PROJECT PHASE 1

PROPOSED SOLUTION

APPLICANT CREDIBILITY PREDICTION FOR LOAN APPROVAL

PROBLEM STATEMENT:

The prediction of credit defaulters is one of the difficult tasks for any bank. But by forecasting the loan defaulters, the banks definitely may reduce their loss by reducing their non-profit assets, so that recovery of approved loans can take place without any loss and it can play as the contributing parameter of the bank statement.

SOLUTION DESCRIPTION:

Machine learning based loan prediction system helps the customer to check whether they are eligible to avail the corresponding loan amount from the bank.

NOVELITY:

There involves a validation process and even after going through such a regress process there will be a surety that whether the applicant chosen is deserving or not. To solve this, a system is being developed in which we can predict whether the applicant chosen will be a deserving applicant for approving the loan or not.

CUSTOMER SATISFACTION:

The customer first applies for a home loan and after that, the company validates the customer eligibility for the loan. 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.

BUSINESS MODEL:

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.

SCALABILITY OF THE SOLUTION:

Machine Learning techniques are very crucial and useful in the prediction of these types of data. We will be using classification algorithms such as Decision tree, Random forest, KNN, and xgboost. We will train and test the data with these algorithms.