

# **CREDIT RATING**

**A THIRD-PARTY ASSESSMENT  
ABOUT THE CREDIT WORTHINESS  
OF AN INDIVIDUAL OR ENTITY**

# **CREDIT RATING AGENCIES:**

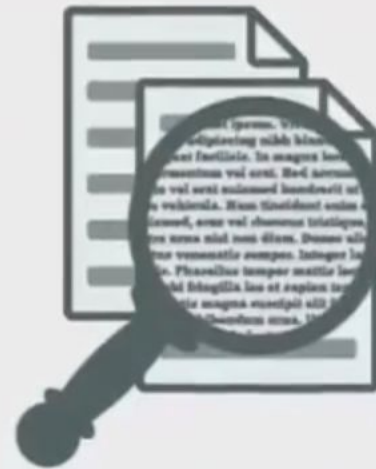
**1. EQUIFAX**

**2. EXPERIAN**

**3. TRANSUNION**

# CREDIT RATING AGENCIES:

1. EQUIFAX
2. EXPERIAN
3. TRANSUNION



# BOND \$\$\$

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## COUPON

## CREDIT RATING SERVICES:

1. STANDARD & POOR'S

2. MOODY'S

3. FITCH

# KEY TAKEAWAYS

- A credit rating is a quantified assessment about the creditworthiness of an individual or entity.
- A credit rating not only determines whether or not a borrower will be approved for a loan or debt issue but also determines the interest rate at which the loan will need to be repaid.
- A credit rating or score can be assigned to any entity that seeks to borrow money—an individual, corporation, state or provincial authority, or sovereign government.
- Individual credit is rated on a numeric scale based on the FICO calculation, bonds issued by businesses and governments are rated by credit agencies on a letter-based system

# ROLE AND IMPORTANCE FOR:

- Consumers – whether or not to purchase bonds
- Firms – determines the interest rate of a loan and financial reputation
- C Governments – help emerging and developing countries to issue bonds to domestic and international investors
- ü Financial markets – development and regulation