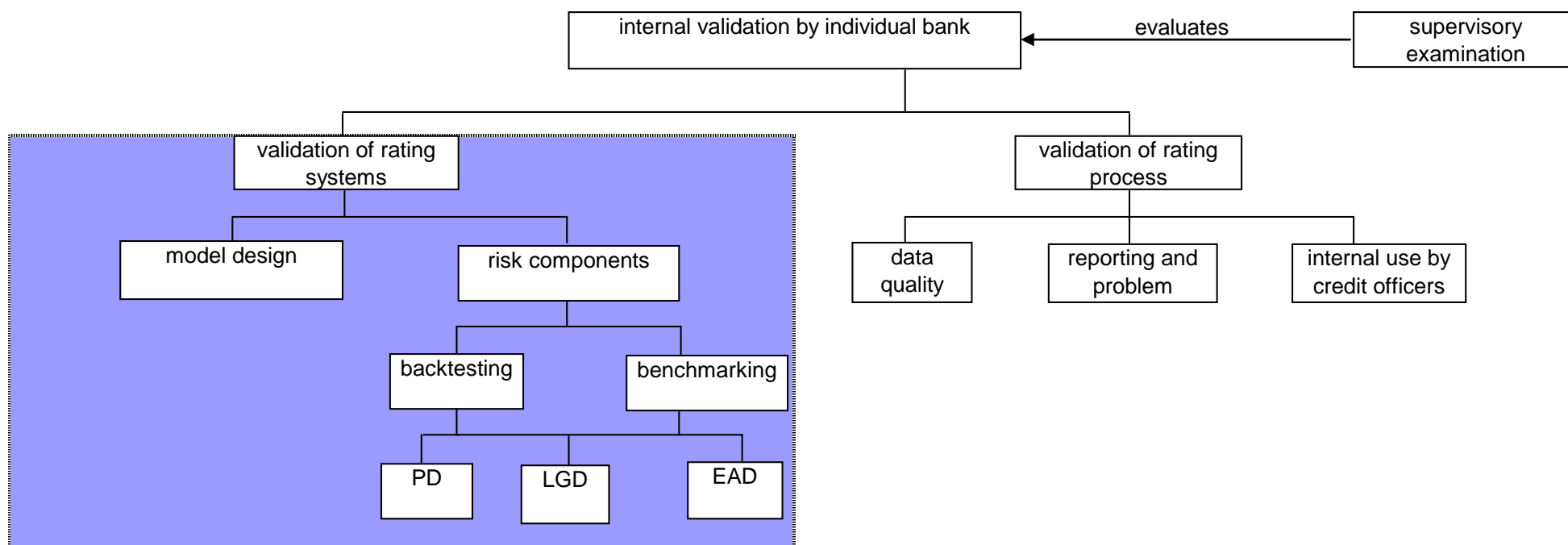


# Scope of an Acadametrics Model Validation

Scope of an Acadametrics Validation



Source: BCBS Working Paper No 14, "Studies on the Validation of Internal rating Systems" Revised Edition May 2005

# Model Validation - Process

- review of model documentation – completeness and level of detail that is sufficient to facilitate an independent review and to provide exact replication
- model theory – establishes whether the appropriate statistical and economic theory has been used in the development of the models
- review and validation of data input and assumptions – consideration will include e.g. historic data aspects and that data used is representative of its application to the business
- model code and mathematics
- model results – consideration will include e.g. the clarity of the output and the degree of understanding by decision makers
- formal validation report