

**THE RELATIONSHIP BETWEEN CREDIT RISK AND BAD DEBTS THROUGH OPTIMUM
CREDIT RISK DETERMINATION INDICES IN REFAH-E KARGARAN BANK OF
ZANJAN USING DATA EXPLORATION MODEL**

AHMAD NAGHILOO¹ & MORADI FEREDOUN²

¹Islamic Azad University, Zanjan Branch, Zanhan, Iran

²MA Student, Islamic Azad University, Zanjan Branch, Zanhan, Iran

ABSTRACT

The present article investigates the relationship between credit risk and bad debts through optimum credit risk determination indices in Refah-e Kargaran Bank of Zanjan using data exploration model. To do so, 500 cases of square accounts in the mentioned bank from 2009 to 2013 and were analyzed using logistic regression analytical models, as well as variance analysis method. The results revealed that there was a significant relationship between pending claims and credit risk. The from investigated credit indices, the variables including working place status from possession points of view (rental and owned), type of pledge, monthly salary, eminence of the applicant, nominal capacity proportionality, all the indices' relationships with the repayment quality were verified, save for the relationship between working place status from possession points of view and repayment quality.

KEYWORDS: Credit Risk, Bad Debts, Credit Rating, Credit Indices, Logistic Regression