

Credit card default prediction

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Around the world, credit cards have become one of the most common payment methods. Customers can now pay at a restaurant, movie theatre, or grocery store with a simple tap. Banks reward the use of credit cards by giving points for each unit of money spent. However, there is no guarantee to the banks that credit user will pay back their debts on time. This puts a huge amount of risk on the banks. The research tries to distinguish good customers from bad customers by analyzing the historical data of a customer. Two main approaches are used for this purpose. The first approach focuses on looking at the aggregated information of the customer while the second approach looks into the trends present in the customer's historical information. Both these approaches provide the probability of a customer defaulting. Later the predictions obtained from both these approaches are averaged by assigning weights to each approach. The research has used models like random forest and recurrent neural networks.