



Statistics > Applications

# A Markov Chain approach to determine the optimal performance period and bad definition for credit scorecard

Choy, Ma

(Submitted on 22 Jun 2011 (v1), last revised 3 Oct 2011 (this version, v2))

Performance period determination and bad definition for credit scorecard has been a mix of fortune for the typical data modeler. The lack of literature on these matters led to a proliferation of approaches and techniques to solve the problems. However, the most commonly accepted approach involves subjective interpretations of the performance period and bad definition as well as being chicken and egg problem. These complications result in poorly developed credit scorecard with minimal benefits to the banks. In this paper, we will be recommending a simple and effective approach to resolve these issues.

Comments: 7 Pages  
 Subjects: **Applications (stat.AP)**; Other Statistics (stat.OT)  
 MSC classes: 91G40  
 Journal reference: Research Journal of Social Science and Management, Vol 1, No. 6 (2011) 227-234  
 Cite as: [arXiv:1106.4513 \[stat.AP\]](#)  
 (or [arXiv:1106.4513v2 \[stat.AP\]](#) for this version)

## Submission history

From: Murphy Choy [[view email](#)]  
[\[v1\]](#) Wed, 22 Jun 2011 17:21:48 GMT (318kb)  
[\[v2\]](#) Mon, 3 Oct 2011 13:55:40 GMT (907kb)

[Which authors of this paper are endorsers?](#)

## Download:

- [PDF only](#)

Current browse context:

stat.AP

[< prev](#) | [next >](#)

[new](#) | [recent](#) | [1106](#)

Change to browse by:

[stat](#)

[stat.OT](#)

## References & Citations

- [NASA ADS](#)

## Bookmark (what is this?)

