

## **Dynamic vs. Static Bankruptcy Prediction Models: A Dynamic Performance Evaluation Framework**

**Authors :** Mohammad Mahdi Mousavi

**Abstract :** Bankruptcy prediction models have been implemented for continuous evaluation and monitoring of firms. With the huge number of bankruptcy models, an extensive number of studies have focused on answering the question that which of these models are superior in performance. In practice, one of the drawbacks of existing comparative studies is that the relative assessment of alternative bankruptcy models remains an exercise that is mono-criterion in nature. Further, a very restricted number of criteria and measure have been applied to compare the performance of competing bankruptcy prediction models. In this research, we overcome these methodological gaps through implementing an extensive range of criteria and measures for comparison between dynamic and static bankruptcy models, and through proposing a multi-criteria framework to compare the relative performance of bankruptcy models in forecasting firm distress for UK firms.

**Keywords :** bankruptcy prediction, data envelopment analysis, performance criteria, performance measures

**Conference Title :** ICFBR 2016 : International Conference on Finance, Banking and Regulation

**Conference Location :** Amsterdam, Netherlands

**Conference Dates :** August 04-05, 2016