Professor name	Summo Domenico
Master in	Economics of Banking and Finance
Academic year	2013-2014
I or II semester	I
Number of ECTS credits	6
Scientific Sector Code	SECS-S/03

Course unit title Credit Scoring (a.a. 2013/2014)

(Prof. Summo Domenico)

University of Bari Aldo Moro

Master in Economics of Banking and Finance

Pre-requisites

We require a basic knowledge of Descriptive and Inferential Statistics.

Objectives

The goal is to introduce the study of credit scoring in order to assemble knowledge of statistics, budget analysis and finance with reference to the banking framework.

Course content

The credit scoring

Definition of credit risk and its components. Rating assignment and management of credit risk. Objectives of

credit scoring. Steps of credit scoring. The decision-making approach. The score and the classification of

units. ROC and CAP curves. The development and validation sample.

Categorical random variables

Independence between events. Independence between random variables. Measures of association.

Independence and association.

Models for measuring credit risk

Scoring models based on accounting and financial data. Discriminant analysis. Z score model.

Linear probability models, logit and probit. Comparison between logistic model and discriminant

analysis.

Other statistical methods

The use of neural networks. The method of k nearest unit. Classification trees. Genetic algorithms.

Diagnostic system of insolvency risks by *Centrale dei Bilanci*.

Recommended reading - study material
Stanghellini E.,(2009), *Introduzione ai metodi statistici per il credit scoring*, Springer.
De Laurentis G., Maino R., (2009), *I rating a base statistica,* Bancaria Editrice.

Teaching methods

- Direct contact: No
  Lectures: Yes
  Tutorials: Yes
- Personal work
  Case studies – in group: Yes

Assessment methods

- Assignment: No
- Written without oral presentation: No
- Oral presentation: Yes

This course is in e-learning Web Site area: No