Abstract

Bankruptcy prediction has been a topic of active research for business and corporate organizations since past decades. It is an effective tool to help financial institutions and relevant people to make the right decision in investments, especially in the current competitive environment. The tool provides auditors and managers a chance to identify the problems early.
Thus, relevant people have an opportunity to intervene early into affairs problems to reduce the expected cost of bankruptcy failure. The primary objective is to reduce well in advance as much as possible to the loss of relevant beneficial, such as investors, managers and employees. This paper provides a survey of bankruptcy predictions using a novel machine learning approach: support vector machine (SVM) and hybrid SVM. The underlying motivation for using SVM and hybrid SVM are the ability of this methodology to determine accurate forecast bankruptcy data set when the underlying system processes are typically nonlinear, non-stationary and not defined a – priori. SVM and hybrid SVM have also been proven to outperform other non-linear techniques including neural-network based non-linear prediction techniques.

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Bankruptcy Prediction using SVM and Hybrid SVM Survey

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**Index Terms**

Computer Science  
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**Key words**

Bankruptcy prediction  
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