# The Harshness Intercomparison of Credit Risk Models

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## Abstract

Recently, the New Basel Accord diversifies credit risk models that estimate default provability of borrowers. According to the accord, banks need evaluation criterion to choose a credit risk model from a huge variety of models. For the financial regulatory agency, the criterion is important to establish the method of financial inspection and certification. In the conventional method, the evaluation of models depends on fitness to default sample data or ex post fact assessment.

In this study, we develop new evaluation criterion to focus on harshness-leniency of estimated default probabilities between credit risk models. This method has intensity and the advantage of that we don't need an actual default sample database when calculating the criterion.

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