

## Assessing In the Credibility of the Company for Loan Application

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**Abstract:** *The banks are financial institutions that provide loans not only for physical persons but also to the legal entities or companies. The credit analysis of the company as borrower of the loan must determine the credibility of the company in order to establish the level of credit risk. The credit analysis includes character, capacity, capital, collateral and conditions of the company, in this case the borrower. The purpose of this thesis is to develop appropriate model which will raise a focus on the financial and non-financial criteria crucial for assessing in the credibility of the company for the loan application. There are varieties of reasons why companies take out bank loans: to purchase equipment, real estate or inventory, to expand their operations, to increase their working capital, to reinvest, or to repay existing debts, etc. The bank loans can be expensive and risky for a certain company, thus many companies take that risk when it comes to financing their business operations. I will try to show which criteria, including both financial and non-financial, is crucial in assessing in the credibility of the company. I will also attempt to empirically verify my model, using Analytic Network Process in combination with scoring model, in order to improve the decision-making regarding the approval of bank loan for a certain company. The bankers must respond to the demands of their clients who seek for the loans and in the same time discover the factors which must be taken in to account during the whole assessment of the loan application. Before any actual analysis of loan application, the banker must have answers to the following questions: the quality of the borrower and of the given information; the purpose of the loan; the amount to be approved; and the source of the repayment of the loan.*

*The data which will be used in this thesis is information and data collected from books, websites and journals. The data which will be used is company's three-year-period financial statements as well as non-financial data such as credit history, the character and the structure of the company, the resources and circular-flow of activities. For evaluating this data, it will be used Scoring model, which represents a multidimensional instrument for evaluating alternative actions. An essential advantage of scoring model is to assist in decision-making in a systematic procedure to solve the problem, so it significantly contributes to the rational decision-making process. As a comparison to this model, it will use Analytical network process (ANP), which is used in multi-criteria decision analysis.*

**Keywords:** *Credibility of the company, Loan application, ANP, Scoring model, Decision-making*