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NITheCS COLLOQUIUM:

The Changing Landscape of Financial Predictive Models

Prof Tanja Verster (North-West University)

Monday, 4 December 2023 | 16h00 – 17h00 SAST

Venue: in person* and online

** Neelsie Cinema, Stellenbosch University*

--- Cheese and wine will be served at the venue ---

ABSTRACT

The landscape of financial predictive models is changing rapidly. There is an extensive number of changes coming and the traditional way of financial predictive modelling will no longer suffice. These changes bring a lot of opportunities. This paper peeks into the future of predictive modelling by considering some factors that influence financial predictive modelling. The first factor that will continue to influence predictive modelling is machine learning. As machine learning expands, the need arises to understand how these techniques work and how they can be applied. The second factor is financial crises. Where predictive models view the future as a reflection of the past, financial crises can violate this assumption. This creates a new field of opportunity on how to adjust predictive models to incorporate forward-looking conditions, which include future expected financial crises. Thirdly, the impact of financial technology (fintech) on the future of predictive modelling is considered. Fintech creates new applications for predictive modelling and therefore enriches the possibilities in the financial predictive modelling field. This changing landscape creates a wealth of opportunities, but new risks also arise. A possible way to exploit these opportunities and manage the associated risks is to ensure that young graduates have the relevant industry-focused training for this changing landscape. Therefore, the last factor that is discussed in the paper is industry collaboration. Academics join hands with industry to create industry-focused training and industry-focused research.

BIOGRAPHY

Tanja completed her master's degree in Quantitative Risk Management in 2000 at the Centre for Business Mathematics and Informatics (BMI) at North-West University. After working at First National Bank as a quantitative analyst, she continued her career in 2003 at BMI and has been working at BMI for almost 21 years. She completed her PhD in Risk Analysis (focusing on predictive modelling in credit scoring) in 2007, and currently lectures post-graduate courses, ranging from credit scoring and predictive modelling to machine learning. In addition, she is involved in applied research projects focusing on predictive modelling in the financial environment. Tanja has published 33 peer-reviewed papers, completed 54 successful industry-directed research projects, and supervised four PhD students and 46 master's students. She became a C-rated National Research Foundation (NRF) researcher in 2020.

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