

**Banks' Credit Rating Changes and Their Stock Prices –
The Impact of Political Divisions and Economy Development**Patrycja Chodnicka – Jaworska¹**Abstract**

The basic goal of the article is to analyse the impact of credit rating changes on the rates of return of banks' shares taking into account the level of economy development and the political divisions. The following hypothesis is proposed: The banks' share prices have stronger reaction to the credit rating changes in developed economies. The strongest impact of the banks' credit rating changes is observed for a downgrade, both in developed and developing economies. The analysis has been prepared on Thomson Reuters Database. As a dependent variable are taken into consideration daily differences between the logarithmized rates of return of banks' shares. Independent variables are the threat of long term issuer credit rating changes proposed by small and big recognizable credit rating agencies. The analysis has been prepared on data through years 1980 to 2015 for 24 countries by using event study methods.

Keywords: Credit rating, rates of return, political divisions, economy development

JEL Codes: G14, G15, G21

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