective guidance and input by study leader(s).	I.B
Ensure that written work submitted has been proofread and of an acceptable academic standard.	I.B
Ensure that the necessary amendments or revisions decided upon with study leader(s) are made regularly and resubmitted as agreed for further guidance.	I.B
Take responsibility for the final production of the treatise for examination and final submission at the specified dates.	I.B
Submit a manuscript to the study leader prior to the time of the approval of examiner reports (for purpose of awarding the doctoral degree).	I.B
The postgraduate student has read all the relevant strategic and policy documents related to their relevant qualification.	I.B
The postgraduate student has familiarised him- or herself with the internet-based plagiarism detection service; Turnitin software.	I.B
The postgraduate student endeavours to partake in workshops and training related to the research project	I.B

- **STUDY LEADER / CO-STUDY LEADER:**

The responsibilities outlined below are reasonable expectations of academics or any other persons who are undertaking the supervision of candidates.

The study leader(s) accepts and undertake the following responsibilities:

DESCRIPTION	INITIAL
Clarify respective roles of student, study leader, and co-study leader (where relevant) to ensure that student and study leader (s) are clear about channels of communication as well as expectations. Preferably such clarification should be contained in a study leader or learning agreement	
Confer or make contact with the student regularly (minimum once a month) to provide academic guidance to ensure the development of research skills and competencies	

relevant to the discipline and the specific study, and to ensure adherence to university requirements and/or discipline standards.	
Monitor progress of the student and submit reports on student progress as required by the university and by relevant scholarship funding bodies.	
Keep a record of supervision sessions and provide feedback, within the timeframe agreed upon, to enable student progress.	
Study leaders must maintain an adherence to accepted safety and health standards, as well as ethical research practice as per Nelson Mandela University Code of Conduct for Researchers (IRC 404.01), Policy on Research Ethics (IRC 404.02), specific codes of the discipline (where applicable) and conventions regarding plagiarism as per Nelson Mandela Policy for the Promotion of Academic Integrity and Prevention of Plagiarism (IRC 305.04) and advise their students to maintain these standards as well.	
Provide the relevant information to the student so that the candidate submits the treatise for examination and final submission on the correct date and format.	
The study leader(s) to consult Turnitin report submitted by the student to the internet-based plagiarism detection service; Turnitin software.	

PART C: TERMS OF LEARNING AGREEMENT

FREQUENCY OF COMMUNICATION		
The contact details of the study leader(s) were provided to the postgraduate student.	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>
Specify frequency and communication channel for meetings (i.e. telephone, email, face-to-face).	Student(s) will keep regular contact with study leader(s) via TEAMS on progress, etc. Reply to TEAMS is crucial. Student(s) will meet study leader(s) in person/on TEAMS at least 1x per month (and as deems necessary based on progress).	
Specify who is responsible for scheduling meetings and how far in advance these meetings should be scheduled.	The meeting will be set by the study leader(s).	
Specify the procedure for changing the meeting date and time.	An email and TEAMS message will be sent out to student(s) at least 24 hours before the initial meeting.	
Indicate the availability of communication of study leader during period of research and/or ordinary leave.	The study leader(s) will only be available on email during normal leave – student is informed of the dates that the study leader will take leave. Study leader will not work on the treatise during the Christmas period in December 2025 and student(s) should NOT expect assistance during this time. If due dates are not adhered to in 2025, the student(s) should register for the module again in 2026.	
RESEARCH PLAN / TIMEFRAME		
Specify the research plan and timeframe	As discussed in meeting, and communicated through TEAMS.	
Was the postgraduate student informed of the timeframes	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>
Specify remedial action if schedule is not adhered to?	Student(s) need to provide acceptable reasons for not adhering to a schedule and negotiate a new time frame with the study leader(s). The student(s) need to know that the study leader(s) may not be able to fit in a new time schedule on short notice when the student(s) has failed to stick to the schedule. Study leader(s) will determine what action is needed to continue with studies or will recommend the discontinuation of the study.	
SUBMISSION OF WRITTEN MATERIAL AND FEEDBACK		

Specify the timeframe for feedback.	Feedback to be received within 14 days, through electronic view comments.
Specify remedial action if feedback agreement is not adhered to?	Student(s) need to inform the study leader(s) that he/she is in disagreement/not satisfied with the feedback within 2 weeks after receiving such feedback. A discussion on the disagreements must take place. If student(s) do not implement recommendations, study leader(s) will request a full explanation of the reasons of not doing so.

The **STUDENT** and the **STUDY LEADER** confirms that:

1. They have read and understood this Learning Agreement,
2. They agree to accept its content for the duration of the study period as per the qualification stipulated above.

SIGNATURES:

Student: ihlomile.beza

Date: 08/05/2025

Study leader: 

Co-study leader:

Date: 20/10/2025

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