

Analysis of required and matching loan qualities in financial institutions*

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Abstract

This study attempts to design required and matching loan quality models with three different factors for assessing credit risk. The models include three participants: the depositor assessing the financial institution, the financial institution pricing a financing project, and the investment agency assessing the financial goods provided as security on loans when the financial institution securitizes certain assets. This investigation subsequently considers the matching loan qualities in extended models, which are the compromises between the financial institution and the depositor or investment agency when their required loan qualities match the same criteria.

Keywords : *Loan quality, financial institution, securitization, credit risk.*

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