Abstract

What factors contribute most to the financial distress of FinTech firms: capital adequacy, operating activities, or profitability? This paper tries to answer this question by using a logistic model and analyzing the accounting-based data of 973 FinTech firms worldwide from 2018 to 2023. The analysis also considers non-financial variables, and the robustness checks are performed using the ordered response model and the Bayesian model averaging method. The results suggest that during crises, the financial distress of FinTech firms is mainly influenced by profitability and operating activities, with capital adequacy playing a less significant role.

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Keywords	FinTech, failure prediction, CAMELS, logistic regression, ordered response model, ROC, rare event, BMA

Title	Financial Distress Prediction in Digital Finance Platforms