

Credit rating agencies

A credit rating agency is a powerful company that rates how good you are at paying back your debts. It rates businesses, private individuals and even whole countries. A credit rating company gives a score on how able you are to pay back a debt or a loan.

Banks take risks when they lend people money. If they don't know anything about the person or company they lend money which they may not see ever again. The same applies to a whole country. If a country is in money trouble and it goes to banks to seek loans the banks must be sure that they can pay them back.

In the last few years there have been problems on the European financial market because credit rating agencies have downgraded countries like Greece, Portugal or Ireland, making it more difficult for them to borrow money.

The rating of a credit rating agency has an influence on how much interest you must pay for a loan. Individuals, companies or countries with very good ratings usually get money at lower interest rates, whereas having a bad rating means that giving you money is a risky business so you have to pay more interest.

Although there are many credit rating agencies all over the world, three big ones that have the most power and influence: Standard & Poor's and Moody's, two American-based agencies control about 40 % of the market each. The third agency, Fitch Ratings, controls about 14% and operates from New York and London.



Ex. 1 Match these words from the text with their definitions:

1. able	
2. ... -based	= a single person
3. to apply	= company
4. to borrow	= having their headquarters in ...
5. business	= power, control
6. debt	= related to money
7. financial	= the extra money that you must pay to a bank when you borrow money from them; as a percentage
8. individual	= the money that you have borrowed from a bank
9. influence	= the money that you have borrowed from someone and must give back
10. interest rate	= to be in a position where you can do something
11. lend	= to get something and give it back after a certain time
12. loan	= to give a number or a score, based on the quality of something
13. to operate	= to let someone take money from you for a short time
14. to rate	= to work for
15. to seek	= to want to have
	= to work

Ex.2 Combine the words from the two columns to form collocations as in the text:

- | | |
|----------------|----------|
| 1. to pay back | a score |
| 2. to give | debts |
| 3. to take | interest |
| 4. to lend | loans |
| 5. to seek | money |
| 6. to pay | risks |

I know English idioms!

Reading about credit rating agencies we can recall these business English idiomatic expressions:

- credit crunch (= *economic conditions that make financial organizations want less to lend money*)

The 2008 Lehman Brothers crisis resulted in global credit crunch.

- bad debt (= *debt which will probably never be repaid*)

The bank expects to lose £703 million of last year's profits as a result of bad debts.

Phrasals, phrasals...

One of the key phrases of this lesson's text was "to pay back", which, of course, means to pay someone the money that we owe them ("spłacić"). Let's see it once again in a context:

Can you lend me fifty pounds? I'll pay you/it back tomorrow.

As can be observed, the phrase can be both: "pay sb back" (spłacić kogoś) or pay sth back (spłacić coś)

- *And you, do you always pay back your debt on time? 😊*

Grammar corner

Although there are many credit rating agencies all over the world, three big ones that have the most power and influence. *The underlined word of the reading text means something like "choć" and is used to link ideas in a sentence.*

Try and say these sentences in English using the structure "although"

1. *Choć są bogaci, nie wydają dużo pieniędzy.*
2. *Rzadko się spotykamy, chociaż pracujemy w tym samym dziale.*
3. *Choć ma duże doświadczenie, nie dostanie podwyżki.*

GLOSSARY	
credit rating agency	agencja ratingowa
powerful	potężny, wpływowy
to rate	oceniać
to pay back	spłacać
debt	dług
private individual	osoba prywatna
to give a score	podawać wynik
able	zdolny
loan	pożyczka
to take risks	podejmować ryzyko
to lend	pożyczać (komuś)
to apply	stosować się
trouble	kłopoty
to seek	szukać
to downgrade	zdegradować
to have an influence on	mieć wpływ na
interest	odsetki
interest rate	stopa procentowa
whereas	podczas gdy
risky	ryzykowny
to operate	prowadzić działalność

ANSWER KEY

Ex.1

1. **able** = to be in a position where you can do something
2. ... **-based** = having their headquarters in ...
3. **to apply** = to work for
4. **to borrow** = to get something and give it back after a certain time
5. **business** = company
6. **debt** = the money that you have borrowed from someone and must give back
7. **financial** = related to money
8. **individual** = a single person
9. **influence** = power, control
10. **interest rate** = the extra money that you must pay to a bank when you borrow money from them; as a percentage
11. **lend** = to let someone take money from you for a short time
12. **loan** = the money that you have borrowed from a bank
13. **to operate** = work
14. **to rate** = to give a number or a score, based on the quality of something
15. **to seek** = want to have

Ex.2

1. to pay back debts
2. to give a score
3. to take risks
4. to lend money
5. to seek loans
6. to pay interest

Ex. Grammar corner

1. Although they are rich, they don't spend a lot of money.
2. We rarely meet each other, although we work in the same department.
3. Although he has a lot of experience, he will not get a pay rise.