Early Warning Systems of Banks in United States：After the Subprime Crisis

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ABSTRACT

Financial stability is an important prerequisite for economic growth and stability. The subprime crisis that began in August 2007 has been called the worst financial crisis since the Great Depression by George Soros, Joseph Stieglitz, the IMF (International Monetary Fund), and other commentators. We try to analyze how serious does subprime crisis affect the risk of banking system, is the risk rise or fall? First we would like to build models of risk prediction for banking system. To examine how the risk of banking system reacts to market changes, we would employ several market variables to fulfill our models. We use multivariate discriminant analysis, one of the earliest implications be applied to predict bank failures and most continued researches are based on this implication. Logistic regression analysis and probabilistic analysis are also employed in this study.

Keywords : Early Warning System、Subprime Crisis

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