

DATA MINING FOR CREDIT CARD RISK ANALYSIS: A REVIEW

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ABSTRACT

Now-a-days due to the quick growth of web-based E-Commerce, credit cards are being widely used for online purchases. With increasing use of credit cards, there is also an increase in the risks related to them. This fact must be well understood by the banks and card holders in order to reduce risk and maximize the profitability. Risk refers to the chance of loss that may occur due to some external or internal vulnerabilities. There are some data mining methods that have been used for the risk management of credit cards like classification, regression, multiple regressions, and optimization among which classification and regression are widely used. In this paper, we analyse the factors causing the operational financial and the security risks and the data mining methods used to minimize them. Here, in this paper we have dealt more with the credit risk analysis as it should be given prime attention since the losses caused by it are important. This paper presents a survey of various techniques used in credit card risk management.

KEYWORDS: Security Risks, Financial Risks, Operational Risks, Credit Risk Management, Classification, Regression, Optimization, Multiple Regressions