Smart Tool to Prevent Economic Crisis – Fractals. Possible Solution to assess the Financial Risk

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Abstract

The research identified and present the existence and connections between financial decision, financial performance and fractals patterns. A fractal appear as a geometric object that repeats itself in the same structure on different scales and/or timings, showing reduplicate patterns. Fractals are everywhere around us. The research presents how fractal patterns can be easily linked with economic events, in our case economic growth. Price movement in the market are very complex and appears to be randomly. The financial economists believed that this complexity is built up from self-similar patterns of trader behavior. That means that the whole structure is not random but follows a model that can be measured – fractals. A multidimensional analysis of financial data provides a clear picture of decision makers at macroeconomic level. Economic data are very useful and they can be classified according to different decision maker criteria and taking into consideration accordingly. However for a better performance of economic and financial forecasts, predictions and the impact of any decisions throughout the economy, we argue that fractals pattern are more than helpful be taken into account. The research uses fractals to evaluate the economic growth of Romania and to present possible solution of assessing the risk of possible economic recession.

Keywords: fractals; economic growth; financial decisions; economic recession.