AKURRA AI · REFERENCE GUIDE · SOUTH AFRICA

Borrowing Responsibly

Seven steps to borrowing only what you need, at a price you understand, and checking the maths every year after you sign.



Akurra AI

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Rates checked against repo rate of 7.25%
app.akurra.ai

START HERE

Borrow only what outlasts the debt, only what your budget can carry, and always check the maths

This guide walks South African borrowers through seven steps, from “should I borrow at all?” to checking your statements every year after you sign.

It uses the same cast as the Akurra campaign. Every step ends with what the sheep would do.

The wolves
Anyone who profits when you don’t check: hidden fees, add-ons, pressure and freebies.

The cow
The borrower being quietly milked by charges she never agreed to.

The sheep
The borrower who reads, asks, compares and checks, and is no longer easy prey.

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This is general education, not personal financial advice. For advice on your own situation, speak to a registered financial adviser or, if you are over-indebted, a registered debt counsellor.

1

BEFORE YOU BORROW

Should you borrow at all?

Borrow when the thing outlasts the debt and pays you back, not to fund everyday living.

A home, a reliable car you need for work, or a qualification that raises your income can justify interest. Groceries, holidays, gadgets and other debt usually can't. The National Credit Regulator advises against borrowing for groceries, to pay other debt, or for luxuries (NCR, Borrow Wisely).



Tired of being milked? Borrowing for things that don't last keeps the fees flowing.

Ask these five questions before you apply

1. **Will it outlast the loan?** If it's used up or worth little before the last instalment, save for it instead.
2. **Could I wait and save?** Three to six months of saving often beats years of interest.
3. **Do I have a buffer?** Without an emergency fund, the first surprise becomes more debt. The NCR suggests saving at least 15% of income every month.
4. **Is it the cheapest kind of credit for the job?** A store card or short-term loan for a big purchase costs far more than secured credit (Step 5).
5. **Am I being rushed?** "Offer ends today" and a free gift are sales tools, not reasons to borrow.

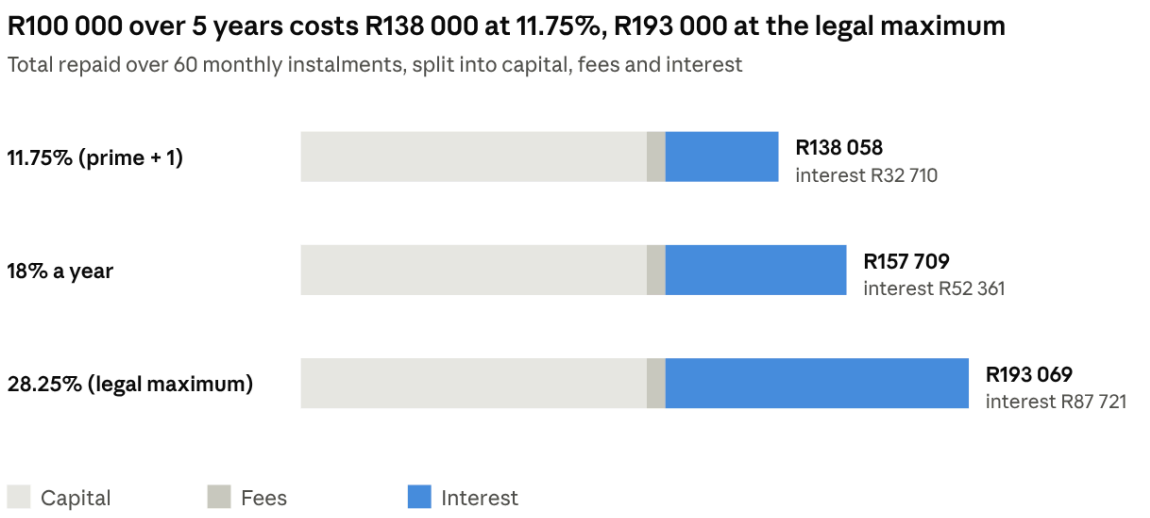
> **THE SHEEP** Sleeps on it. Any lender worth using will still be there next week.

2

KNOW THE TRUE COST

Compare total repayable, not the instalment

The instalment hides the term, the fees and the add-ons. A lower instalment often just means you pay for longer.



Worked example: R100 000 over 60 monthly instalments, fees at the legal maximums (initiation R1 207.50 and service fee R69 a month, both incl. VAT). Credit life and add-ons excluded.

Capital and fees are identical across the three offers, but interest more than doubles. Stretching the term does the same thing quietly. At 18%, moving from 5 to 7 years lowers the instalment by about R440 a month but adds about R24 000 in interest.

Cost	What it is	What to ask
Interest	The price of the money, as a yearly rate. Fixed, or linked to prime and moving with it.	Is it fixed or variable? What is the margin over prime?
Initiation fee	A once-off fee to open the loan, often added to the balance so you pay interest on it.	Can I pay it upfront instead of financing it?
Monthly service fee	An admin fee every month for the life of the loan.	Is it included in the quoted instalment?
Credit life insurance	Covers the debt if you die, are disabled or retrenched. Often required, but you may use a policy of your choice.	Can I substitute my own cover? What exactly does it pay?
Add-ons	Extended warranties, service plans and “value-added” products bundled into the loan.	Did I ask for this? Remove anything you didn’t choose.
Default and collection charges	Charged only if you fall behind.	What happens, and at what cost, if I miss a payment?



Getting fleeced? Every line on the quote is either the price of the money or a charge you can question.

Three habits that cut the cost

- **Get three quotations** from registered lenders and line them up on total repayable.
- **Choose the shortest term you can comfortably afford.** Every extra year is paid for in interest.
- **Pay fees upfront where you can,** so you don't pay interest on them for years.

> **THE SHEEP** Asks for the full quotation, adds up every line, and compares total repayable across at least three lenders.

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WHAT SOUTH AFRICAN LAW SAYS

The National Credit Act caps the price and protects you

With the repo rate at 7.25% since 25 September 2026, these are the most a registered lender may charge.

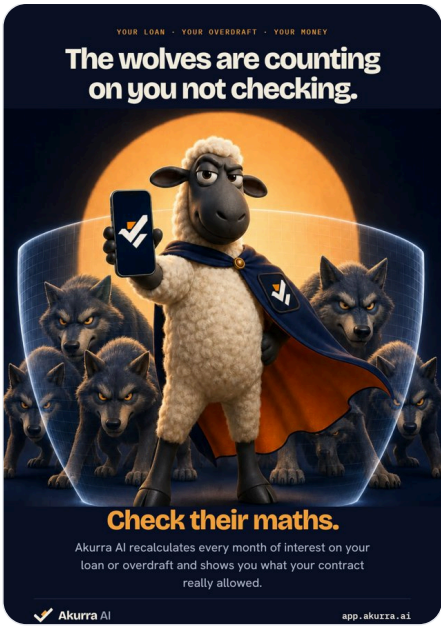
Type of credit	Maximum interest	Today (repo 7.25%)
Home loans (mortgage agreements)	Repo + 12% a year	19.25%
Credit cards, overdrafts, store cards	Repo + 14% a year	21.25%
Other credit (e.g. most vehicle finance)	Repo + 17% a year	24.25%
Unsecured personal loans	Repo + 21% a year	28.25%
Developmental credit (small business, low-income housing)	Repo + 27% a year	34.25%
Short-term loans (up to R8 000, up to 6 months)	5% a month first loan, 3% a month later loans in the same year	5% / 3% pm
Incidental credit (e.g. late-payment interest)	2% a month	2% pm

Fee cap (before VAT)	Rule	Maximum
Monthly service fee	Any credit agreement	R60 (R69 incl. VAT)
Initiation fee: most credit	R165 + 10% of the amount above R1 000	R1 050
Initiation fee: home loans	R1 100 + 10% of the amount above R10 000	R5 250
Credit life insurance	Per R1 000 owed, per month (home loans R2)	R4.50

Sources: Government Gazette 39379; SAnews, 23 Sept 2026; Moonstone. Caps are maximums, not targets: with a good record, negotiate well below them.

Your key rights

- **A quotation and pre-agreement statement** before you sign, with every fee and the total cost. Lenders such as Capitec give you five business days to decide.
- **An affordability assessment.** Credit granted without one, or clearly unaffordable, can be declared reckless.
- **The in duplum rule.** Once in default, interest, fees, insurance and collection costs together can never exceed the unpaid balance at default.
- **Early settlement at any time.** On large agreements such as home loans, the penalty is at most three months' interest, less any notice given.
- **Cooling-off of five business days** for agreements signed away from the lender's premises, and **one free credit report a year** from each bureau.
- **No lender may keep your ID, bank card, SASSA card or PIN,** or have you sign a blank agreement.



The wolves are counting on you not checking.

> **THE SHEEP** Checks the lender's NCR registration number, and knows the cap before the salesperson names a rate.

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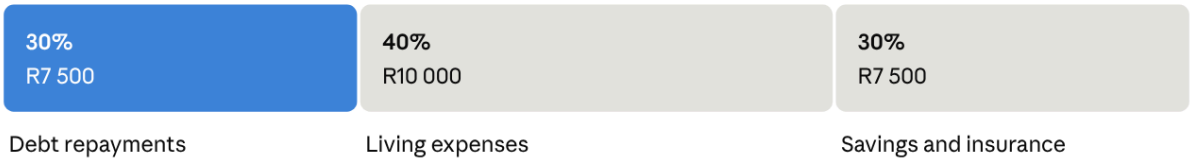
HOW MUCH CAN YOU AFFORD?

Keep all debt repayments at or below 30% of take-home pay

Certified Financial Planner Paul Roelofse suggests a 30/40/30 split: 30% to debt, 40% to living costs and 30% to savings and insurance.

On R25 000 take-home pay, keep all debt repayments under R7 500 a month

The 30/40/30 guideline applied to R25 000 a month after tax



Debt = every instalment: home loan, car, personal loans, cards, store accounts.
Lenders also test your home-loan instalment against about 30% of gross income.

The 30/40/30 guideline (EWN, 20 Oct 2026) applied to an example take-home pay of R25 000. SA Homeloans also won't approve a bond instalment above 30% of gross income (Harcourts).

Your affordability worksheet

Line	Amount per month (R)
Take-home pay (after tax and deductions)	
Essential living costs (housing, food, transport, school, utilities, medical)	
Savings and insurance (aim for at least 15% of income)	
Existing debt instalments	
New instalment you are considering	
Total debt ÷ take-home pay (aim for 30% or less)	
Left after everything (keep above zero, with a buffer)	

Leave headroom for rate rises: on a variable-rate loan, every 0.25% repo increase lifts your instalment. A lender's affordability check protects the lender. Your budget protects you.

> **THE SHEEP** Adds the new instalment to the worksheet first, and walks away if the debt line goes above 30%.

5

PICK THE RIGHT KIND OF CREDIT

Match the loan to what you're buying

Use secured, long-term credit for long-lasting assets, and short, small credit only for genuine short gaps.

The wrong product for the job is how a sensible purchase becomes a pothole in your budget. The legal maximum rates below are today's caps (repo 7.25%). Good borrowers should pay well under them.

> **THE SHEEP** Pays cash for things that don't last, uses cards only as a float cleared monthly, and treats a short-term loan as a last resort.



Another pothole in your budget? The wrong credit for the job digs one.

Type of credit	Best used for	Secured?	Legal max	Watch out for
Home loan	Buying or building a home	Yes, by the property	19.25%	Small rate differences cost the most over 20 to 30 years. Extra payments help: interest is calculated daily.
Vehicle finance	A car you need, priced to your budget	Yes, by the car	24.25%	Balloon payments that leave a big lump at the end; bundled warranties and add-ons.
Personal loan	A planned, unavoidable once-off cost	No	28.25%	Long terms that shrink the instalment but balloon the interest; credit life on the full term.
Credit card	Spending you clear in full each month	No	21.25%	Paying only the minimum. As a float it is cheap; as a balance it is expensive.
Overdraft	Short dips in cash flow	No	21.25%	Staying in it permanently; a limit that quietly becomes "your money".
Store card	Rarely the best choice	No	21.25%	Credit life and club fees; buying more to "use the limit".
Short-term loan	A true emergency, repaid within weeks	No	5% pm	Rolling one loan into the next. 5% a month is about 60% a year before fees.
Unregistered lender	Never	Often your ID or card	Illegal	Lending outside the NCA, threats, and keeping your ID or bank card.

6

READ BEFORE YOU SIGN

The moment before you sign is your strongest position

After you sign, every change has to be argued for. Before, you can simply ask.

In the Akurra car-loan story, the borrower runs the agreement past the app at the desk and finds three charges that were never part of the deal: an extended warranty she didn't ask for, an admin fee added after the quote, and credit insurance charged twice.

She calmly asks why they are there, and they disappear, along with an apology for an "honest mistake".



Something doesn't add up. The detective work happens before the signature.

Before you sign, tick off every line

- [ ] I have the **quotation and pre-agreement statement** in writing, and time to read them away from the desk
- [ ] The **interest rate** matches the quote, and I know whether it is fixed or linked to prime
- [ ] The **principal debt** is the price I agreed, with nothing extra rolled in
- [ ] Every **fee** is listed (initiation, monthly service, any others) and none exceeds the legal caps
- [ ] **Credit life insurance** is within the cap, covers what it should, and I may use my own policy
- [ ] There are **no add-ons** I didn't ask for: warranties, service plans, "value-added" products, club fees
- [ ] The **number of instalments**, first and last payment dates and any **balloon payment** are clear
- [ ] The **total amount repayable** matches my own calculation
- [ ] I understand what happens if I **pay late** or want to **settle early**
- [ ] No section is **left blank**, and I get a **signed copy** to keep

> THE SHEEP Asks "what is this charge for?" about every line she doesn't recognise, and is happy to come back tomorrow.

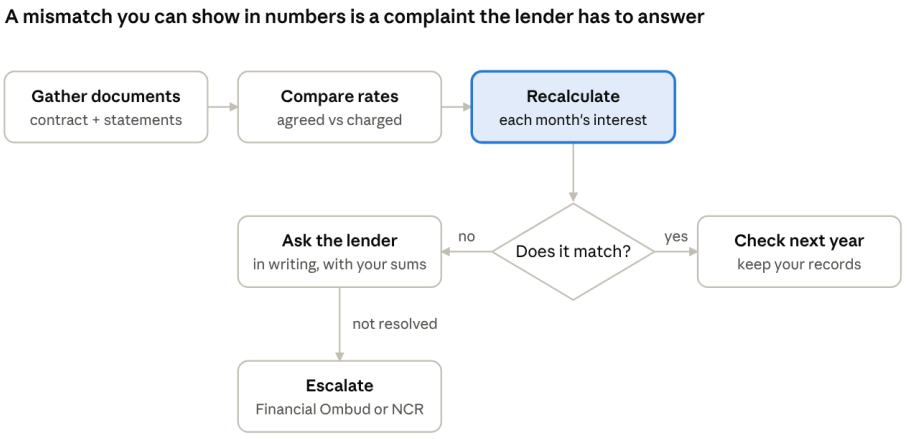
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CHECK THEIR MATHS, EVERY YEAR

Make sure “charged” still matches “agreed”

Signing well is half the job. The other half is checking that what you’re charged each month matches what you agreed.

Errors and creep happen on long loans: a rate that doesn’t follow prime down, fees that weren’t in the contract, payments allocated in the wrong order. In the Akurra home-loan story, a couple celebrating their final payment notice it “took longer than expected”. The check shows they may have been overcharged.



How to check a loan: four steps, one decision, one escalation path.

1. **Gather** your signed agreement and at least 12 months of statements. You can ask for a full transaction history.
2. **Compare** the agreed rate, and how it is linked to prime, with the rate applied each month, including after every repo change.
3. **Recalculate** each month’s interest on the opening balance, and list every fee. Check each against your contract and the legal caps.
4. **If it doesn’t match,** write to the lender with your calculation and ask for an explanation and a refund. Keep copies.
5. **If it isn’t resolved,** escalate to the National Financial Ombud or the NCR (see *If you’re struggling*).



Agreed interest versus charged interest.

Where Akurra AI fits: upload your agreement and bank statements, and it recalculates every month of interest and shows what your contract really allowed against what you were charged.

THE SHEEP Puts a yearly reminder in her calendar to check her loans, and never lets “agreed” and “charged” drift apart unnoticed.

!

RED FLAGS

The wolves' playbook

Walk away, or at least slow down, when you see any of these. Each one shifts the deal in the lender's favour while you're distracted.

THE SHEEP Treats charm and freebies as a reason to read more carefully, not less. Keep the T-shirt, show the maths.



Keep the T-shirt. Show the maths. A freebie won't tell you if your interest is correct.

Red flag	Why it matters	What to do
"Just sign here, it's all standard"	Standard is where add-ons hide	Read every page. Ask what each charge is for.
Pressure to decide today	Removes your time to compare	Take the quotation and leave. A real offer survives a day.
A freebie for signing	You pay for it in interest, many times over	Judge the loan on its own numbers.
They want to keep your ID, card or PIN	Illegal, and a hallmark of loan sharks	Refuse, and report it to the NCR.
No NCR registration number	Unregistered lending is illegal	Check the lender with the NCR before sharing anything.
No check of your income and expenses	Possible reckless lending	Don't take it. If you did, it may be challengeable.
Blank spaces in the agreement	Terms can be filled in after you sign	Never sign a blank or incomplete agreement.
Fees to "unlock" or "release" a loan	A common scam pattern	Don't pay. Registered lenders don't charge release fees.
Rolling a new loan into the old one	Restarts fees and stretches interest	Get the settlement figure and compare honestly.

?

IF YOU'RE STRUGGLING

Act at the first missed payment, not the third

Your options shrink once a lender starts legal action, so move early.

1. **Talk to the lender now.** Explain what changed and propose what you can pay. The NCR advises contacting the lender immediately if you may miss an instalment.
2. **Cut and prioritise.** Protect your home loan and essentials first, stop new credit, and cancel add-ons and insurance you are paying twice.
3. **Consider debt counselling (debt review)** if you can't meet all your repayments. A registered debt counsellor assesses you and negotiates lower instalments, and a Magistrate's Court can make the plan binding and look at reckless lending. Apply before the lender sends its formal section 129 notice. You can't take new credit while under review, and a clearance certificate removes the flag once every debt is paid (MJK Inc).
4. **Complain if something is wrong.** Use the lender's own complaints process first, then escalate.

Who	What they handle	Contact
National Financial Ombud Scheme (NFO)	Free resolution of complaints about banks, credit providers and insurers, after you've complained to the provider	0860 800 900 WhatsApp 076 574 8055 nfosa.co.za
National Credit Regulator (NCR)	NCA breaches, reckless lending, unregistered lenders, checking a debt counsellor's registration	0860 627 627 complaints@ncr.org.za
Registered debt counsellor	Debt review if you're over-indebted	Check their registration on the NCR's public register before signing or paying

THE SHEEP Picks up the phone early, keeps everything in writing, and never pays anyone upfront to "fix" her credit record.

PRINT AND KEEP

The one-page checklist

Tick it off before every new loan, and again every year after you sign.

BEFORE YOU APPLY

- [ ] It will outlast the loan, and I can't reasonably save for it instead
- [ ] I have an emergency buffer, so this loan won't need another loan
- [ ] All my debt repayments, including this one, stay at or below about 30% of take-home pay
- [ ] I've chosen the right type of credit for the job

BEFORE YOU SIGN

- [ ] I have quotations from at least three registered lenders, compared on total amount repayable
- [ ] The rate and fees are within the legal caps, and I've tried to negotiate below them
- [ ] Every charge is one I recognise and agreed to, with no unasked-for add-ons
- [ ] Credit life is within the cap, and I know I may use my own policy
- [ ] No blank spaces, nobody is holding my ID or card, and I get a signed copy

EVERY YEAR AFTER

- [ ] I check my statements against my agreement: rate, fees and interest each month
- [ ] I check that rate cuts reached my loan as well as rate rises
- [ ] I pull my free credit report from each bureau and fix errors
- [ ] I pay extra on the most expensive debt first when I can

REFERENCES

Sources

The guidance draws on South Africa's credit regulator, ombud and legislation, and on published advice from registered professionals. Rates and caps were checked on 2 November 2026. Caps move with the repo rate, so recheck before relying on them.

- National Credit Regulator: Borrow Wisely
- Regulations on the limitation of fees and interest rates, Government Gazette 39379
- SAnews: MPC raises repo rate to 7.25% (23 September 2026)
- Moonstone: credit life insurance regulations
- MJK Inc: interest and the in duplum rule
- MJK Inc: debt review and debt counselling
- STBB: early settlement of home loans
- Capitec: credit approved, now what?
- EWN: why your debt ratio matters more than a high salary (Paul Roelofse, CFP)
- Harcourts: the 30% income threshold for home loans
- National Financial Ombud Scheme South Africa
- Verifying an NCR-registered debt counsellor

Disclaimer: this guide is general information, not financial, legal or credit advice. Worked examples are illustrations, not quotes. For advice on your own circumstances, consult a registered financial adviser, or a registered debt counsellor if you are over-indebted.
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