

Data mining for municipal financial distress prediction

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Abstract

Data mining techniques are capable of extracting valuable knowledge from large and variable databases. This work proposes a data mining method for municipal financial distress prediction. Using a new proxy of municipal financial situation and a sample of 128 Spanish municipalities, the empirical experiment obtained satisfactory results, which testifies to the viability and validity of the data mining method proposed for municipal financial distress prediction.

Keywords: Financial distress prediction, Data mining, Municipalities, Individual classifiers, Local governments