9. This problem has to do with *odds*.

(a) On average, what fraction of people with an odds of 0.37 of defaulting on their credit card payment will in fact default?

(b) Suppose that an individual has a 16% chance of defaulting on her credit card payment. What are the odds that she will default?

(a) odds: $\frac{p}{1-p}$

$\Rightarrow \frac{p}{1-p} = 0.37$, $1.37p = 0.37$

$\therefore p = \frac{37}{137} \approx \underline{0.27}$ ✱

(b) $p = 0.16$

$\therefore$ odds $= \frac{0.16}{1-0.16} = \frac{16}{84} \approx \underline{0.19}$ ✱