**Background**

Nowadays, a lot of discussions about new trends and innovations happen concerning Financial technology applications and developments. Financial technology, also known as FinTech, is an industry that uses technology to make financial services more efficient.

Whereas a lot of companies using shadowed algorithms and standards to recommend a financial product or service, I want to develop an assessment risk matrix and a recommendation algorithm that will allow the process of a recommendation of a financial service to be completely transparent. Based on this, people will be able to make educated decisions about what financial services it is better to choose out of the recommended ones. The recommendation will be based on the profile of a person and the evaluation of a requested financial service that a person wants to subscribe to.

**Objectives:**

* Development of an own risk definition.
* Understanding of the functionalities of financial risk scoring. Evaluation of risk measures and determinants, as well as influencing factors.
* Development of an algorithm to adjust classification parameters. Validation of the risk score, parameters and the algorithms. Optimization of the own classification according to the results.
* Develop a risk matrix, and further develop an algorithm to allow a better transparency of the product suitability for a person.
* Building of a prototype.
* Analytics & Visualization ​– provide visually appealing and clear reports to enable users to understand the reason for a particular recommendation of a financial service.

**Begin**: October 25, 2016

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**Project Timeline:**

The following timeline is meant to provide a guideline for keeping track of the progress of the project:

* Phase 1 (mid-October): Get familiar with Chair’s expertise on the risk and evaluations on financial services.

Responsible person(s): Andrey Nikiforov, Sergey Nasonov

* Phase 2 (end of October): Define a conceptual design of risk assessment matrix that includes features from existing products on the market.

Responsible person(s): Andrey Nikiforov, Sergey Nasonov

* Phase 3 (beginning of November): Implementation and evaluation of the conceptual matrix as defined in Phase 2. Documentation and dissemination of the changes.

Responsible person(s): Sergey Nasonov

* Phase 4 (mid of November): Updating of scores in the risk matrix that includes knowledge gained during the evaluation.

Responsible person(s): Andrey Nikiforov

* Phase 4 (mid of November): Implementing clustering algorithms that will allow to bring investment to different groups and categories. In the later stages these grouping will allow to recommend the investments to different types of people depending on their risk averseness.

Responsible person(s): Sergey Nasonov

* Phase 5 (December): Implementation and testing of the conceptual design of a recommendation algorithm based on scoring defined in Phase 5. Documentation and dissemination of the changes.

Responsible Person(s): Andrey Nikiforov, Sergey Nasonov

* Phase 6 (January): Final evaluation of the matrix and the algorithm. Presentation of the results.

Responsible person(s): Andrey Nikiforov, Sergey Nasonov

* Phase 7 (February) Exam on course “Financial Modelling in Private Equity”.

**Accompanying lectures**:

Financial Modelling in Private Equity