

Abstract

The 2007/2008 financial crisis and the role that credit rating agencies (CRA's) played leading up to the crisis precipitated the introduction of CRA regulation worldwide. By using Giddens's (1990, 1991) theory of modernity as a framework, this study explores the rationale for the introduction of CRA regulation in South Africa (the Credit Rating Services Act No. 24 of 2012), with a specific focus on trust and legitimacy. The findings in this study suggest that while the introduction of new regulation is a mechanism used to legitimise the capital system, it often has limitations and unforeseen consequences. This study used detailed interviews with some of South Africa's leading experts on the credit rating industry to explain the reasoning for South African CRA regulation. Lastly, this thesis adds to the scant body of interpretive (and normative) research on the use of arms-length regulation in modern governance discourse, and it is also the first research to explore CRA regulation in the South African context.

Keywords: Credit rating agencies, Credit Rating Services Act No. 24 of 2012, Legitimacy, Regulation, Theory of modernity, Trust.