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Reputational Capital

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Reputational Capital

Ratings agencies are supposed to provide an independent view on a firm's (or country's) financial outlook. However, their involvement in the subprime crisis (i.e., their AAA rating on defunct MBS securities) revealed that the rating agencies are often more reactive than proactive. Thus, they seem to have lost much of their respect and influence. [See article here, Breakout.](#)

Related Chapters: Chapter 17, Chapter 18, Chapter 20