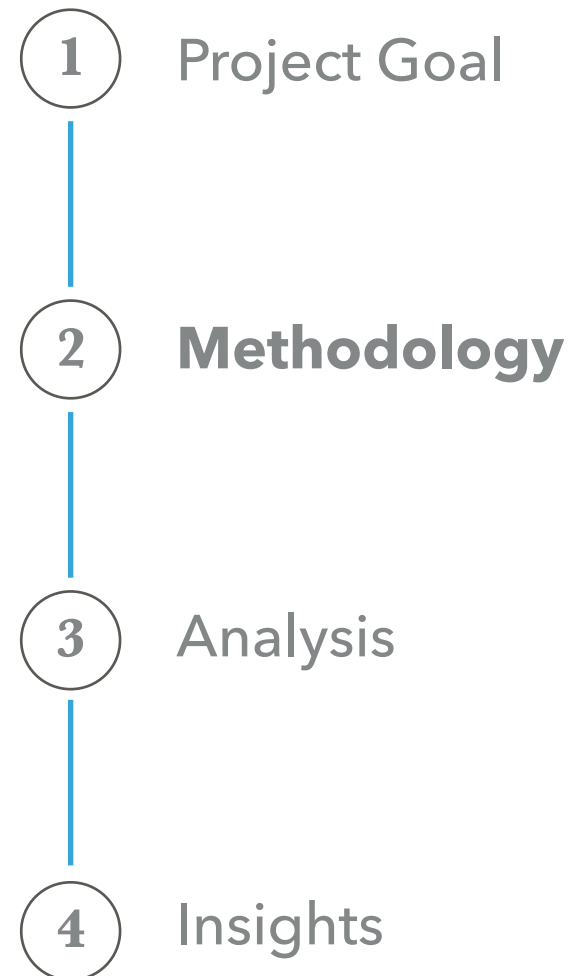


# Research Process



## Literature Review

- ▶ Relationship lending and credit scoring
- ▶ Method of building credit scoring model
- ▶ Selection of indicators: 21 indicators within 4 groups: family background, willingness to repay, ability to repay, relationship with the rural financial institution

## Filed Research

- ▶ Case study of a rural financial cooperative in Hebei, China
- ▶ In-depth interview with 9 rural credit loan officers
- ▶ Delphi method: invite officers to fill out a survey concerning the relative importance of credit indicators

# Analytical Hierarchy Process

- ▶ Step1: Construct decision hierarchy (based on group discussion and in-depth interview)
- ▶ Step2: Construct pairwise comparison matrix
- ▶ Step 3: Weight and recalculate the matrix
- ▶ Step 4: Evaluate the weights by calculating the consistency ratio

Finally, use the calculated weights to construct a formula, i.e. the credit scoring model.

$$Z = \sum (T_i \times W_i).$$

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[illegible][illegible]