

NATALIA KONOVALOVA

RISEBA University of Applied Sciences, Latvia

MUSTAFA AKAN

Halic University, Turkey

RELATIONSHIP BETWEEN BANKS AND BORROWERS: CREDIT RISK MEASUREMENT

Abstract:

In the context of economic instability, credit risk measurement in commercial banks is of particular importance. Banks face the problem of insolvency of borrowers, which indicates a lack of forecasting of credit risk and creditworthiness of their customers. This article discusses the possibilities of forecasting the financial condition of borrowers through the system of significance of indicators obtained from primary and secondary data. The study is based on data from commercial banks in Latvia. The novelty of the study lies in the fact that on the basis of an expert assessment the significance of factors affecting the implementation of the bank's credit policy is determined, and a system for assessing credit risk at various stages of lending has been developed.

Keywords:

Credit risk, Creditworthiness, Commercial banks, Borrowers

JEL Classification: G29, G30, G39