LITERATURE SURVEY:

TOPIC: Applicant credibility prediction for loan approval

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1.Age Factor

Your age can logically interpret your credibility. Most lenders require their borrowers to be at least 21 years old as people start their professional careers in their 20s. And a borrower can gain income stability, security, and a decent employment history till he or she reaches his or her 30s to 40s. Besides, those are the years that a person's income can grow more. On the contrary, in your middle age like the 50s, there is very little scope to grow financially at that time. And also, you won't be left with sufficient time to repay the loan amount. So being a personal loan applicant your age plays a vital role in your loan approval in India.

2.Income Details

Income is very crucial amongst the personal loan approval factors in India. The requirement of minimum income may vary from lender to lender. Some may offer a personal loan at the monthly minimum income of Rs. 25,000 and some will require Rs. 15,000 per month. However, your income reflects your ability to repay a personal loan efficiently. Besides, your income should be stable and have the scope to grow more. This will indicate decent credibility to take and repay a personal loan. So, the higher income increases the chances of personal loan approval in India.

3.Employment History

Your employment history is one of those loan approval factors that reflects your financial stability. It also defines your character to become a potential borrower in India. Now, as per the requirement of respective lenders, your employment in the present company should be old enough to apply for the loan. Besides, your professional reputation should be impressive and you should have a good prospect too. This will help in personal loan approval in India.

4.Credit History

Your credit history can reflect your credibility quite easily. As a good credit score is vital for the loan approval process, it also means that you have prior credit history too. Also, the repayment or the settlement history can say a lot about your repayment ability. Any default in the past repayments can easily affect your credit score and hamper your potential as a borrower. So good credit score and credit history can assure your personal loan approval in India.

5.The Loan Amount

Apply for a loan amount that is repayable based on your age, income, credit score, credit history, and FOIR. If the amount is not reasonable, then there are high chances of rejection of your loan application. So, calculate your repayment ability before applying for the loan. And apply for an affordable loan amount to get loan approval in India.

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Introduction:

In this article, we are going to solve the Loan Approval Prediction Hackathon hosted by Analytics Vidhya. This is a classification problem in which we need to classify whether the loan will be approved or not. classification refers to a predictive modeling problem where a class label is predicted for a given example of input data. A few examples of classification problems are Spam Email detection, Cancer detection, Sentiment Analysis, etc.

Understanding the Problem Statement:

- Dream Housing Finance company deals in all kinds of home loans. They have a presence across all urban, semi-urban and rural areas. The customer first applies for a home loan and after that, the company validates the customer eligibility for the loan.
- The company wants to automate the loan eligibility process (real-time) based on customer detail provided while filling out online application forms. These details are Gender, Marital Status, Education, number of Dependents, Income, Loan Amount, Credit History, and others.
- To automate this process, they have provided a dataset to identify the customer segments that are eligible for loan amounts so that they can specifically target these customers.

Univariate Analysis Observations:

- More Loans are approved Vs Rejected
- Count of Male applicants is more than Female
- Count of Married applicant is more than non-married
- Count of graduate is more than non-Graduate
- Count of self-employed is less than that of non-Self-employed

- Maximum properties are located in Semiurban areas
- Credit History is present for many applicants
- The count of applicants with several dependents=0 is maximum.