



New Mexican Credit Rating Agency Crosses into US

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There is a new credit rating agency in town and it is offering lower prices compared to all other players. HR Ratings from Mexico City has opened its first office in Texas.

The Mexican credit rating agency has already opened its first account on June 26, when it assigned a rating of BBB grade to a few education revenue bonds from a Texas school group.

Rated for success

This debut by HR Ratings is a surprising new entrant in the American credit-rating world. The US credit rating ecology is dominated by two companies: Moody's Investors Service and Standard & Poor's Ratings Services.

According to executives of the Mexican company, HR Ratings aims to grade about six more deals and win the regulatory approval given by Securities and Exchange Commission as well. This approval by the apex body will enable HR Ratings to assess a broader variety of asset classes.

The company hopes that its trump card of charging debt issuers a much less amount for ratings services will ensure its business success. Company executives are still unsure about how much lower the charges will be, but it will clearly be a notable differentiator.

Reasonable pricing

According to Fernando Montes de Oca, the Chief Operating Officer of HR Ratings, the company wants to compete on lower prices. Since it has at present only two employees in its US division, overhead expenses are minimal, he mentioned.

Rafael Muniz, who is responsible for business development in the US, did not elaborate on how much lower the pricing will be compared to its peers. According to Muniz, Mexican clients have chosen HR Ratings for its quality work and excellent customer service. He also mentioned that clients across the border prefer his company due to its eminently reasonable pricing.

The company, in the immediate present, is concentrating its activities on analysis of public finance, water utility deals, charter school and Texas municipalities ratings. It regards these entities as its starting point in the US.

The competition

The ratings industry continues to be dominated by three firms: Fitch Ratings, Moody's and S&P. These "Big Three" together contributes to approximately 95 percent of total industry sales.

Approximately 10 companies are registered with the Securities and Exchange Commission as members of National Recognized Statistical Rating Organizations. The Mexican company was the latest member and it registered with the authority in November 2012.

In Mexico, HR Ratings has enjoyed a quick rise in revenues and reputation. The company gets its name from its two co-founders- Alberto I. Ramos and Anibal Habieca. In the five years of its operation, the company started from just six deals (2008) and currently in the region of more than 800 deals.



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