Fin-tech HO2020

RESEARCH SEMINARS

1st July 2020 @10.00-11:00
ONLINE

Explainability of a Machine Learning Granting Scoring Model in Peer-to-Peer Lending

Peer-to-peer (P2P) lending demands effective and explainable credit risk models. Typical machine learning algorithms offer high prediction performance, but most of them lack explanatory power. However, this deficiency can be solved with the help of the explainability tools proposed in the last few years, such as the SHAP values.

In this work, we assess the well-known logistic regression model and several machine learning algorithms for granting scoring in P2P lending. The comparison reveals that the machine learning alternative is superior in terms of not only classification performance but also explainability. More precisely, the SHAP values reveal that machine learning algorithms can reflect dispersion, nonlinearity and structural breaks in the relationships between each feature and the target variable.

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How to join the meeting:
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