Applicant Credibility Prediction for Loan Approval

Literature Survey:

Introduction

Data Science is being used in the Finance Industry reduces a lot more effort and time. Data Science is a field that is used for many finance areas such as algorithmic trading, fraud detection, customer management, risk analytics and many more.It is through the use of data science for finance that firms are able to have a better bonding with the consumers by knowing their choices, which in turn leads to an increase in their sales, thus increasing their profit margin. It also helps to identify risks and fraud and protect the firm. Thus, a data scientist is the most important asset to a firm without which an organization cannot simply perform.

References

S.NO	TITLE	AUTHOR	ABSTRACT
1.	Modern Approach for Loan Sanctioning in Banks Using Machine Learning	Golak Bihari Rath. Debasish Das. BiswaRanjan Acharya.	As the needs of people are increasing, the demand for loans in banks is also frequently getting higher every day. Usually, banks process the loan of any applicant after the verification and checking of its eligibility which is a tough and time-taking process. In some cases, some applicants default in payment resulting in loss of capital in banks. Machine learning approach would be an ideal solution to reduce human efforts and effective decision making in the loan approval process by implementation of machine learning tools using classification algorithms to predict the deserving

			applicants for loan approval. In this paper, we build a system to construct a model by training the system with records and approval results of the previously applied loan applicants. Model building is done by classification algorithms on the basis of some predictive features that categorize an outcome value as approve or disapprove. We found the logistic regression model has the best performance in comparison with other models and can be used as a predictive model reducing the risk factor in selecting the deserving applicants for loan repayment saving a lot of bank efforts and assets. Further, this model can be implemented in the banking sector allowing faster processing of loans.
2.	Loan Credibility Prediction System using Data Mining Techniques	Anuja Kadam. Pragati Namde. Sonal Shirke. Siddhesh Nandgaonkar. Dr.D.R. Ingle.	As we know that now-a-days there is a rapid growth in the banking sector, resulting in lots of people applying for bank loans. Finding out the applicant to whom the loan will be approved is a difficult process. Data mining techniques are becoming very popular nowadays because of the wide availability of huge

			quantities of data and the need for transforming such data into knowledge. Techniques of data mining are implemented in various domains such as retail industry, telecommunication industry, biological data analysis, etc. In this paper, we proposed a model which predicts loan approval/rejection of an applicant using data mining techniques. This can be done by training the model with the data of the previous records of the people applied for loan.
3.	Loan Prediction using Decision Tree and Random Forest	Kshitiz Gautam. Arun Pratap Singh. Keshav Tyagi. Mr. Suresh Kumar.	In India, the number of people or organizations applying for loans increases every year. The bank employees have to put in a lot of work to analyze or predict whether the customer can pay back the loan amount or not (defaulter or non-defaulter) in the given time. The aim of this paper is to find the nature or background or credibility of the client that is applying for the loan. We use exploratory data analysis techniques to deal with the problem of approving or rejecting the loan request or in short loan prediction. The main focus of this

			paper is to determine whether the loan given to a particular person or an organization shall be approved or not.
4.	Logistic Regression Based Loan Approval Prediction	Sai Aparna Vangaveeti. Naga Likitha Venna. Prasanna Naga Sri RamyaYajamanam Kidambi. Harika Marneni. Naga Satish Kumar Maganti.	As we know that now-a-days there is a rapid growth in the banking sector, resulting in lots of people applying for bank loans. Finding out the applicant to whom the loan will be approved is a difficult process. In this paper, we proposed a model which predicts loan approval/rejection of an applicant using machine learning techniques. This can be done by training the model with the data of the previous records of the people applied for loan.