







Home ▶ All Journals ▶ Applied Financial Economics ▶ List of Issues ▶ Volume 17, Issue 13 ▶ Are credit ratings valuable information?

Applied Financial Economics > Volume 17, 2007 - Issue 13

699 48

Views CrossRef citations to date Altmetric

**Original Articles** 

# Are credit ratings valuable information?

Dirk Czarnitzki 🔀 & Kornelius Kraft

Pages 1061-1070 | Published online: 11 Sep 2007

**≤** Cite this article **≥** https://doi.org/10.1080/09603100600749220

Sample our
Economics, Finance,
Business & Industry Journals
>> Sign in here to start your access
to the latest two volumes for 14 days

Full Article

Figures & data

References

**66** Citations

Metrics

Reprints & Permissions

Read this article

### **Abstract**

Credit ratings are commonly used by lenders to assess the default risk, because every credit is connected with a possible loss. If the probability of a default is above a certain threshold, a credit will not be provided. The purpose of this study is to test whether

credit ra

Employi defaults

Subsequ

significa

inter

default,

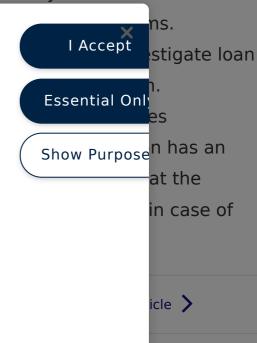
### We Care About Your Privacy

We and our 845 partners store and/or access information on a device, such as unique IDs in cookies to process personal data. You may accept or manage your choices by clicking below, including your right to object where legitimate interest is used, or at any time in the privacy policy page. These choices will be signaled to our partners and will not affect browsing data. <a href="Privacy Policy">Privacy Policy</a>

We and our partners process data to provide:

Use precise geolocation data. Actively scan device characteristics for identification. Store and/or access information on a device. Personalised advertising and content, advertising and content measurement, audience research and services development.

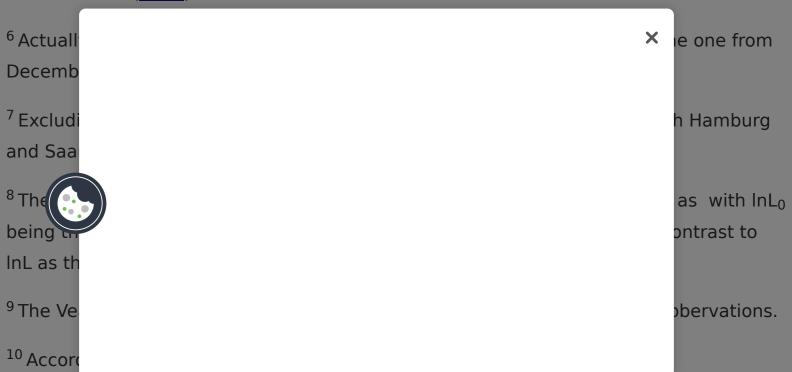
List of Partners (vendors)



The authors thank Creditreform for providing their data bank for this research and, especially, would like to thank Jürgen Moka for extracting the relevant information from the database. In addition, they are grateful to Georg Licht for helpful discussions.

## Notes

- <sup>1</sup> The special issue of the Journal of Banking and Finance, Vol. 25, pp. 1–270 (January 2001), deals with the new Basle Capital Accord in more detail.
- <sup>2</sup> See the special issue of the Journal of Banking and Finance, Vol. 29, pp. 2565–867 (November 2004), for recent research on credit rating, in particular Altman and Rijken (2004) and Löffler (2004).
- <sup>3</sup> Including operating costs for a bank or any other institution does not alter this result as long as the costs are a ratio of the credit or of the interest rate multiplied with the credit.
- <sup>4</sup> For example, see discussions on the paradigms of the 'liability of newness' and the 'liability of adolescence' (cf. Singh et al., <u>1986</u> or Brüderl and Schüssler, <u>1990</u>). Another frequently discussed factor for survival is entry size (see Agarwal and Audretsch, <u>2001</u>, for a recent study).
- <sup>5</sup> Cf. for an empirical study on the effects of limited liability for growth and survival Harhoff et al . (1998).



#### Related Research Data

Young Innovative Companies: the new high-growth firms?

Source: Oxford University Press (OUP)

Does corporate social responsibility matter for corporate stability? Evidence from

China

Source: Springer Science and Business Media LLC

Financial Constraints: Routine Versus Cutting Edge R&D Investment

Source: Wiley

R&D Investment and Financing Constraints of Small and Medium-Sized Firms

Source: Elsevier BV

Public Business Advice in the Founding Process: An Empirical Evaluation of Subjective

and Economic Effects:

Source: SAGE Publications

Circular economy innovations, growth and employment at the firm level: Empirical

evidence from Germany

Source: FID GEO

Is a firm's financial risk associated with corporate social responsibility?

Source: Emerald

Linking provided by Schole plorer



### THE CREDIT-RATING AGENCIES AND THE SUBPRIME DEBACLE >

Lawrence J. White

Critical Review

Published online: 13 Jul 2009

### View more

Information for Open access

Authors Overview

R&D professionals Open journals

Editors Open Select

Librarians Dove Medical Press

Societies F1000Research

Opportunities Help and information

Reprints and e-prints Help and contact

Advertising solutions Newsroom

Accelerated publication All journal

Corporate access solutions Boo

Keep up to date

Register t by email



Sigi







Copyright

Accessit

Registered 5 Howick Pl ×

or & Francis Group