

Credit Risks and Their Impact on the Financial Structure by Using Artificial Neural Network: An Analytical Study on the Iraqi Banks

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Abstract

Credit Risks are one of the major risks that commercial banks are facing, with their theoretical and practical significance. This current study proposes a predicative model through the Credit Risks assessment using three models from the network together with their impact on the financial structure. Namely, through the use of two widely used Artificial Neural and Data stimulation tools: boxplot and ROC. The study opts for indications for establishing assessment system for Credit Risks and the Financial Structure based on the previous study findings. This study comes up to results that using the Artificial Neural Network Model on PL indicators is to be the best model for conducting the financial analysis for the Iraqi commercial banks; this is through the high influence on the financial structure variable which is evidence that the commercial banks must take into consideration such variable for being of such great influence. Credit Risks managers and financial analysts make use of such model for being resulting in a prediction concerning the high percentage influence.

Keywords: Credit risk, Financial Structure, Artificial Neural Network, Commercial banks,

1. Introduction

Banking sector is one of the most vulnerable sectors to risks due to the environmental variables, whether internal or external in addition to the technological advancement. This study offers a predicative model to determine the influence of the Credit risks on the Financial Structure for being one of the most important subjects that attracted the scientific research in the financial management field. We do observe through the scientific studies and research that there exist divergences in financial structure layout