CCSU

DEPARTMENT OF MATHEMATICAL SCIENCES

COLLOQUIUM

Friday, April 29
10:15 – 10:45 AM
Davidson Hall, Room 207

EMPLOYING DATA MINING METHODS TO ASSESS THE EFFICACY OF CLASSICAL CREDIT RISK MODELS

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(Data Mining MS Thesis Presentation)

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Abstract: This thesis provides an introduction to firm capitalization and firm insolvency identifying that prediction of firm insolvency is critical to the successful management of any and every investment portfolio. After a brief review of the classical literature, it is observed that there is plenty of opportunity to enhance the process of predicting bankruptcies by applying a rigorous data-mining process framework. Specifically, (1) more insight into predictor importance can be provided by employing formal exploratory data analysis techniques, (2) classifier efficacy can be compared and contrasted more effectively when all model types are evaluated simultaneously in a single study, and (3) predictive power of classical models may even be enhanced using such techniques as model segmentation and data-driven misclassification costs.

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