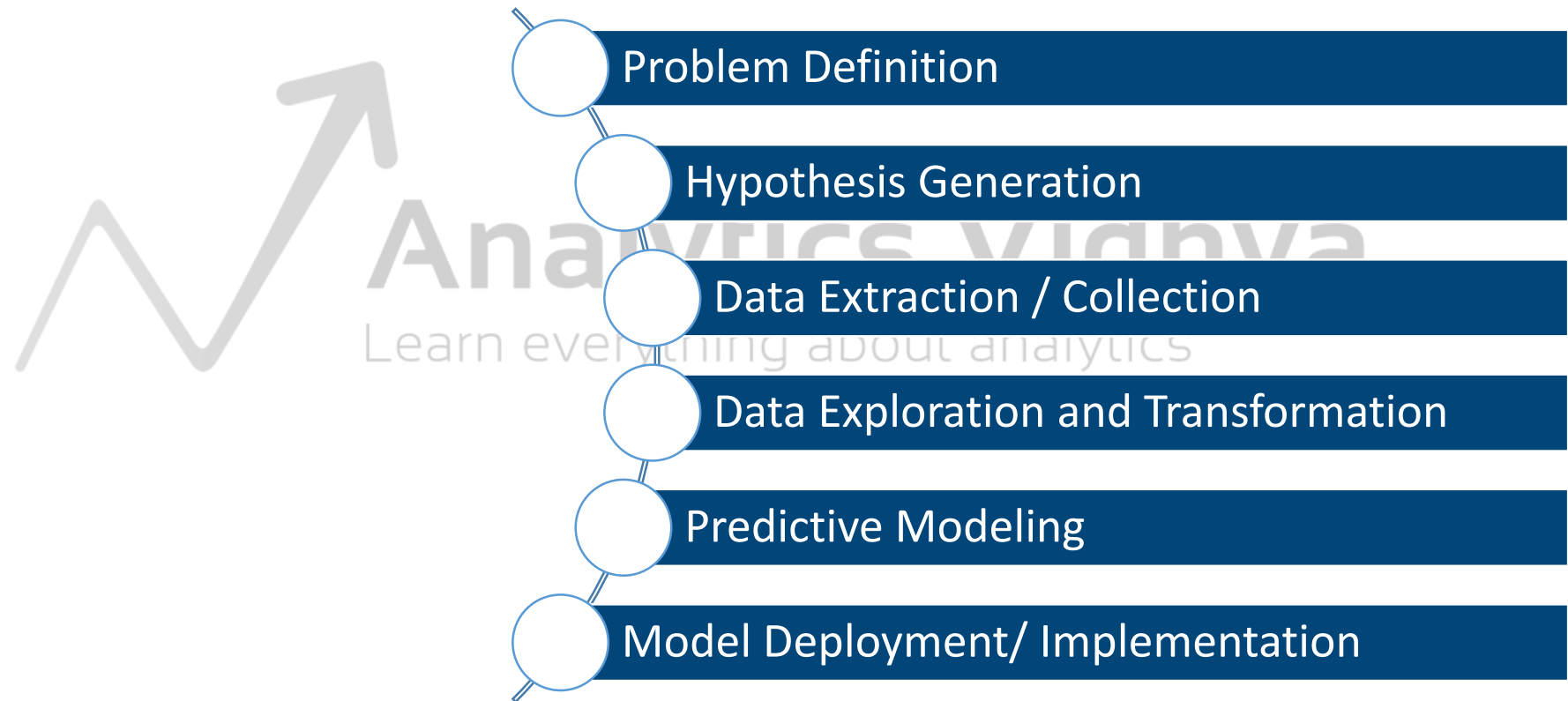




Predictive Modeling

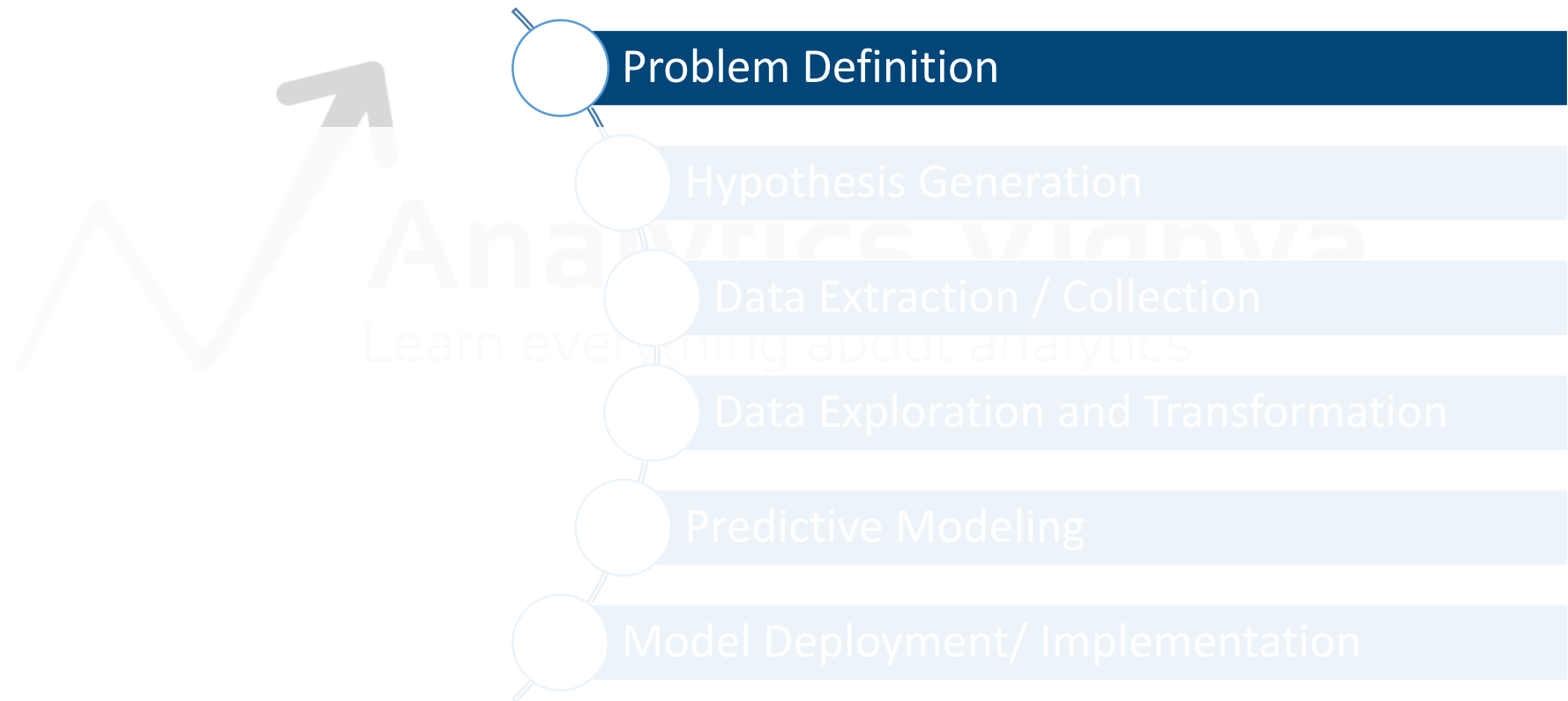
Stages of Predictive Modeling

We can broadly divide the model building life cycle in six stages:



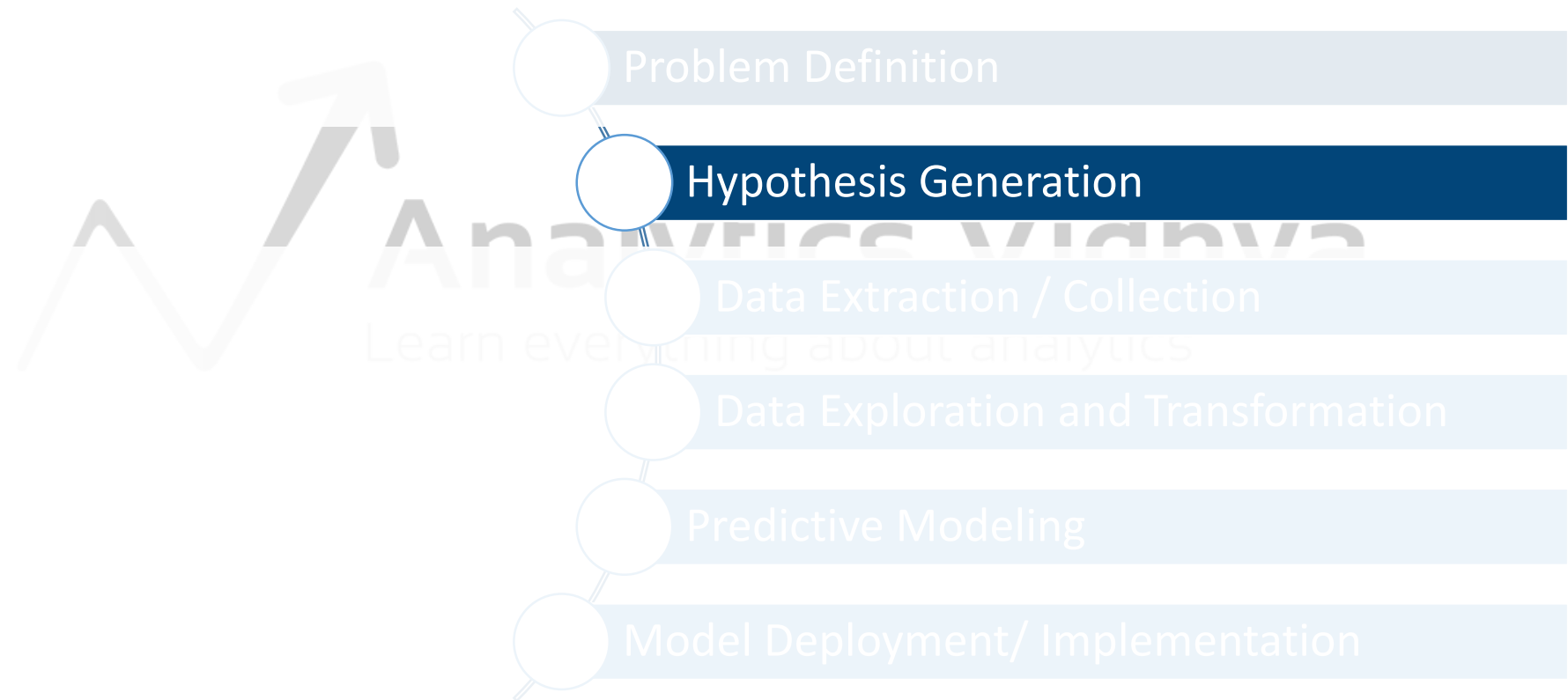
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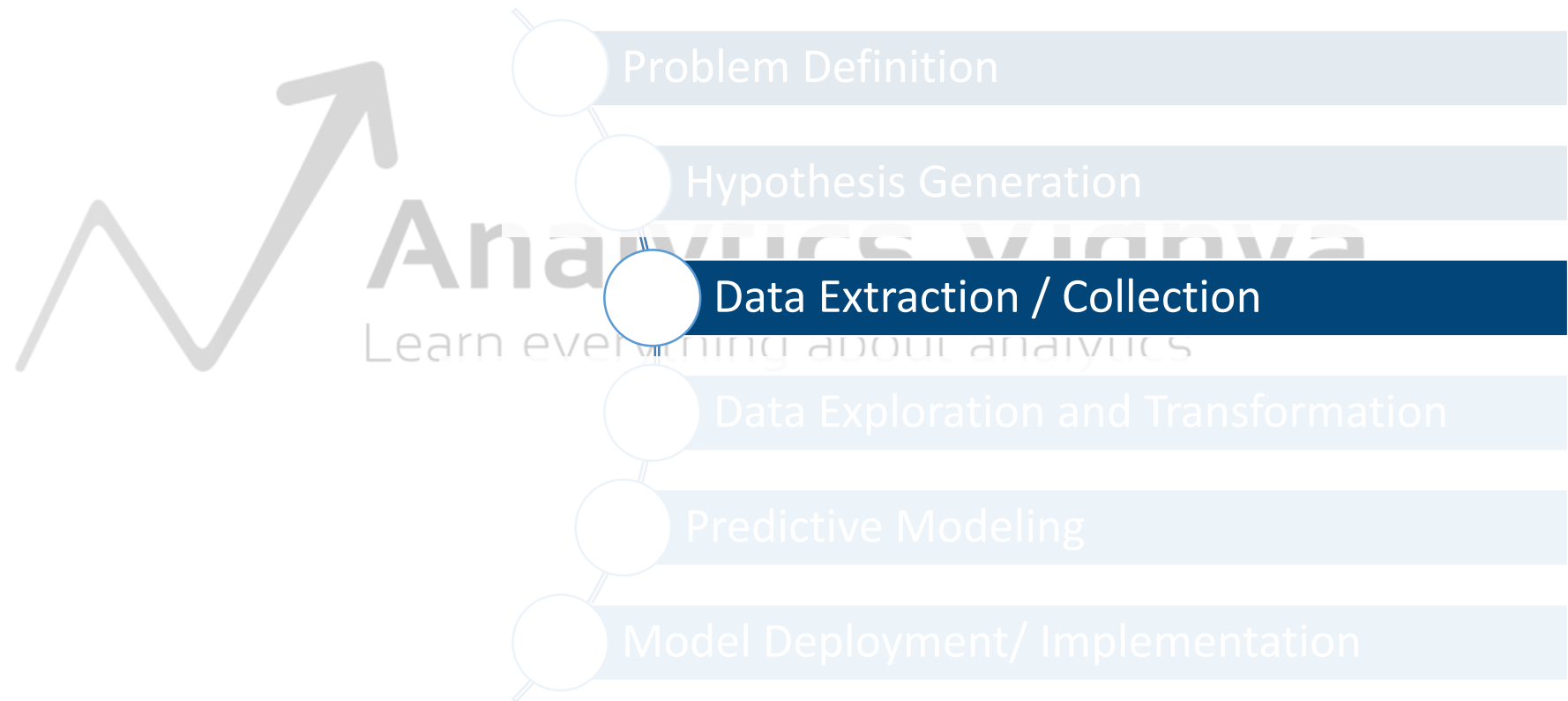
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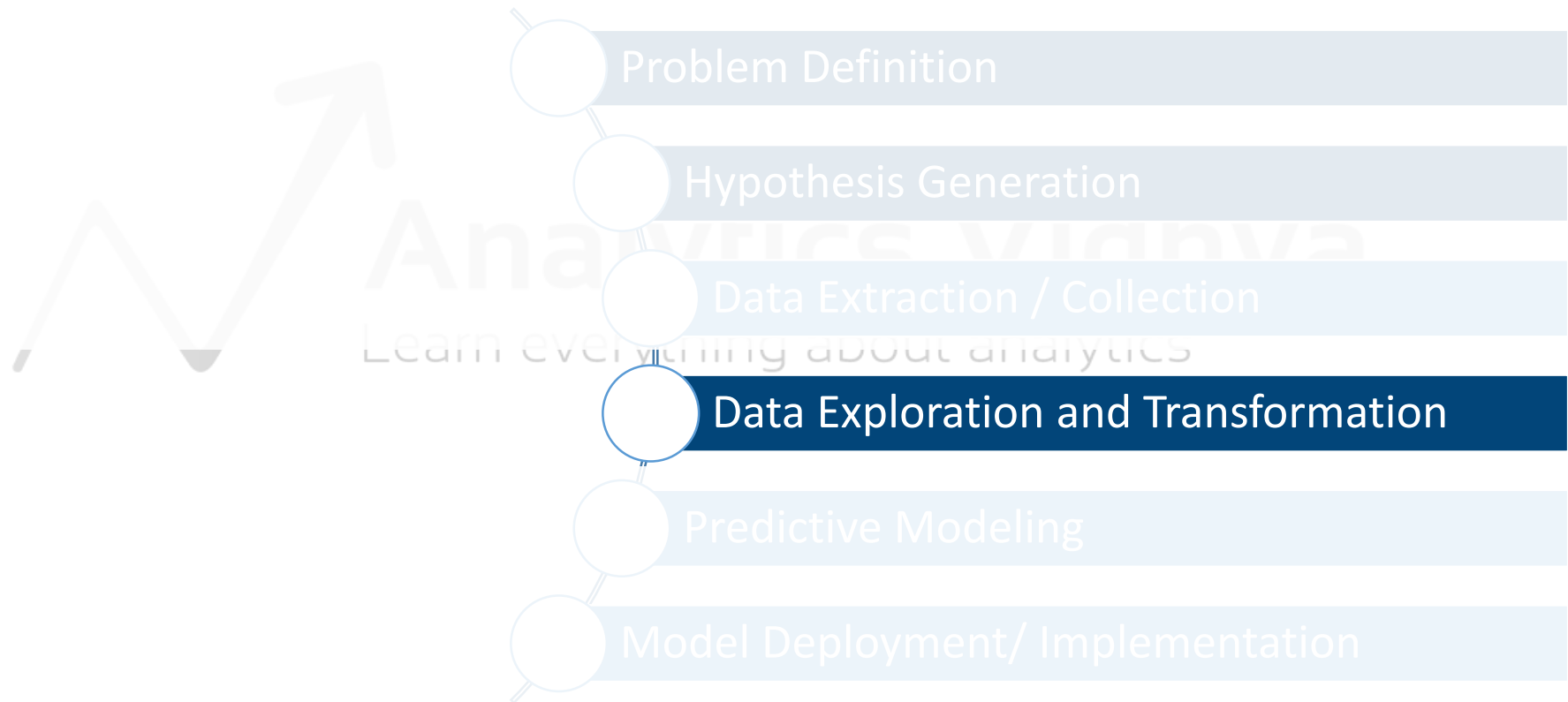
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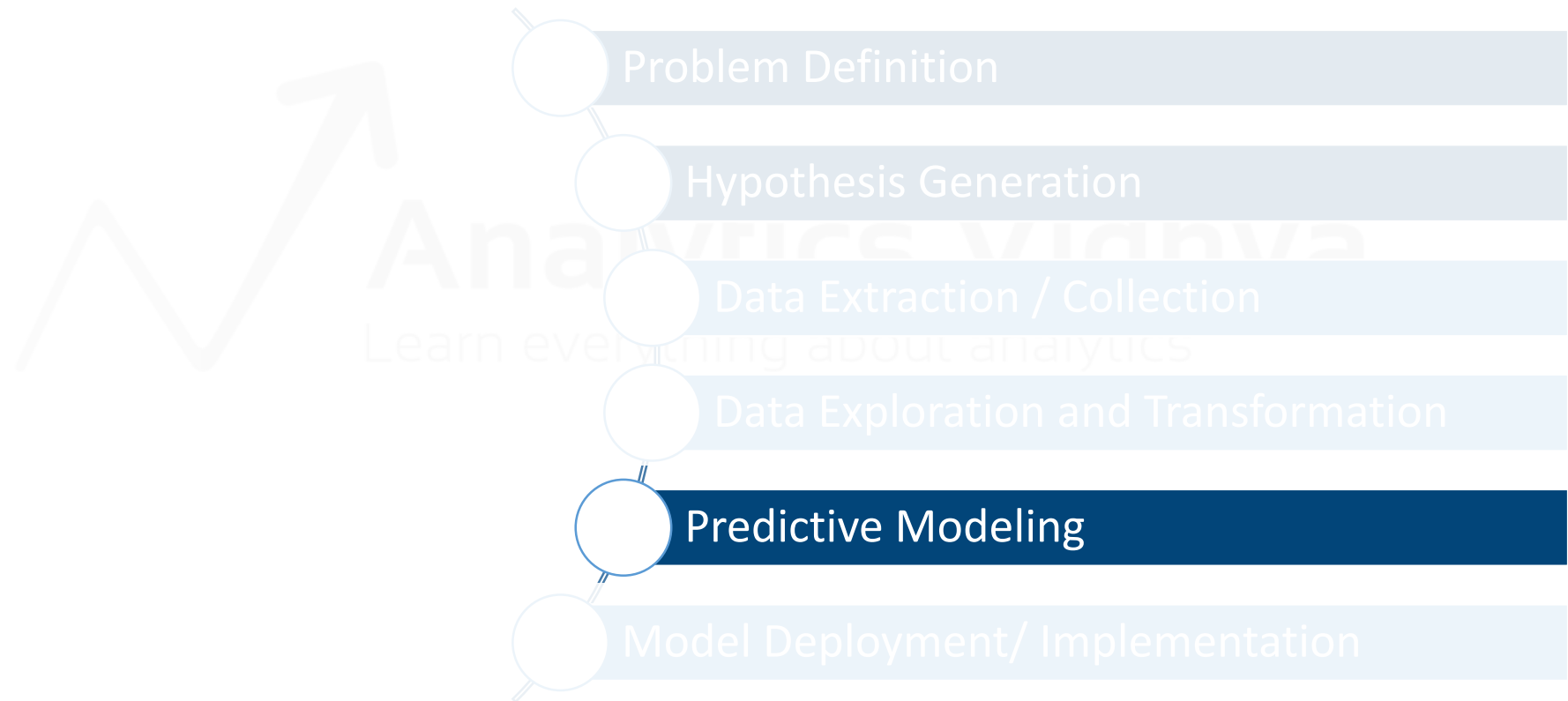
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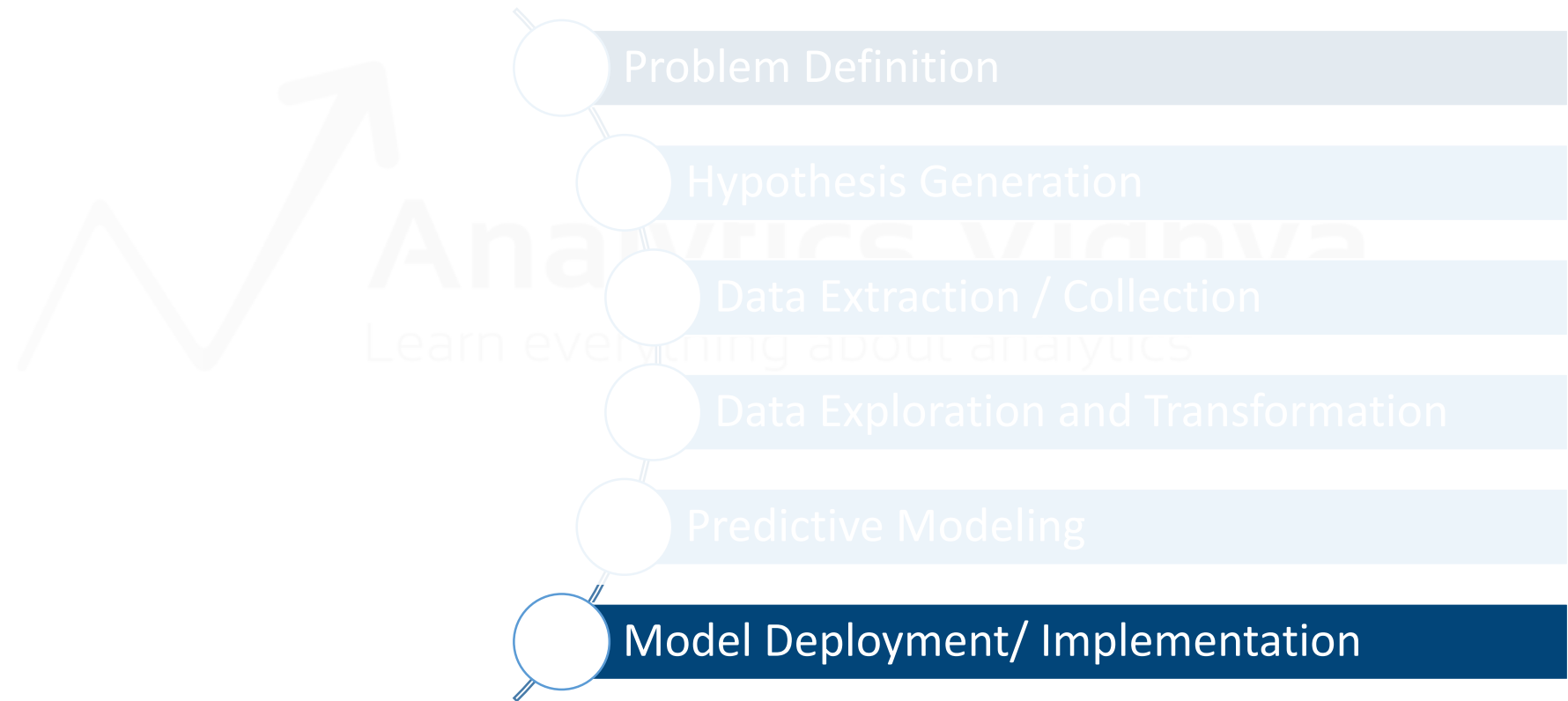
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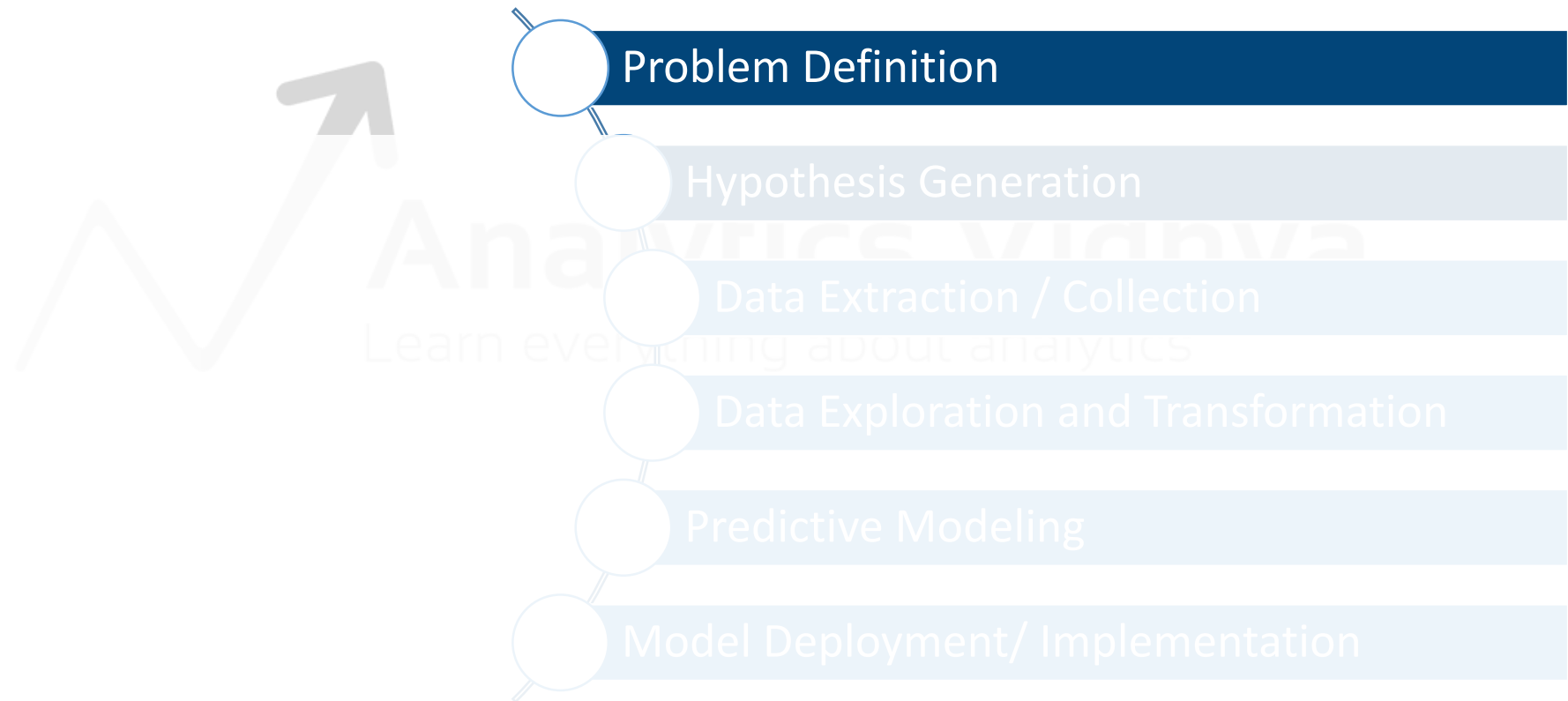
Stages of Predictive Modeling

We can broadly divide the model building life cycle in six stages:



Stages of Predictive Modeling

We can broadly divide the model building life cycle in six stages:



Problem Definition

Identify the right problem statement, ideally formulate the problem mathematically

Problem Definition

Bad Problem Statement: Want to improve the profitability of credit card customers

Want to increase the APR of credit cards

Want to deploy different APR for different segment of customers

Want to identify the customers segments having lower default rate

Want to have different APR and other benefits for different customers segments (On expected default rate) to maximize profit

Good Problem Statement: Want to predict the default rate of customer

