

Issues in Establishing Credit Ratings in Corporate Bond Financing (Summary)

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Mongolia switched from a planned economy to market economy in 1990. The stock market plays an important role in the development of market economy. By issuing bonds, companies can find funding at low expenses. But at present, most Mongolian companies make investment funding by taking loans from the commercial bank. In Mongolia, the first company bond was sold in 2001 and currently there are 16 companies who have issued company bonds. The stagnation of the company bond market is due to the 3rd party of rating company not having been formed separately from the bond issuer, who rates the payback reliability of the company bond, and the investor yet. Mongolia has to learn from international rating methods in order to develop its company bond market. Additionally, Mongolia must make evaluation methods suited to its economic situation.

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