

COMMERCIAL BANK MEASURED LOAN DEFAULT OF SMALL AND MEDIUM SIZE FIRMS BY
NON-FINANCIAL FACETS WITH DISCRIMINANT ANALYSIS MODEL

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Abstract

Enron, American Energy Company, was one of the world's leading electricity, natural gas, and communications firm that was revealed its financial condition was sustained by manipulated, systematic, and creatively intended accounting fraud, known "Enron scandal". Bernard Madoff, a former non-executive chairman of the NASDAQ stock market, pleaded guilty of a Ponzi scheme that is considered to be the largest financial fraud in U.S. Furthermore, Livedoor, an internet service provider in Japan, admitted securities fraud including window dressing and share-price manipulated misstatements on a public company's financial reports. This research explores how commercial bank in Taiwan evaluated loan default factors from non-financial perspective not by financial statement to examine loan default.

Keyword : small and medium size firms; non-financial facets; discriminant analysis