Credit Approval System

The Credit Approval System is a backend project designed to assess and approve loans based on past customer data and future transactions. It is built using the Python/Django stack, incorporating Django 4+ and Django Rest Framework. The system utilizes background tasks and database operations to handle customer information, loan history, and credit eligibility.

1. Setup and Initialization

a) Setup

- Developed with Django 4+ and Django Rest Framework.
- Frontend not required.
- Dockerized for easy deployment.
- PostgreSQL used as the database.

b) Initialization

"customer_data.xlsx" which is a table of the existing customers with the following attributes

- customer_id
- first_name
- last_name
- phone_number
- monthly_salary
- approved_limit
- current_debt

"loan_data.xlsx" which is a table of past and existing loans by customers with the following attributes

- customer id
- loan id
- loan amount

- tenure
- interest rate
- monthly repayment (emi)
- EMIs paid on time
- start date
- end date

Ingested the provided data into the initial system using background workers

2. API-

Built the following API endpoints with appropriate error handling for and status codes for each.

- ### /register

  Add a new customer to the customer table with approved limit based on salary using the following relation:

  - **approved_limit = 36 * monthly_salary (rounded to nearest lakh)**

  a) Request body

Field	Value
first_name	First Name of customer (string)
last_name	Last Name of customer (string)
age	Age of customer (int)
monthly_income	Monthly_income of individual (int)
phone_number	Phone number(int)

b) Response body

Field	Value
customer_id	Id of customer (int)
name	Name of customer (string)
age	Age of customer (int)
monthly_income	Monthly_income of individual (int)
approved_limit	Approved credit limit (int)
phone_number	Phone number (int)

- ## /check-eligibility

Check loan eligibility based on credit score of customer (out of 100) based on the historical loan data from “loan_data.xlsx”, consider the following components while assigning a credit score:

i. Past Loans paid on time
ii. No of loans taken in past
iii. Loan activity in current year
iv. Loan approved volume
v. If sum of current loans of customer > approved limit of customer , credit score = 0

Based on the credit score of the customer , approve loans as per the following:

- If credit_rating > 50 , approve loan
- If 50 > credit_rating > 30 , approve loans with interest rate > 12%
- If 30> credit_rating > 10 , approve loans with interest rate >16%
- If 10> credit_rating , don’t approve any loans
- **If sum of all current EMIs > 50% of monthly salary , don’t approve any loans**

- **If the interest rate does not match as per credit limit , correct the interest rate in the response**, i.e suppose credit_limit is calculated to be 20 for particular loan and the interest_rate is 8%, send a corrected_interest_rate = 16% (lowest of slab) in response

a) Request body

Field	Value
customer_id	Id of customer (int)
loan_amount	Requested loan amount (float)
interest_rate	Interest rate on loan (float)
tenure	Tenure of loan (int)

b) Response Body

Field	Value
customer_id	Id of customer (int)
approval	can loan be approved (bool)
interest_rate	Interest rate on loan (float)
corrected_interest_rate	Corrected Interest Rate based on credit rating , same as interest rate if the interest rate matches the slab (float)
tenure	Tenure of loan (int)
monthly_installment	Monthly installment to be paid as repayment (float)

• /create-loan

Process a new loan based on eligibility.

a) Request body

Field	Value
customer_id	Id of customer (int)
loan_amount	Requested loan amount (float)
interest_rate	Interest rate on loan (float)
tenure	Tenure of loan (int)

b) Response Body

Field	Value
loan_id	Id of approved loan, null otherwise (int)
customer_id	Id of customer (int)
loan_approved	Is the loan approved (bool)
message	Appropriate message if loan is not approved (string)
monthly_installment	Monthly installment to be paid as repayment (float)

• /view-loan/loan_id

View loan details and customer details

a) Response Body

Field	Value
loan_id	Id of approved loan (int)
customer	JSON containing id , first_name , last_name, phone_number, age of customer (JSON)
loan_amount	Is the loan approved (bool)
interest_rate	Interest rate of the approved loan (float)
monthly_installment	Monthly installment to be paid as repayment (float)
tenure	Tenure of loan (int)

- ## /view-loans/customer_id

View all current loan details by customer id

Response Body (list of loan items , each loan item will have the following body)

Field	Value
loan_id	Id of approved loan (int)
loan_amount	Is the loan approved (bool)
interest_rate	Interest rate of the approved loan (float)
monthly_installment	Monthly installment to be paid as repayment (float)
repayments_left	No of EMIs left (int)