



349 | 38

Views | CrossRef citations to date | Altmetric

Part 1: Consumer Credit Risk Modelling

Modelling LGD for unsecured personal loans: decision tree approach

A Matuszyk, C Mues & L C Thomas

Pages 393-398 | Received 01 Dec 2007, Accepted 01 May 2009, Published online: 21 Dec 2017

🗨️ Cite this article 🔗 <https://doi.org/10.1057/jors.2009.67>

Sample our
Economics, Finance,
Business & Industry Journals
>> [Sign in here](#) to start your access
to the latest two volumes for 14 days

📄 Full Article

🖼️ Figures & data

📖 References

🗨️ Citations

📊 Metrics

📄 Reprints & Permissions

Read this article

🔗 Share

Abstract

The New Basel Accord, which was implemented in 2007, has made a significant difference to the use of modelling within financial organisations. In particular it has highlighted the importance of Loss Given Default (LGD) modelling. We propose a decision tree approach to modelling LGD for unsecured consumer loans where the uncertainty in some of the nodes is modelled using a mixture model, where the parameters are obtained using regression. A case study based on default data from the in-house collections department of a UK financial organisation is used to show how such regression can be undertaken.

Keywords:

Basel II

consumer credit

LGD

People also read

Recommended articles

Cited by
38

Information for

- Authors
- R&D professionals
- Editors
- Librarians
- Societies

Opportunities

- Reprints and e-prints
- Advertising solutions
- Accelerated publication
- Corporate access solutions

Open access

- Overview
- Open journals
- Open Select
- Dove Medical Press
- F1000Research

Help and information

- Help and contact
- Newsroom
- All journals
- Books

Keep up to date

Register to receive personalised research and resources by email

 Sign me up

