

# **Using Market Values versus Accounting Data in Credit Risk Models: A Comparative Analysis<sup>1</sup>**

**José Luis Martín Marín**

Ph. D., Full Professor of Financial Economics

Pablo de Olavide University. Ctra. de Utrera, Km. 1. 41013 Sevilla (Spain)

Email: jlmartin@upo.es

**Reyes Samaniego Medina**

Ph. D., Professor of Financial Economics

Pablo de Olavide University. Ctra. de Utrera, Km. 1. 41013 Sevilla (Spain)

Email: rsammed@upo.es

**Antonio Trujillo Ponce (\*)**

Ph. D., Professor of Financial Economics

Pablo de Olavide University. Ctra. de Utrera, Km. 1. 41013 Sevilla (Spain)

Email: atrupon@upo.es

Tel.: +34 - 954349185

(\*) Corresponding author.

<sup>1</sup> This study was partially supported with funding from the Spanish Ministry of Education and Culture (Directorate General of Research Projects), Project SEJ2004-01688ECON.

## **ABSTRACT**

The use of credit scoring models has been fully documented in the financial literature. Most of these models incorporate information from the financial statements (balance sheet and profit and loss account) of the company, although it is increasingly common to find models that employ data extracted from the capital markets.

The aim of this paper is to analyze the differences in the credit rating derived from the employment of two types of model, a credit scoring model of accounting character and another of the structural type. The sample utilised comprises 105 companies quoted on the Spanish continuous market on 31 December 2004.

We have observed that both models provide similar results in the majority of sectors analysed. However, particularly relevant discrepancies are found in the technology and real state sectors.

**Key words:** Credit risk, Discriminant analysis, Structural models, Option pricing theory, Default probability.

**JEL Classification:** G13, G21, G28, G33.