

CREDIT RATING

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

CREDIT RATING AGENCIES:

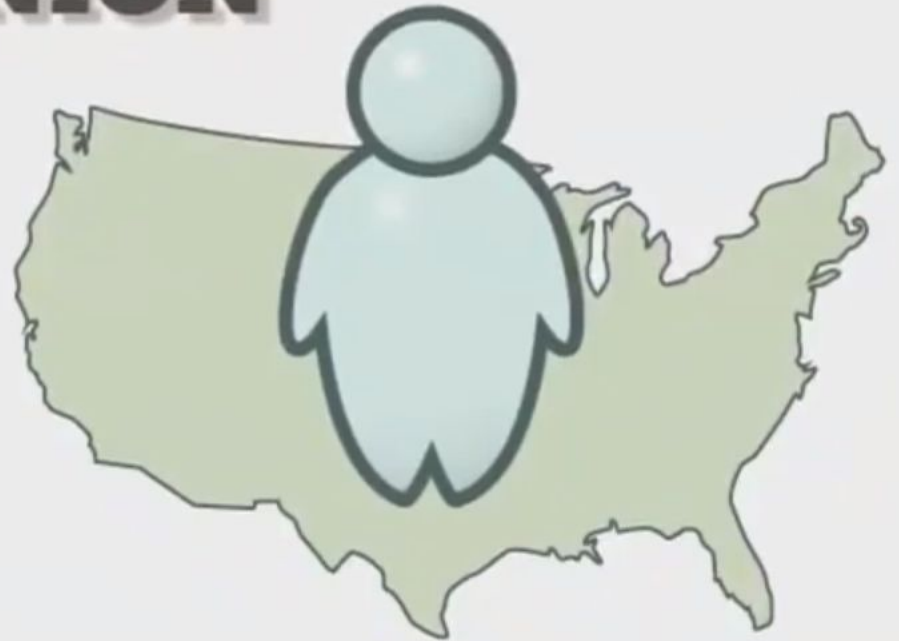
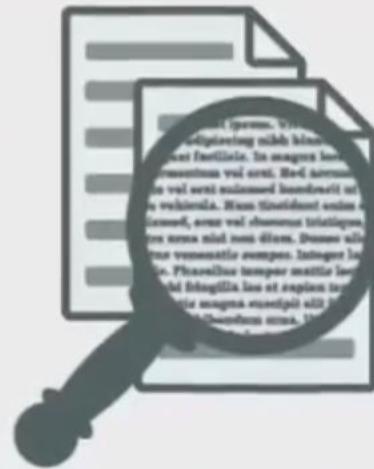
1. EQUIFAX

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