CREDIT RATING AGENCY SURVEY RESULTS

CFA Institute
June 2014

TABLE OF CONTENTS

ABOUT THE SURVEY

Background & Purpose

The role played by the credit rating agencies in the recent financial crisis is well established; in recent years, regulators around the world have adopted and implemented reforms in this area which have included numerous provisions aimed at enhancing their oversight and accountability.

The purpose of this survey is to get CFA Institute members’ opinions on credit rating agencies’ performance and accountability.

Methodology

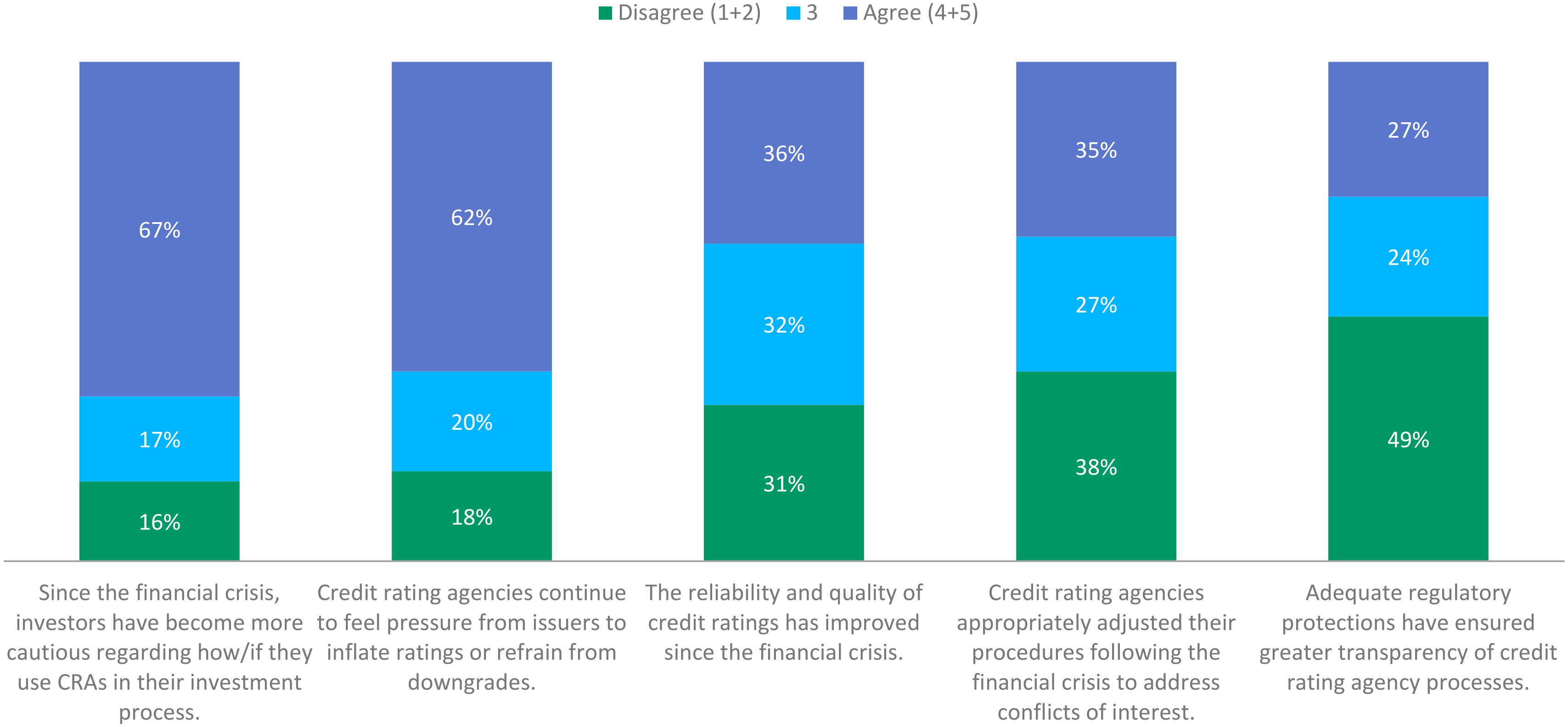
On 20 May 2014, 20,379 CFA Institute members with a primary investment practice of Fixed Income were invited via email to participate in an online survey. The survey closed on 27 May 2014. 398 valid responses were received, for a response rate of 2% and a margin of error of ± 4.6%.

SURVEY RESULTS

67% OF MEMBERS AGREE THAT INVESTORS HAVE BECOME MORE CAUTIOUS REGARDING THE USE OF CRAs IN THEIR INVESTMENT PROCESSES. ONLY 27% AGREE REGULATORY PROTECTIONS HAVE ENSURED GREATER TRANSPARENCY OF CRA PROCESSES.

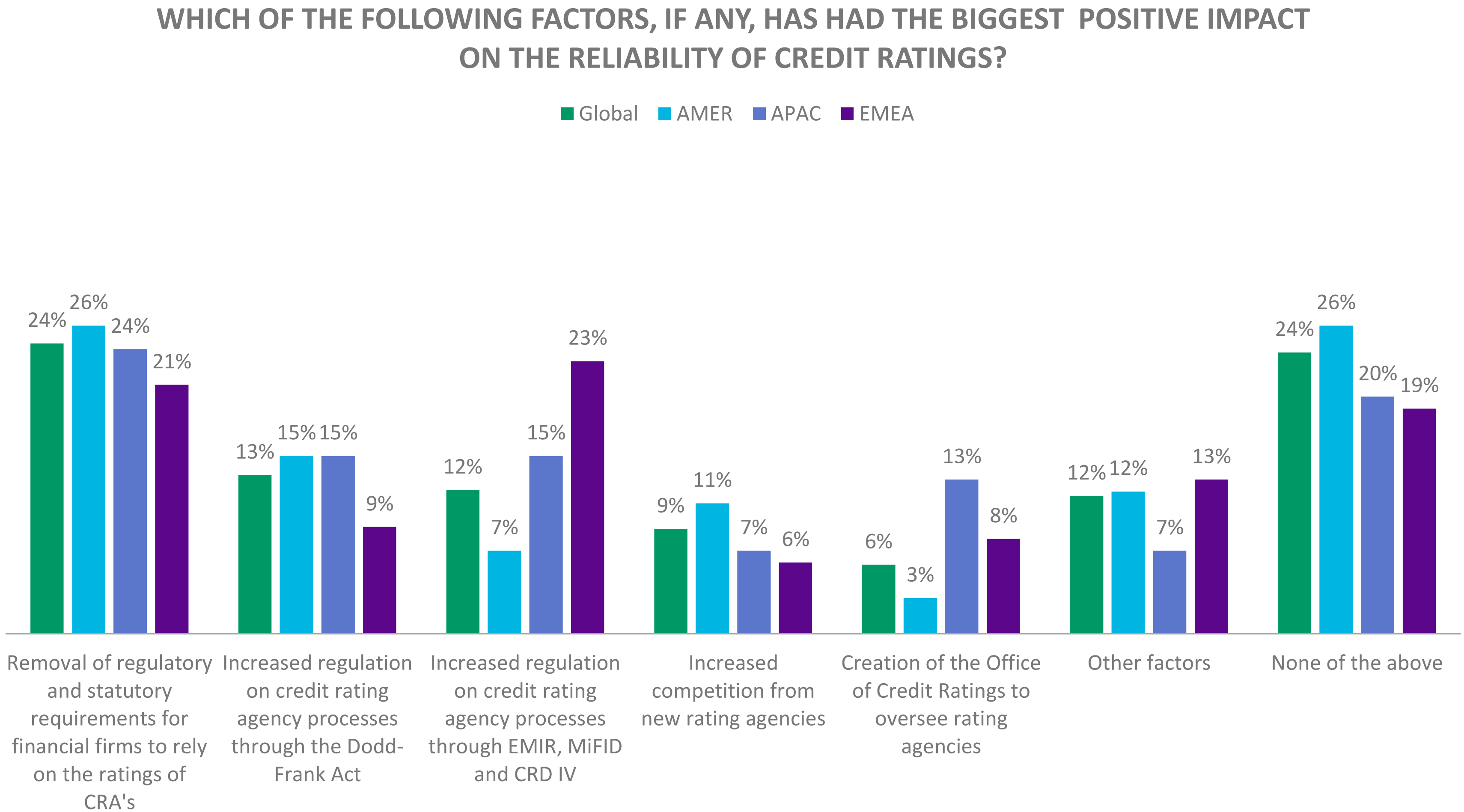
PLEASE INDICATE THE EXTENT TO WHICH YOU AGREE OR DISAGREE WITH THE FOLLOWING STATEMENTS:

SCALE: STRONGLY DISAGREE 1 TO STRONGLY AGREE 5; DON'T KNOW



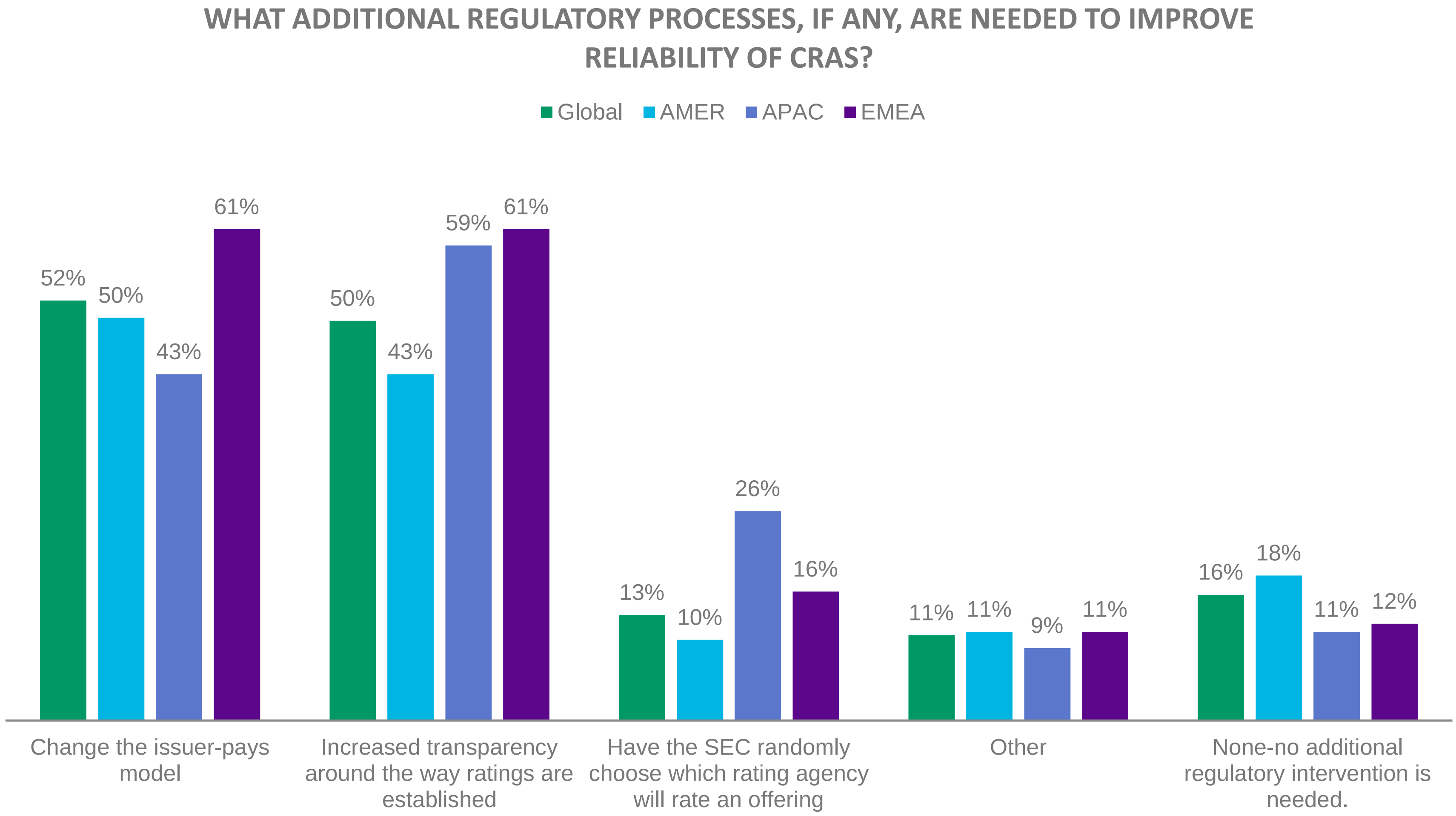
"Don't know" excluded from results

THE BIGGEST POSITIVE IMPACT ON THE RELIABILITY OF CREDIT RATINGS COMES FROM REMOVAL OF REGULATORY AND STATUTORY REQUIREMENTS FOR FINANCIAL FIRMS TO RELY ON CRA RATINGS.



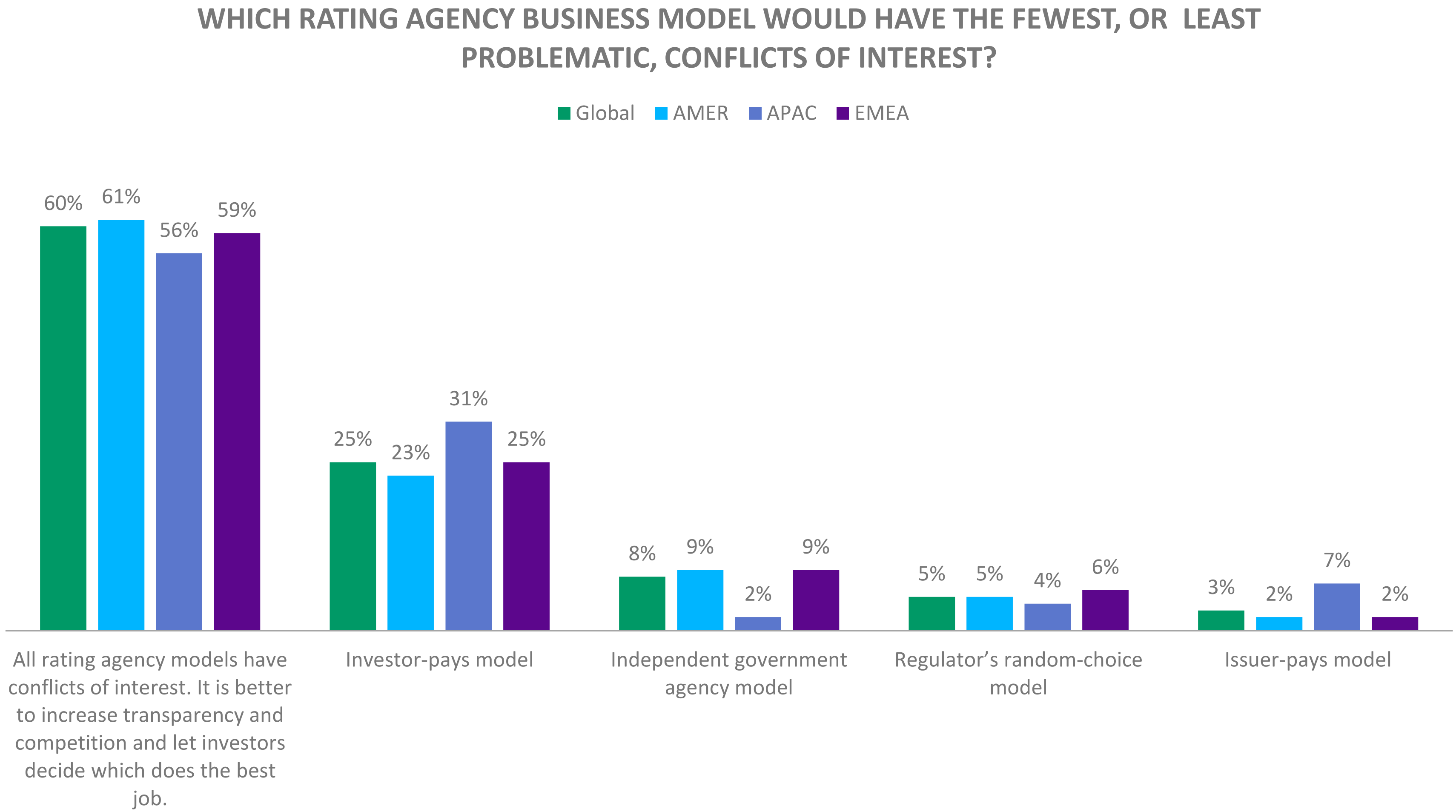
*Other factors listed in Open Ended Comments

CHANGING THE ISSUER-PAYS MODEL AND INCREASED TRANSPARENCY AROUND THE WAY RATINGS ARE ESTABLISHED ARE NEEDED TO IMPROVE RELIABILITY OF CRAs.



*Other regulatory processes listed in Open Ended Comments

60% OF RESPONDENTS THINK ALL RATING AGENCY MODELS HAVE PROBLEMS AND INCREASING TRANSPARENCY AND COMPETITION IS THE BEST SOLUTION.



ADDITIONAL COMMENTS

“Rating agencies are not reliable and less relevant to the process and increasing regulation further biases the ratings process. the model is broken and should be replaced by something which also incorporates market information. I probably spend more time trying to figure out where rating agency biases create opportunities i.e. downgrading banks while credit metrics are improving.” (USA)

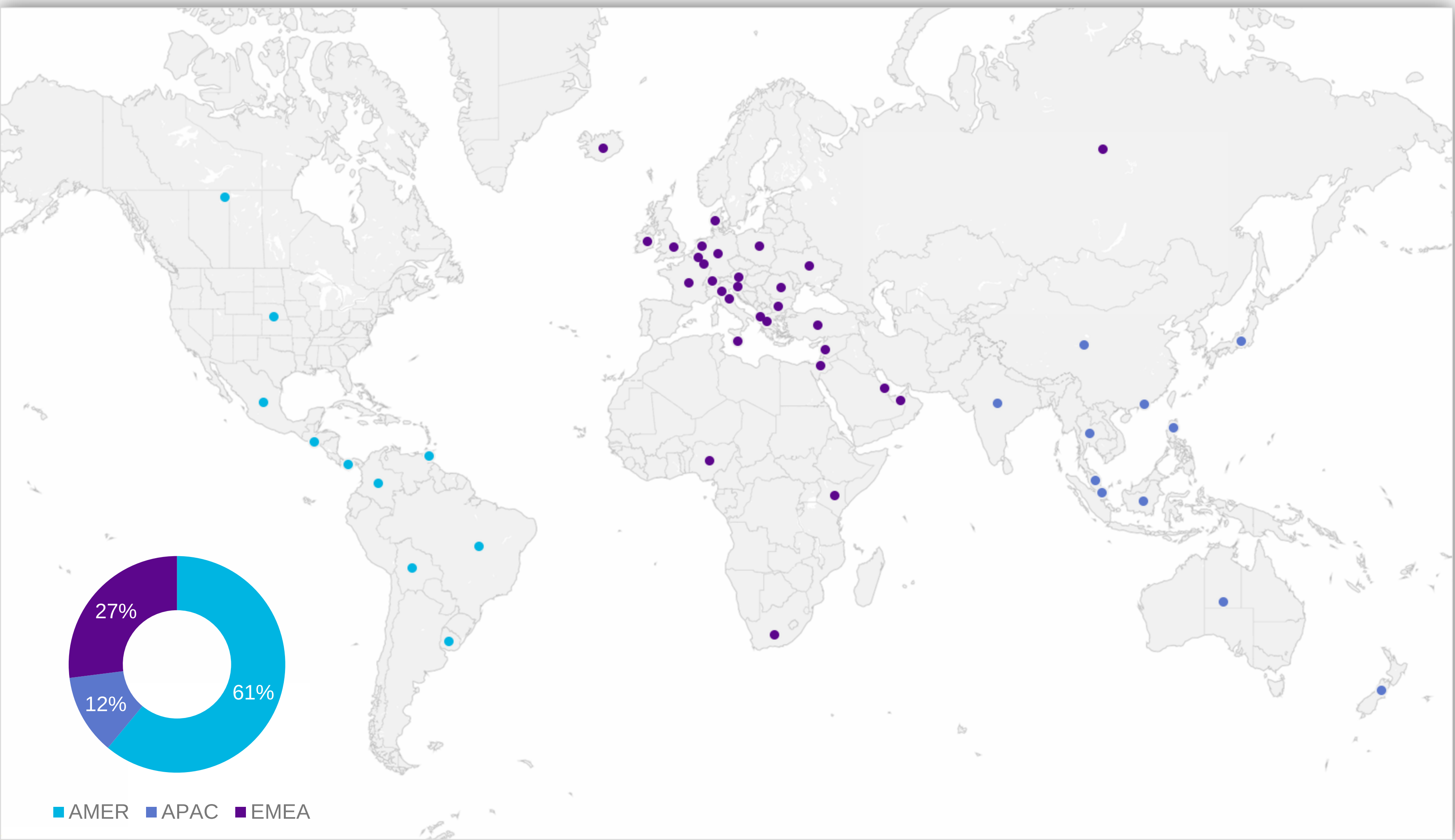
“The current Issuer-pays model is riddled with irreconcilable conflicts of interest. Hence it must be replaced with a more transparent system wherein Investors are given the option to decide which system works best. The regulator must facilitate the transition to such a system, failing which may spark off the next global financial crisis and a permanent loss of faith of the investing public in the CRAs. Need for complete overhaul of the CRAs is paramount, and the regulator must take the lead in this regard.” (India)

“I do not believe anything has really changed, and we are merely in a hiatus toward the next crisis. The fact is that credit is complex, conflicted and expensive to manage -- while fees are relatively low for managers. This leads to reliance on 3rd party research.” (South Africa)

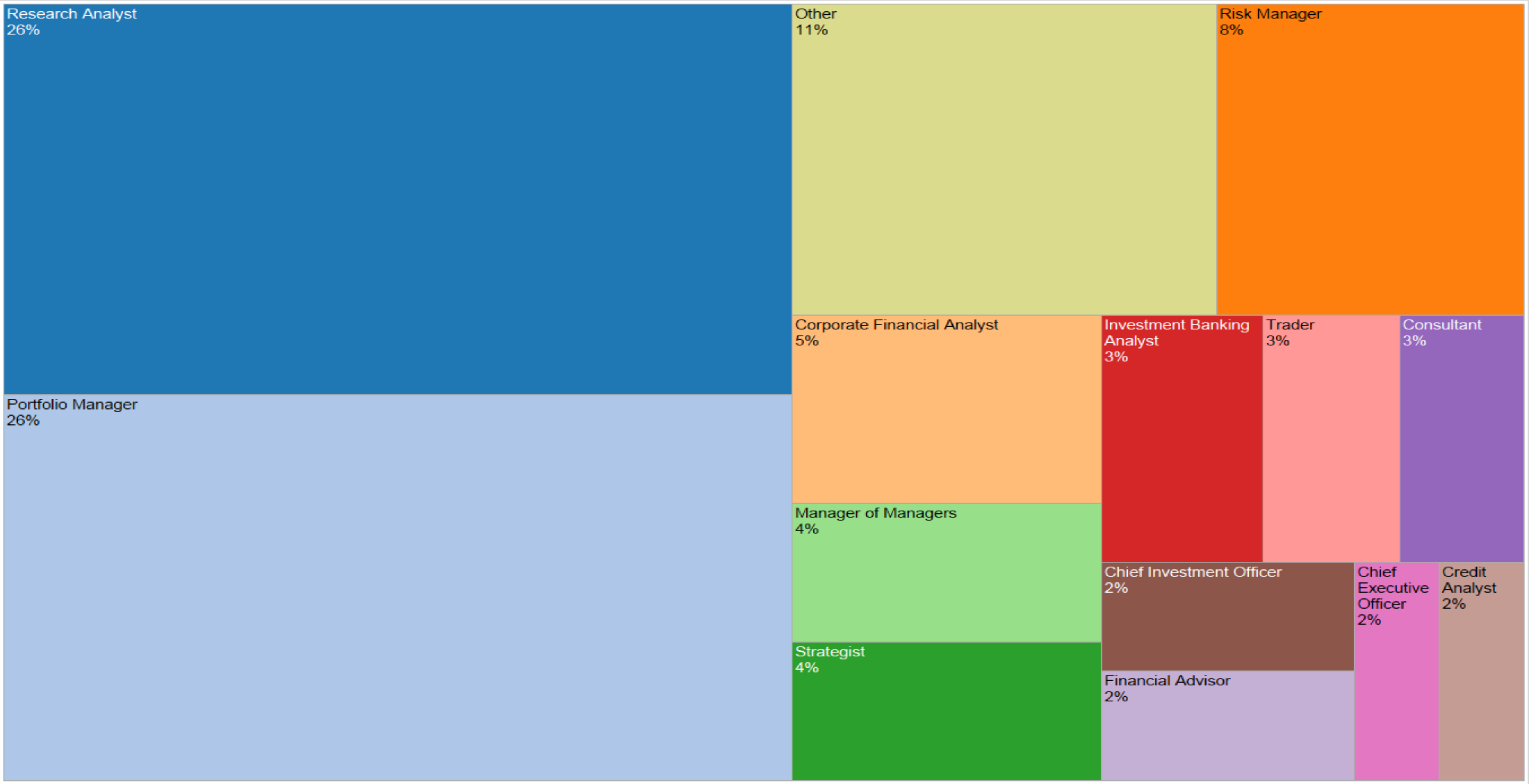
“The conflict of interest is not the issuer pay model. It is the pressure placed on the analyst by the issuing company. The likelihood of default is low, so most of the times the rating agencies are correct. Rating agencies need to have skin in the game.” (USA)

RESPONDENT PROFILE

GEOGRAPHIC DISTRIBUTION OF RESPONDENTS



JOB FUNCTION AND YEARS IN INDUSTRY



OPEN ENDED COMMENTS

OTHER FACTORS HAVING THE BIGGEST POSITIVE IMPACT ON THE RELIABILITY OF CREDIT RATINGS

Comments
Actions taken by the agencies themselves; new regulation did not help to improve the ratings quality
An review of what went wrong in the crisis and correcting the identified mistakes
Change of income sources from issuers to investors
change the comp structure - paid by engagement PRIOR to taking the engagement
create a rating which uses today's technological progress
disagree -- still far too much automatic reliance on ratings by investors
Don't know
embarrasment of their failure of rating results
EU / ESMA CRA III regs
failed ratings forcing CRA's to re-establish legitimacy through improved practices, continual failure will result in a failed business model. Basically market pressure to maintain credibility
Guilt
Heightened awareness by investors
Improvements after self-assessment by rating agencies themselves, more stringent processes and more internal awareness of conflicts of interest; pressure from outside may also have helped
Improvements happened as a result of bad publicity and learning from mistakes
Increased attention from investors
Increased competition and methodological transparency as well as making rating performance public information has helped. Some of the regulation has caused the methodology & ratings process somewhat more confusing
Increased conservativism at the agencies themselves
Increased scrutiny
increased scrutiny by media, legislators and government regulatory agencies - news in a negative light is bad for business and rating agencies have attempted to quell the flood of adverse publicity
Increased scrutiny from market particiapnts
Increased transparency in the ratings process
internal changes to rating agencies done by their own accord.

OTHER FACTORS HAVING THE BIGGEST POSITIVE IMPACT ON THE RELIABILITY OF CREDIT RATINGS

Comments
investor pressure in aftermath of defaults
Investor Scrutiny
Investor's taking a more critical review and read of credit rating agencies
Lawsuits by investors and regulators
Market Pressure
Market pressure including reporting of performance of ratings (unfortunately, this takes a long time to reach any valid conclusion
market scrutiny
More market skepticism
negative public opinion on ratings agency
public scrutiny
Rating agencies being scared shitless in learning how incompetent they were and paying related lawsuits
Rating agencies' own review of their procedures and consequent adjustments
Recognition by rating agencies that they had to better manage/explain their rating processes in order to restore credibility
regulatory has been of no value. maybe competition but agencies less relevant to process
Reputational concerns
Reputational damage, and need to head off threat of regulation
Reputational impact of inapproriately assigned credit ratings.
Some agencies have raised their internal bars for quality, timeliness and forward looking opinions.
The profound failure of their ratings to provide the appropriate signal before the crisis.
the repercussions of flawled credit opinions issued before the crisis
The value of experience -- surviving the 08 crisis and adjusting the models and the negative impact to the industry's reputation
Their credibility has been tarnished and litigation threats scared them into place
to win the lost of reputation back
updated transparent criteria and publication of assumptions underlying the ratings

WHAT OTHER REGULATORY PROCESSES ARE NEEDED TO IMPROVE RELIABILITY OF CRAs?

Comments
Alignment of incentives ("skin in the game") between rating agencies and investors.
Ban rating agency criteria from being used in establishing capital adequacy measures or investment fund mandates.
Cease to have the CRAs be (or be owned by) publicly traded companies. Otherwise the quarterly pressures to grow earnings will keep things more or less the same at CRAs.
Don't think regulations alone can make a meaningful difference
Either: do away w/agencies and establish professional credit rating standards templates, or, set up a single government entity to generate ratings but require receivers to do their own additional analysis.
Entrance of new NRSROs, additional reductions in SEC reliance on NRSROs
Generate incentives for further competition
increase the pay of the analysts
increased competition and comp structure the best way to improve reliability
Increased competition from the free market.
increased monitoring of rating accuracy (e.g. regular third party reports on rating performance)
Increased regulation and/or enforcement of ongoing rating surveillance by CRAs. There are still too many stale ratings.
Introduce an SEC owned rating agency that rates the bond as part of the registration process.
Make efforts to de-institutionalize the CRAs.
make it a government sponsored entity, remove profit incentive
Mandate that credit ratings may not be used to determine capital levels or investment policies. They should be treated no different than a sell side equity analyst opinion.
Monetary liability against ratings companies for erroneous ratings
more competition between rating agencies, new rating agencies of significant size
more competition for regulators
more competition of other rating agencies
More regulation is rarely the answer.
Nationalisation

WHAT OTHER REGULATORY PROCESSES ARE NEEDED TO IMPROVE RELIABILITY OF CRAs?

Comments
Need less reliance on credit agencies. It is a monopoly based on regulatory requirements. Rating agencies need to have skin in the game.
None- regulatory intervention is insufficient to change the culture of reliance on rating agencies
performance process (show statistically which rating agency went good or wrong)
Rating requirements must be abolished, there should be no regulations, the field should be open to new entrants and competition
Regulate the fee structure for credit rating agencies
remove ANY/ALL mandatory use of ratings by investors.
Remove legal protections from agencies, allow them to be sued for potential damages
Removing rating agencies' quasi-official role at public institutions
Require issuers to publish ratings feedback received from all agencies (vs. a subset of feedback)
requirement for multiple ratings
robust rating analysis process
should be universally written out of regulatory requirements and mandates; asset managers should be liable to perform analysis and exeercise judgment
standardize the rating framework and definitions then let rating agencies compete based on how well investors believe the rating agencies perform; have independent assessments done (similar to Institutional Investor rankings of sell side analysts)
the oligopoly of the major 3 needs to be broken up - but obviously it is difficult, as any private initiative has no viable business case versus the entrenched 3, whereas any public initiative (EU, China, ...) will be biased by definition
The transparency includes for investors to be able to know the detail of how the ratings are established
There has already been a massive increase in regulatory oversight, processes and transparency - globally.
To produce proper ratings, CRA would have to invest themselves according to the rating they produce, all else is flawed

ADDITIONAL COMMENTS:

Comments
A credit rating is a public good, and investors do not want to pay for a public good; they prefer to free-ride. Therefore the investor-pays model simply will not work.
A crisis is an opportunity for improvement, and this opportunity has been wasted.
Agencies have let bond investors down. However, they need protection from political intervention, which would not be an improvement on current practices.
All of the credit rating agencies have tried to improve their customer service and transparency in the wake of the Global Financial Crisis. It is ultimately up to plan sponsors and institutional investors to employ appropriate guidelines and practices to drive changes in the rating agencies' procedures and products.
Although making the agency choice random would successfully minimize conflicts of interest, this benefit would be outweighed by the fact that it would eliminate the very positive aspect of market choice: pressure on agencies to provide ratings and researh in ways that are most useful for investors and issuers.
An investor-pay model could be viable if implemented effectively. If the rating service is bundled with brokerage accounts (as with other research services), there will continue to be an upward bias as with sell side research.
Any investor that relies on a credit rating should be fired. They are only essential for regulatory capital measurements. I don't think there is a better way to measure regulatory capital for insurance companies and banks, but when investors at those institutions buy on ratings, they deserve whatever happens.
As a current rating agency analyst, I would say "never" increases competition among CRA under issuer-pays model, which will only worsen quality of credit assessment.
As long as issuers pay for being rated, there will be an incentive to pressure agencies to act in the sense of the payer, or to choose more issuer-friendly agencies. Agencies should be payed by investors, who are the users of ratings and are the main parties to have interest of objective judgment from them. This could be done by, among other ideas, a contribution based on the size of the investor's (banks, insurers, investment funds, hedge funds ...) portfolio as reported to authorities.
Assuming that the rating agencies do not have any inside information on the creditor, than a rating is simply some form of a weighted average of various criteria. Transparency on the metrics and weights would make clear what rating agencies do: process information and rank an issuer based on a mix of objective and subjective criteria. I'm in the muni market. S&P seems further along on this process with their g.o. criteria that they published last year. Moodys' has made some strides in this direction bu, perversely, refuse to publish the scores that they are using.

ADDITIONAL COMMENTS:

Comments
At the end of the day, the onus of ascertaining the creditworthiness of an issuer lies with the institutional investors, and the credit rating agencies are only providing a credit opinion. However, the establishment of a strong credit analysis team by institutional investors will result in increasing cost, which will ultimately reduce the investment returns for investors. As such, barring any new viable solutions, I believe the regulator's random-choice model, augmented by a standardized/regulated fee structure, will likely be effective in discouraging issuers from cherry-picking the best credit rating among intense competition from credit rating agencies.
CDO's and private label MBS were the asset classes that contributed the most damaged reputation of the CRA's. For more straight forward asset classes like municipals and corporates, in my mind the ratings agencies did and continue to do a good job, yet hae been tainted by what happened in the more complex structured products. As the CRA's focus more on the simpler products that require traditional credit analysis rather than structured finance, I think reliability in the eyes of investors will improve.
common sense and the value of experience -- surviving the 08 crisis - have helped the buy side become more acutely cautious in the use of ratings.
Good survey topic.
I believe that the CRAs should be penalized for their role in the crisis. This is long overdue.
I do not believe anything has really changed, and we are merely in a hiatus toward the next crisis. The fact is that credit is complex, conflicted and expensive to manage -- while fees are relatively low for managers. This leads to reliance on 3rd partyresearch.
I favor a hybrid model whereby all issuers would pay into a ratings pool of some sort
I have not seen much evidence that any regulatory development has reduced the reliance upon rating agencies by investors. It is the lazy man's excuse to blame investment outcomes on the rating agencies.
I left the rating agency business 3 years ago but spent many years as a financial institutions analyst for several rating agencies; am happy to assist in this study.
I still do not trust on ratings.
I think the rating agencies were somewhat less incompetent than the regulators and increasing regulations to be enforced by incompetent regulators does not improve things.
I work as a ratings analyst and have never once been pressured to give a higher or lower rating. There is no conflict of interest.

ADDITIONAL COMMENTS:

Comments
I would have little confidence in a government/regulator controlled model. While the rating agencies are very useful resources on many levels, I believe an investor pay model is a bit unworkable by the very fact the investor generally is still taking responsibility for the investment decision irrespective of the rating. Doing an annual review, making the ratings performance and methodologies public, and maintaining a market discipline on the agencies will assist general performance.
In spite of regulatory changes, rating agency determinations still play an integral role in the investment process. Ratings are ingrained in the way everyone thinks about bonds - Investment grade vs non-investment grade, how investment banks market deals,etc. Investment policies continue to be formed around the concept of ratings - most clients feel the need to have someone acting as governor with respect to their bond managers. A new model needs to emerge before the rating agencies' grip on the market chnges significantly. In the meantime, they continue to be reactive rather than proactive, and worry more about the repuational risk of having missed the last one, than trying to miss the next one. They simply are not forward looking.
Investors need to consider the CRA ratings but also do their own credit work/analysis.
Investors should not be allowed to rely primarily on Credit Agencies anymore while keeping their fiduciary duty intact.
it comes down to incentives, like everything else. simple.
It has been very easy to question the ratings agencies in hindsight (as I hopped on that bandwagon in '08). With all the data that is readily available to analysts, it is very easy to compare current credit enhancements to historical performance.   The CAs are now very transparent in their assumptions giving their ratings much more context (we cannot fault them if home prices drop 70% and AAA bonds take losses). It requires minimal analytics to know that the current AAA MBS will withstand a 40% home prie depreciation scenario. If you tack on a depression on top of that .... well, we'll see. There are way too many assumptions in that model to know for sure until we experience it.
Never trusted the rating agencies and never will. Always did independent analysis and always will. Ratings agencies are bogus organizations that will always be in bed with issuers. Agencies should not be paid by the issuers. It should be a service and if nvestors need it, they should pay. It will always create a conflict to have issuers pay. Who came up with that model? And why is Angelo Mozilo not in jail? He pad off the agencies to rate CW transactions all 'AAA'. And we know what happened after that.
Rating Agencies are an anachronism. In their ratings of mortgage related issues they have proved useless and corrupt prior to the crisis and then scrambled to correct their inappropriate ratings in the face of pending regulation and investor dissatisfaction. Often, their corrective actions were clearly "knee-jerk" reactions and had little to do with the actual credit worthiness / default risk of the individual bond or CMO/CDO tranche. They have done more to foster the development of in-house credit and structural analysis than any single event I can remember. To that end alone their overall incompetence has been beneficial.

ADDITIONAL COMMENTS:

Comments
rating agencies are not reliable and less relevant to the process and increase regulation further biases the ratings process. the model is broken and should be replaced by something which also incorporates market information. i probably spend more time trying to figure out where rating agency biases create opportunities ie. the downgrading banks while credit metrics are improving.
Rating agencies continue to be vindictive and ratings are wholly inconsistent.
The "second opinion" from competitors provide a check n balance to the credit rating agencies. Transparency of the rating agencies n the corporate itself is the key for investor to evaluate the accuracy/appropriateness of the rating assigned.
The big issues is not rating agencies themselves, but investors that are too stupid to undertake their own credit analysis. Rating agencies remain backward looking, credit managers who understand the flaws in their methodology can profit from doing forwar looking analysis.
The biggest factor leading to positive improvements, in my opinion, is that the rating agencies did a very poor job leading up to and throughout the crisis that there is an internal lead to develop that trust with the investors again.
The biggest improvement in the rating agency "situation" is that widespread public acknowledgment of rating agency issues have created an environment that is conducive to using a rating as one opinion rather than an indisputable litmus test as to the safey of an investment.
The biggest issue is with investor mandates being rule based, utilising rating agency opinions ahead of the fund manager's own opinions. until this is changed, rating agencies will wield too much power.
The biggest problem is over regulation. The agencies have done enough to restore investor's confidence on ratings.
The conflict of interest is not the issuer pay model. It is the pressure placed on the analyst by the issuing company. The likelihood of default is low, so most of the times the rating agencies are correct. Rating agencies need to have skin in the game
The current Issuer-pays model is riddled with irreconcilable conflicts of interest. Hence it must be replaced with a more transparent system wherein Investors are given the option to decide which system works best. The regulator must facilitate the transiion to such a system, failing which may spark off the next global financial crisis and a permanent loss of faith of the investing public in the CRAs. Need for complete overhaul of the CRAs is paramount, and the regulator must take the lead in this regard.
The lack of improvement after the financial crisis is nicely shown up in the recent paper by Erik Nielsen / Daniel Vernazza (Unicredit) "The Damaging Bias of Sovereign Ratings" March 26th 2014 about how the qualitative judgment calls of the rating agencies' credit committees were one of the major causes in the vicious circle that nearly blew up the European periphery and the EUR - as well as reallocating untold billions of investment into EM countries that benefitted from an unjustified positive "spin". have attended 2 meetings with rating agencies where this publication was a topic - but I did not hear a good rebuttal so far.....

ADDITIONAL COMMENTS:

Comments
The model needs to be regulator imposed , wherein , every new issue is rated by at least 3 agencies mandatorily and they are paid a flat fee through the proceeds of the issue (that is by the investors) , the fee structure should be such that AAA rated companies , will be paying lower fee , than lower rated companies. This will thereby make sure agencies do not provide higher ratings to window dress the issue.
The move to remove CRA from government regulations is helpful. However, this has not been achieved. Government regulations still remain full of rating agency references and requirements.
The only way to truly improve the reliability of credit ratings is to remove them from any investment policy. As long as investors are forced to use the ratings they will always be an issue. When the cost of capital difference is so different between a BB and a BB rated issuer, there are lots of incentives for misleading ratings. Similarly, capital regimes that rely on credit ratings for risk weightings induce incentives that distort the cost of capital in the system. If there was no reference to credit ratings in any regulations or investment policies, it is very unlikely we would have had the financial crisis.
The problem is not regulation or transparency. Methodologies and supporting information have always been available and accessible to those who are willing to do the work. CRAs can be held legally liable for false or withheld information. I don't see a practical regulatory framework that prevents the true problems: inappropriate reliance and to a lesser extent incompetence. Part of the problem is a lack of understanding with regards to what CRAs really are, their purpose, process, limitations etc. CRA ratings were never meant to replace investor due diligence and credit work. Ratings are relative and inherently backward looking so they must always be treated as such. They can be used as a frame of reference, a benchmark, a regulatory hurdle, to check a box, in/max portfolio criteria etc. but they are not a substitute for due diligence and a developed credit perspective. In short the problem is their use in the investment process, not their content or business model.
The problem is that the matter is so comlicated. We should not expect too much soon.
The process of rating issuers is an inherent inexact process. Investment professionals should rely on there own assessment of credit quality and invest accordingly. Relying on a credit rating agency (or some government controlled model) would allow invetment professionals an out for bad investment decisions or a lack of due diligence (but it was rated single A so its the agency's fault I made a bad investment).
The random choice model is better than the others but it will have significant implementation challenges including its lack of compatibility with free open competition principles. The promotion of competition by allowing new firms to enter the market coud possibly lead to positive results. Transparency, investor education and fair competition should form the basis of any viable solution.
The rating agencies have changed very little since 2007. These are the following problems: understaffing, poor leadership, poor research, too many administrative demands placed on the analyst, and other issues.

ADDITIONAL COMMENTS:

Comments
The Regulator’s random-choice model would be jeopardize the quality of ratings, encouraging new entrants to inflate rating levels.
The regulator's random choice model may have the unintended effect of reducing the amount of information available on a borrower. Under this model, would issuers currently rated by all three agencies then only be covered by one? In the municipal market, tere is very limited third party research available outside of the rating agencies. Consequently, two of the three rating agencies would no longer publish ratings or research on credits that were previously covered by all three. This becomes particularly poblematic with stale ratings, which are still common in the municipal market. The investor-pays model would seem to work only if all issues/issuers are required to be rated and investors continue to pay a simple subscription for access to all ratings. f the model is on a per issue or per issuer basis, a conflict of interest will be created between the holders and the rating agencies, although one could argue that may already exist (e.g. Puerto Rico). In summary, any model should require a broad and eneric fee structure so as to (1) prevent or reduce conflicts of interest, (2) improve transparency of ratings process, and (3) increase availability of research in less transparent markets.
The requirement that banks no longer use credit ratings is problematic particularly for small community banks. The rating concepts on municipals have not changed much so the risk of screwing up the ratings as they did with MBS is smaller. The data provied by municipals is dreadful so doing the bank's own analysis is problematic. If we are not allowed to use credit ratings then appropriate data needs to be available.
The survey neglects the point that aside from the widely discussed U.S. housing collapse and RMBS segment, most CRA ratings demonstrated very accurate performance during the financial crisis. To name two such sectors: Retail auto loan securitizations andcorporate ratings.
This is a very difficult question to address. I worked at a rating agency for 14 years and still have friends there. As long as "issuer pays" rules and there are multiple rating agencies competing for business, it will be very difficult to address. I thik the most likely way to be successful is the creation of one or more not-for-profit CRAs funded by a mandatory fee of some kind. Investors would then get some kind of :"vote" which CRA (s) should be funded. This is something like an Underwriters Laboratry or similar model where it is funded but the business can not really be shopped to the bidder with the lowest standards.
To immediately above choices, add: profession-run credit system, run independently and professionally.
Transparency has improved since the financial crisis, with Moody's becoming the most transparent IMO.

ADDITIONAL COMMENTS:

Comments
We feel the rating agencies have gone from liberal to too conservative in how they rate issuers, in particular, banks. Many large banks have higher earnings, higher equity market capitalizations and the prospect of higher earnings when rates rise, yet their ratings are multiple notches below where they were pre-crisis. Makes no sense.
While I don't feel the government agency should do the ratings, It could host a portal of rating info which investor must subscribe to access. Rating agency could be compensated by a flat fee + investor voted bonus structure to encourage competition.
whilst some culpability can be justifiably attributed to credit rating agencies, there exists almost a witch-hunt attitude to the apportioning wrongdoing to them, eg. the Italian case. this is equivalent to shooting the messenger; which is sometimes justiied but also quite often not.
With S&P using the "puffery" defense in US Federal Court, I find it inconceivable that the CRA have any market standing beyond being another piece of "sell-side" research at best, but in fact, they have said themselves no one rational should believe in them.
At the end of the day, the onus of ascertaining the creditworthiness of an issuer lies with the institutional investors, and the credit rating agencies are only providing a credit opinion. However, the establishment of a strong credit analysis team by institutional investors will result in increasing cost, which will ultimately reduce the investment returns for investors. As such, barring any new viable solutions, I believe the regulator's random-choice model, augmented by a standardized/regulated fee structure, will likely be effective in discouraging issuers from cherry-picking the best credit rating among intense competition from credit rating agencies.
CDO's and private label MBS were the asset classes that contributed the most damaged reputation of the CRA's. For more straight forward asset classes like municipals and corporates, in my mind the ratings agencies did and continue to do a good job, yet hae been tainted by what happened in the more complex structured products. As the CRA's focus more on the simpler products that require traditional credit analysis rather than structured finance, I think reliability in the eyes of investors will improve.
common sense and the value of experience -- surviving the 08 crisis - have helped the buy side become more acutely cautious in the use of ratings.
Good survey topic.
I believe that the CRAs should be penalized for their role in the crisis. This is long overdue.

ADDITIONAL COMMENTS:

Comments
I do not believe anything has really changed, and we are merely in a hiatus toward the next crisis. The fact is that credit is complex, conflicted and expensive to manage -- while fees are relatively low for managers. This leads to reliance on 3rd party research.
I favor a hybrid model whereby all issuers would pay into a ratings pool of some sort
I have not seen much evidence that any regulatory development has reduced the reliance upon rating agencies by investors. It is the lazy man's excuse to blame investment outcomes on the rating agencies.
I left the rating agency business 3 years ago but spent many years as a financial institutions analyst for several rating agencies; am happy to assist in this study.
I still do not trust on ratings.