MULTIPLE REGRESSION TOOL FOR CREDIT RISK MANAGEMENT

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ABSTRACT
In classical theory, the risk is limited to mathematical expectation of losses that can occur when choosing one of the possible variants. For banks, risk is represented as losses arising from the completion of one or another decision. Bank risk is a phenomenon that occurs during the activity of banking operations and that cause negative effects for those activities: deterioration of business or record bank losses affecting functionality. It can be caused by internal or external causes, generated by the competitive environment. The concept of risk can be defined as a commitment bearing the uncertainty due to the likelihood of gain or loss.

KEYWORDS: *banking system, credit risk, multiple regression*.

JEL CLASSIFICATION: *G21, G32.*

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