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A Systematic Approach to Bankruptcy Prediction in Banks: A Case Study from Turkey / Bankaların İflas Riskinin Tahminlenmesine Yönelik Sistematik bir Yaklaşım: Türkiye Örneği

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ABSTRACT

This study proposes a systematic approach to bankruptcy prediction in banks that integrates multivariate statistical methods, multi-factor productivity analysis and multi criteria decision making (MCDM). In its first stage, the approach respectively employs factor analysis and discriminant analysis to explore the main financial factors that affect the financial performance of the banks, and to assess the banks as healthy or non-healthy. In the second stage, the classification results are compared with that of ELECTRE TRI. To explore the viability of the proposed approach, computational experiments are performed on a real-world problem from Turkish banking sector.

KEYWORDS Financial Risk Management; Banking Sector; Factor Analysis; Discriminant Analysis; ELECTRE TRI