

Caribbean Information and Credit Rating Services

TheCasesolutions.com

Content

1. What is credit rating?
2. History of rating agencies
3. Big Three
4. Dagong Global Credit Rating
5. Rating agencies & the crisis of 2007 - 2010



What is credit rating?



A credit rating is an evaluation of the credit worthiness of a debtor, especially a business (company) or a government, but not individual consumers. The evaluation is made by a credit rating agency of the debtor's ability to pay back the debt and the likelihood of default.

2. Standard and Poor's

- Founded 1860, present corporation status in 1941.



- Standard & Poor's (S&P) is an American financial services company.

- It is a division of McGraw Hill Financial that publishes financial research and analysis on stocks and bonds.

- Revenue increase \$2.61 billion US\$ (2009).

3. Fitch Ratings

- Fitch Ratings was founded as the Fitch Publishing Company on December 24, 1913 by John Knowles Fitch.
- In 1924, the Fitch Publishing Company first introduced the now familiar "AAA" to "D" ratings scale.
- Today, Fitch Ratings has over 7,000 professionals at more than 50 worldwide offices.

DAGONG Global Credit Rating

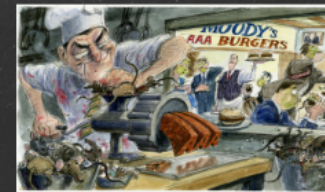
- Dagong Global Credit Rating is a credit rating agency based in China.
- The company was established in 1994.
- In May 2009, an agreement of mutual cooperation was signed with Xinhua news agency, reported as "promoting a national credit rating system".
- In 2010, the United States SEC rejected an application by Dagong to enter the US marketplace.



Rating agencies & the crisis of 2007 - 2010



There is broad consensus among experts that rating agencies played a substantial role in the financial crisis of 2007-2010. After the financial crisis of 2007-2010, the Financial Crisis Inquiry Report called the "failures" of the Big Three rating agencies "essential cogs in the wheel of financial destruction."



Thank you
for
your attention!

Tserga Angeliki
MSc Law & Economics

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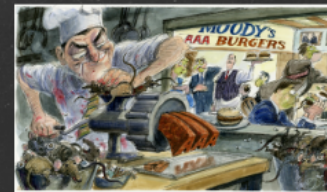
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