

# Managing money

## Film: Borrowing money

Worksheet 17

### Credit rating

The word "credit" comes from **the** Latin and, translated literally, means "he believes" or "he trusts". Lenders such as banks are therefore also called "creditors". They trust that they will, after a specific period of time has elapsed (maturity), receive an amount of money (credit or loan amount) back from the borrower, who is also called the "debtor", and that the debtor will be able to pay the agreed interest.

Before creditors issue a loan, they will check that the borrower is at least 18 years old and has full legal capacity and whether they are likely to be able to repay the borrowed money with interest. This check by the bank is called an assessment of creditworthiness. The worse the borrower's credit rating, the more interest they will generally have to pay on a loan.

What factors are decisive in the assessment of creditworthiness? Mark them.

Level of monthly income

Abilities as a rapper

Payment behaviour with previous payment obligations

Marital status

Number of followers

Existing loans

Whether the borrower wears brand name clothing

Secure job

Level of monthly spending

Professional and other qualifications

Whether the borrower has children