A Project Report on

SMART LENDER – APPLICANT CREDIBILITY PREDICTION IN LOAN APPROVAL PROCESS

Industrial Internship Project report submitted in partial fulfillment of the Requirements for the award of the degree in

BACHELOR OF TECHNOLOGY

IN

COMPUTER SCIENCE AND ENGINEERING

BY

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2021 - 2025

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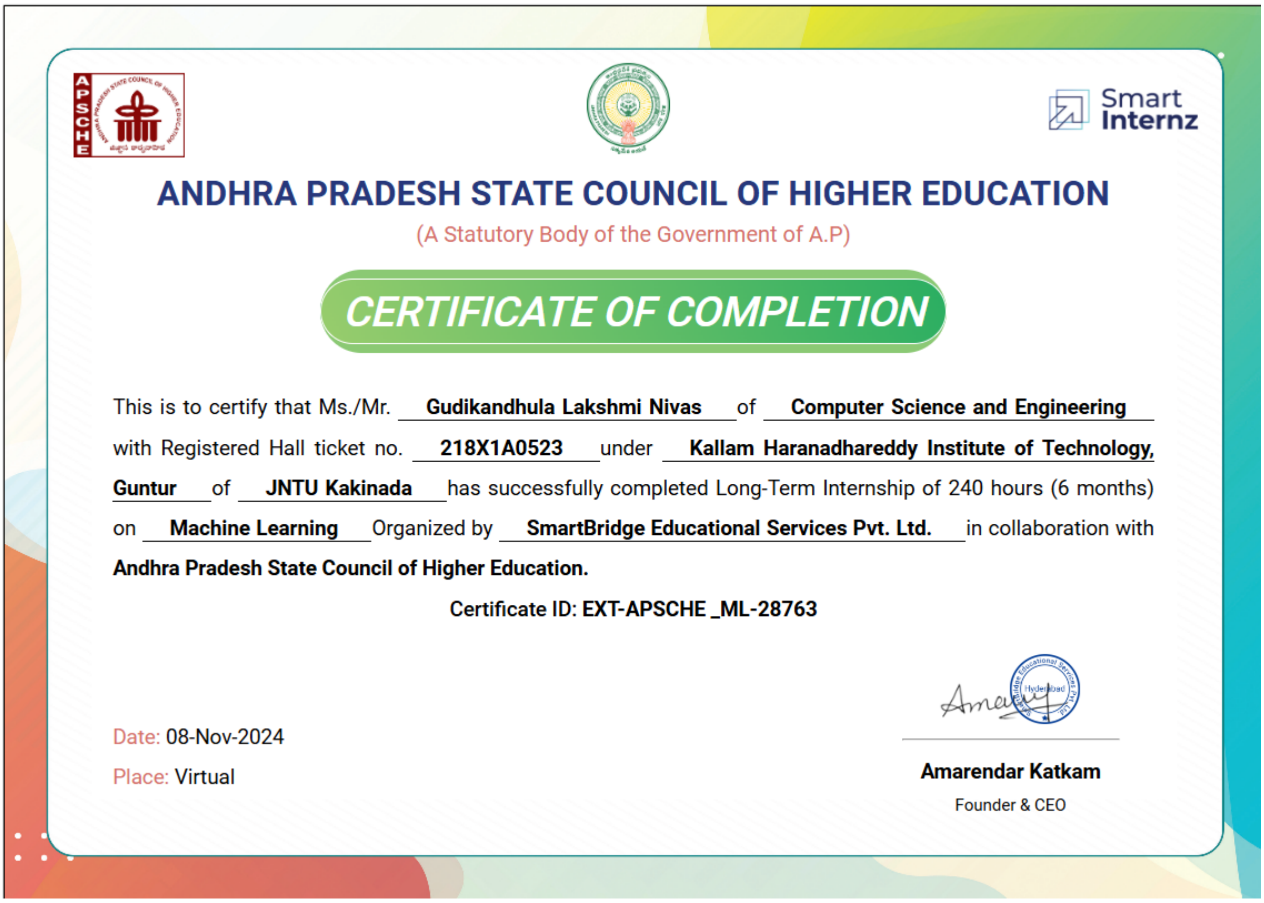

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This is a record of bonafide work carried out by us and the results embodied in this project have not been reproduced or copied from any source. The results embodied in this project have not been submitted to any other university for the award of any degree.

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ABSTRACT

The SmartLender Loan Prediction System is an innovative solution designed to automate and enhance the loan approval process using machine learning. Financial institutions often face challenges in making quick, reliable, and unbiased decisions due to the reliance on manual reviews, leading to delays and inconsistencies. SmartLender addresses these issues by evaluating applicants on a variety of relevant factors, including income, dependents, loan amount, loan term, CIBIL score, and assets. By analyzing these criteria, the system delivers fast and objective predictions of loan outcomes, categorizing applications as either "approved" or "rejected." This approach minimizes the risk of defaults and ensures that only credible applicants are granted loans. Developed with a user-friendly web interface using the Flask framework, SmartLender incorporates robust data preprocessing and feature selection methods to enhance the accuracy and reliability of predictions. The system is also designed to be scalable and adaptable to evolving financial trends, allowing continuous improvement over time. By reducing processing time, improving transparency, and enhancing customer satisfaction, SmartLender offers a streamlined alternative to traditional loan processing methods, benefiting both financial institutions and applicants through increased operational efficiency and improved decision-making quality.

keywords: Financial Risk Prediction, Loan Prediction Model, Data-Driven Lending, Predictive Analytics, Real-Time Decision Making, Loan Approval Automation, Loan Approval System, Machine Learning in Finance, Automated Decision-Making, Random Forest.

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CHAPTER 1

INTRODUCTION

1.INTRODUCTION

The SmartLender Loan Prediction System addresses the inefficiencies of traditional loan approval processes by implementing a machine learning-based solution for fast, reliable, and unbiased evaluations. Designed to streamline operations for financial institutions, SmartLender assesses loan applicants using essential criteria like income, dependents, loan amount, loan term, CIBIL score, and assets, automating the decision-making process to reduce delays and inconsistencies common in manual reviews. By leveraging data-driven predictions, the system ensures fairer, more transparent decisions for applicants while helping lenders minimize risks and enhance operational efficiency. This project aims to modernize loan assessments, creating a win-win solution for both lenders and borrowers.

1.1. Project Idea

The SmartLender Loan Prediction System is an innovative solution designed to automate and enhance the loan approval process for financial institutions. The idea centers on using machine learning to evaluate applicants' creditworthiness based on a range of factors, including income, dependents, loan amount, loan term, CIBIL score, and assets. By automating these evaluations, SmartLender aims to address the challenges of traditional loan assessments, which are often slow, subjective, and prone to human error. This system not only speeds up the approval process but also improves the accuracy and fairness of decisions, providing a more transparent experience for applicants and reducing the risk of defaults for lenders. Ultimately, SmartLender envisions a streamlined, data-driven loan approval system that benefits both institutions and borrowers.

1.2. Motivation of the Project

The motivation behind the SmartLender project stems from the significant inefficiencies and challenges faced by financial institutions in their loan approval processes. Traditional manual evaluations often lead to delays, inconsistencies, and a lack of transparency, frustrating both applicants and lenders. By leveraging machine learning to automate the evaluation process, SmartLender aims to improve efficiency, reduce biases in decision-making, and enhance transparency for applicants. This innovative approach not only streamlines operations, enabling institutions to handle higher volumes of applications more effectively, but also significantly enhances customer satisfaction through quicker feedback and clearer eligibility criteria. Ultimately, SmartLender seeks to revolutionize the loan approval process, making it faster, fairer, and more reliable for all stakeholders involved.

1.3. Problem Statement

The SmartLender project addresses the critical challenges faced by financial institutions and lending companies in the loan approval process. Current systems often rely on manual reviews, leading to inefficiencies, delays, and inconsistent decision-making, which can frustrate applicants and result in lost business opportunities for lenders. As loan applications increase, the need for a more efficient and reliable evaluation system becomes paramount. The primary problem is that lenders struggle to quickly and accurately assess creditworthiness, leading to potential risks of defaults and dissatisfaction among applicants due to opaque processes. SmartLender aims to automate the evaluation process using advanced machine learning techniques, ensuring that decisions are made swiftly, fairly, and based on objective data, ultimately transforming the loan approval landscape.

1.4. Statement of scope

The scope of the SmartLender project encompasses the development and implementation of an automated loan evaluation system designed to enhance the loan approval process for financial institutions and lending companies. This project will focus on several key areas:

1. **Data Utilization**: The system will leverage diverse datasets containing applicant information, such as dependents, income, loan amount, loan term, CIBIL score, and assets, to provide accurate assessments of creditworthiness.
2. **Machine Learning Implementation**: The project will employ advanced machine learning algorithms to analyze the collected data, allowing for real-time decision-making and improved predictive accuracy in loan approvals.
3. **User Experience**: A user-friendly interface will be created to facilitate seamless interaction between applicants and the system, allowing users to submit loan applications and receive prompt decisions.
4. **Automated Decision-Making**: The SmartLender system will automate the evaluation process, reducing the need for manual intervention and minimizing human errors, thus ensuring faster and more consistent loan approvals.

5. **Continuous Improvement**: The system will be designed to continuously learn from new data and outcomes, enhancing its predictive capabilities over time and adapting to changing financial landscapes.
6. **Integration**: The project will include integration with existing banking systems to streamline operations and ensure that the SmartLender solution fits within the current infrastructure of financial institutions.

By focusing on these areas, the SmartLender project aims to revolutionize the loan approval process, enhancing efficiency, reducing risks, and improving overall customer satisfaction.

1.5 Goals and Objectives

Goals:

1. **Streamline Loan Approval Process:** To create an automated system that significantly reduces the time and effort required to evaluate loan applications, enabling faster decision-making for lenders.
2. **Enhance Predictive Accuracy:** To utilize advanced machine learning techniques to improve the accuracy of loan approval predictions, ensuring reliable assessments of applicants' creditworthiness.
3. **Improve User Experience:** To develop an intuitive user interface that simplifies the application process for borrowers, providing them with a clear understanding of their loan status and decisions.
4. **Reduce Operational Risks:** To minimize human errors and biases in loan evaluations, leading to fairer and more consistent loan approval outcomes.
5. **Adapt to Market Changes:** To implement a system capable of continuously learning and adapting to new data and financial trends, ensuring ongoing effectiveness and relevance in the lending landscape.

Objectives:

1. **Data Collection and Analysis:** Gather and preprocess relevant datasets that include key applicant information such as income, loan amounts, and credit scores for effective modeling.
2. **Model Development**: Develop and train machine learning models to predict loan approval outcomes based on historical data and applicant profiles.
3. **System Design**: Design a user-friendly web application that allows applicants submit

CHAPTER 2
LITERATURE SURVEY

2.LITERATURE SURVEY

2.1. Literature Survey

The literature survey serves to explore previous studies and developments related to loan prediction systems, highlighting methodologies, challenges, and advancements in the field.

S. No	Paper	Year	Citation	Methodologies used
1	**Machine Learning Based Model for Prediction of Loan Approval**	2022	B. P. Lohani, M. Trivedi, R. J. Singh, V. Bibhu, S. Ranjan and P. K. Kushwaha, "Machine Learning Based Model for Prediction of Loan Approval," *2022 3rd International Conference on Intelligent Engineering and Management (ICIEM)* , 2022, pp. 465-470, doi: 10.1109/ICIEM54221.2022.9853160.	In this paper, they have applied logistic regression as a tool to predict whether an applicant is eligible for the loan or not
2	**Loan Approval Prediction**	2022	Shubham Nalawade, Suraj Andhe, Siddhesh Parab, Prof. Amruta Sankhe "Loan Approval Prediction" ,International Research Journal of Engineering and Technology (IRJET) e-ISSN: 2395-0056 , Volume: 09 Issue: 04 , April 2022	They have compared the accuracy of different machine learning algorithms. They got a percentage of accuracy ranging from 75-85% but the best accuracy they got was from Logistic Regression i.e.88.70%

3	**Bank Loan Approval Prediction Using Data Science Technique (ML)**	2022	Subhiksha R, Vaishnavi L, Shalini B, Mr. N. Manikandan,"Bank Loan Approval Prediction Using Data Science Technique (ML)",International Journal for Research in Applied Science & Engineering Technology (IJRASET) ISSN: 2321- 9653, Volume 10 Issue V May 2022	In this paper, four algorithms are used such as Random Forest algorithm, Decision Tree algorithm, Naive Bayes algorithm, Logistic Regression algorithm to predict the loan approval of customers. All thefour algorithms are going to be used on the same dataset and going to find the algorithm with maximum accuracy to deploy the model.
4	**Algorithm For the Loan Credibility Prediction System**	2019	Soni P M, Varghese Paul, "Algorithm For the Loan Credibility Prediction System", International Journal of Recent Technology and Engineering (IJRTE)ISSN:2277-3878, Volume-, Issue-1S4, June2019	In this research work a novel hybrid feature selection algorithm using wrapper model and fisher score is introduced. The main objective of this paper is to prove that new hybrid model produces better accuracy than the traditional random forest algorithm

TABLE 1: LITERATURE SURVEY WORKS

2.2. Existing System

current loan approval process largely relies on traditional credit scoring systems and manual evaluations, which can introduce several limitations. Existing systems typically utilize established models, such as FICO and VantageScore, which primarily depend on historical credit data, including payment history, credit utilization, and length of credit history. These models provide a score that categorizes applicants into risk segments, guiding lenders in their decision-making.

- **Manual Process**: Loan officers manually review each application, requiring significant time and effort.
- **Rigid Criteria:** Approval is typically based on fixed guidelines, such as CIBIL score thresholds, Debt-to-income ratios, and other financial metrics, which may not adapt well to unique cases.
- **Paperwork and Documentation**: The existing system often involves substantial paperwork,where applicants submit physical documents that are reviewed and processed manually.
- **Human Bias**: The manual nature of the system can lead to subjective decisions influenced by human bias, resulting in unfair or inconsistent loan approval
- **Limited Scalability**: As the volume of loan applications increases, manual processing becomes a bottleneck, leading to delays in loan approvals.
- **Fraud Risk:** Existing systems may not be equipped to effectively identify fraudulent applications. The reliance on historical data can create vulnerabilities, allowing fraudulent activities to go undetected until significant losses occur.

2.3 Disadvantages of Existing System

Traditional Manual Loan Approval System

- **Time-Consuming**: The manual review process can take days or even weeks, leading to frustration for applicants who seek prompt decisions.
- **Inconsistency**: Different loan officers may apply varying standards and judgments, resulting in inconsistencies in approval rates and decision-making.
- **Human Error**: The potential for errors in data entry, assessment, and judgment can lead to miscalculations and unfair loan decisions.
- **Bias and Subjectivity**: Personal biases of loan officers may affect their evaluations, leading to discrimination and unfair treatment of certain applicants based on factors unrelated to creditworthiness.
- **High Operational Costs**: Maintaining a large workforce for manual reviews increases operational costs for financial institutions, which can ultimately lead to higher fees for customers.

2.4 Feasibility Study for SmartLender

The feasibility study for the SmartLender project evaluates the practicality of implementing an automated loan prediction system that leverages machine learning algorithms. This study assesses the technical, economic, operational, and legal aspects to determine the viability of the project.

1. Technical Feasibility

- **Technology Requirements**: The project will utilize machine learning frameworks (e.g., scikit-learn), programming languages (Python), and web frameworks (Flask) for development. Required hardware includes a T4 GPU for model training and a reliable server for hosting the application.
- **Data Availability**: The project will utilize a publicly available dataset from Kaggle, containing comprehensive information on loan applicants, making it feasible to train and test the machine learning models.
- **Integration Capability**: The proposed system can be integrated with existing banking software and databases, ensuring seamless access to required data for processing loan applications.

2. Economic Feasibility

- **Cost Analysis**: The initial investment will cover hardware, software licenses, development tools, and potential cloud service fees. However, the automation of loan processing is expected to reduce operational costs over time.
- **Return on Investment (ROI)**: Implementing the SmartLender system is projected to improve efficiency and accuracy, leading to increased customer satisfaction and potentially higher loan approval rates. This can result in a significant ROI as loan processing becomes quicker and more reliable.
- **Market Demand**: There is a growing demand for automated solutions in the financial sector, as consumers expect faster and more accurate loan decisions. This presents a lucrative opportunity for SmartLender.

3. Operational Feasibility

- **User Adoption**: The system is designed to enhance user experience for both loan applicants and financial institutions, which is expected to drive adoption rates.
- **Training Requirements**: Staff will require training on how to use the new system, but the user-friendly interface and automated features are anticipated to reduce the learning curve.
- **Support and Maintenance**: A dedicated team will be necessary for ongoing support and maintenance of the system, ensuring it operates efficiently and adapts to changing market needs.

4. Legal Feasibility

- **Compliance with Regulations**: The SmartLender system will need to comply with financial regulations, including data protection laws (e.g., GDPR) and lending regulations. This ensures that the project adheres to legal requirements and protects user data.
- **Data Security**: Implementing robust security measures (encryption, access controls) will be crucial to safeguard sensitive applicant information and maintain compliance with relevant laws.
- **Ethical Considerations**: The project will focus on mitigating biases in the loan approval process to ensure fair treatment of all applicants, aligning with ethical lending practices.

CHAPTER 3

PROPOSED SYSTEM

3.PROPOSED SYSTEM

3.1. Proposed System

The proposed system, **SmartLender**, aims to automate the loan approval process using machine learning techniques to evaluate applicants' creditworthiness. Unlike the existing manual review processes, which are time-consuming and prone to human errors, SmartLender provides a fast, reliable, and unbiased solution. The system analyzes key applicant details such as income, loan amount, loan term, credit score (CIBIL), employment status, assets, and dependents to predict whether a loan should be approved. This automation enables financial institutions to make quicker and more consistent decisions, reducing loan processing times and increasing customer satisfaction

3.2. Methodology

The methodology for developing the **SmartLender** system involves several stages, beginning from data collection to model deployment. Below are the main steps:

1. **Data Collection:**
   a. Collect loan-related datasets from sources like Kaggle, which provide information on dependents, education level, employment status, loan amount, loan term, credit scores, and assets.
   b. The dataset used in this project contains 4269 records with categorical and numerical variables.
2. **Data Preprocessing:**
   a. **Data Cleaning**: Handle missing values and outliers to ensure data quality.
   b. **Encoding Categorical Data**: Convert categorical variables (like self-employment status, education level) into numerical formats for machine learning algorithms.

3. **Feature Selection:**
   a. Select relevant features like income, loan amount, loan term, CIBIL score, and assets for prediction.
   b. Discard irrelevant features (like Loan ID) that do not contribute to the loan approval decision.

4. **Model Development:**

   a) Train multiple machine learning models (KNN, Decision Tree, Random Forest, and XGBoost) to predict loan approval status.

   b) Compare the performance of these models using metrics like accuracy and F1 score.

5. **Model Optimization:**

   a) Perform hyperparameter tuning to improve model performance.

   b) Choose the best-performing model (Random Forest) based on evaluation metrics.

6. **Deployment**:

   a) Integrate the selected model into a web application using Flask, allowing users applicant details and receive loan approval decisions in real-time.

3.3 Advantages

1. **Speed**: Loan applications are processed much faster with real-time decision-making, reducing waiting times for both lenders and applicants.
2. **Consistency**: The system ensures that every application is evaluated fairly, without bias, providing consistent decisions.
3. **Accuracy:** The use of machine learning algorithms improves the accuracy of predictions, reducing the risk of approving unqualified applicants or rejecting eligible ones.
4. **Efficiency:** Automating the loan approval process minimizes the manual effort required, enabling financial institutions to focus on other critical tasks.
5. **Adaptability:** The system can be easily updated with new data and retrained to adapt to changing financial trends and conditions.

3.4. Approaches for Implementing SmartLender

The implementation of the SmartLender system involves a combination of advanced techniques and methodologies aimed at optimizing the loan approval process. The following approaches outline the strategies to be used in developing and enhancing the system:

1. Rule-Based Approaches

- Keyword Matching: Identify critical factors and thresholds that are indicative of a loan applicant's suitability. For example, keywords or specific ranges for income, CIBIL score, or loan amount can be used to flag applications for review.

- Heuristic Rules: Develop rules based on observed patterns in historical data, such as applicants with a certain income range being more likely to be approved for loans, to create a preliminary assessment framework.

2. Machine Learning Approaches

- Supervised Learning:
  - Feature Extraction: Identify and extract relevant features from the loan application data, such as income, loan amount, and credit scores, that influence the outcome of loan approval.
  - Classification Algorithms: Employ classification algorithms like logistic regression, decision trees, or random forests to build a model that predicts loan outcomes based on historical data.
- Deep Learning:
  - Use advanced neural network architectures such as Recurrent Neural Networks (RNNs) or Long Short-Term Memory (LSTM) networks to capture complex relationships in the data and improve classification accuracy. These techniques can also enhance the model's understanding of contextual information within the applicant's profile.

3. Unsupervised Learning Approaches

- Clustering: Apply clustering algorithms like K-Means or DBSCAN to group similar applicants based on their profiles and identify outliers, which may indicate high-risk applications.
- Anomaly Detection: Utilize statistical methods to detect unusual patterns in applicant data that deviate from established norms, helping to flag potentially fraudulent or risky applications.

4. Hybrid Approaches

Combine rule-based filtering with machine learning techniques to leverage the strengths of both methodologies. For instance, initial screening could be done using heuristic rules, followed by more detailed analysis using machine learning models to classify applicants.

5. Natural Language Processing (NLP) Techniques

Sentiment Analysis: Although primarily focused on financial data, analyzing qualitative inputs from applicants, such as additional comments, may provide insights into the applicant's intent or credibility.

- Text Preprocessing: Use techniques such as normalization of input data to ensure consistency, which can enhance the feature extraction process.

6. Ensemble Methods

Combine predictions from multiple models to improve overall accuracy and robustness. For example, employ a voting classifier that aggregates outcomes from various algorithms to enhance decision-making reliability.

7. Contextual Analysis

Analyze additional data such as application metadata (e.g., submission time, source of application) and historical user behavior to distinguish between high-risk and low-risk applications, contributing to a more nuanced assessment.

8. Continuous Learning

Develop a model that adapts to emerging trends in loan applications by regularly updating the training dataset with new applicant information and retraining algorithms, ensuring the model remains relevant in a dynamic financial landscape.

CHAPTER 4

SYSTEM REQUIREMENTS SPECIFICATION

4. SYSTEM REQUIREMENTS SPECIFICATION

4.1. Software Requirements

The software requirements for the SmartLender system encompass various tools, libraries, and technologies to ensure effective implementation and operation:

Software Requirements: (for development)

- **Operating System** : Windows
- **Programming Language** : Python
- **Machine learning libraries**: scikit-learn, NumPy, Pandas, seaborn, Matplotlib.
- **Datasets :** Kaggle
- **IDE's** : Jupyter /Google Colab /Vs code.

4.2. Technologies Used

The SmartLender system leverages a combination of modern technologies across data processing, machine learning, web development, and deployment to ensure a seamless and efficient loan evaluation process.

1. **Programming Language**

- Python: Chosen for its simplicity, extensive libraries, and strong support in data science and machine learning, Python is the primary language for data processing and model development.

2**. Machine Learning Libraries**

- Scikit-Learn: Used for implementing machine learning models, including classification algorithms, feature extraction, and preprocessing functions.
- TensorFlow/Keras: Enables the creation of deep learning models like RNNs or LSTMs to capture complex data patterns and improve prediction accuracy.
- Pandas and NumPy: Essential for data manipulation and numerical computations, allowing efficient handling of datasets and matrix operations.

3. Data Visualization Tools

- Matplotlib and Seaborn: Utilized for data visualization during the exploratory data analysis (EDA) phase, aiding in understanding patterns, distributions, and relationships within the dataset.

4. Web Framework

- Flask: A lightweight and flexible web framework used to develop the backend of the SmartLender application, allowing the integration of machine learning models with a user-friendly interface.
- Flask-WTF: Used for form handling and validation, enhancing user input handling within the web application.

5. Database

- SQLite: Serves as the primary database for storing user inputs, application metadata, and decision outcomes. SQLite is lightweight and well-suited for development environments and small- to medium-scale applications.

6. Frontend Technologies

- HTML/CSS: Used for creating the layout and styling of the application's web pages, providing an intuitive and visually appealing user interface.
- JavaScript: Enhances user interactivity and real-time input validation, ensuring a smooth user experience.

7. Data Preprocessing and Feature Engineering Tools

- Natural Language Toolkit (NLTK): Employed for text processing if qualitative data is considered, such as applicant notes or additional comments.
- Regex (Regular Expressions): Used for pattern matching and data cleaning, which helps in standardizing input data before feeding it into the model.

8. Deployment

- Docker: Facilitates containerization of the application, ensuring consistency across different deployment environments and simplifying the setup.
- Heroku: A cloud platform that can host the SmartLender application, providing easy deployment, scalability, and maintenance.

9. Version Control

- Git: Used for version control, enabling efficient collaboration and tracking of changes during development.

4.3. Hardware Requirements

The hardware requirements for the SmartLender system will vary based on the expected load and operational scale:

- **Server Specifications**:
- **Processor**: Multi-core processor (e.g., Intel i5/i7 or AMD Ryzen 5/7) for efficient data processing.
- **RAM**: Minimum 8 GB; recommended 16 GB or more for handling larger datasets and concurrent user requests.
- **Storage**:

1. SSD with at least 256 GB for fast data access.
2. Optional: Additional HDD storage (1 TB or more) for backups andlarge datasets.
3. **Storage**: At least 256 GB SSD for development activities.

CHAPTER 5

SYSTEM DESIGN

5. SYSTEM DESIGN

5.1 System architecture

1. Client Side

- **User Interface (UI)**:
  - Web application (HTML, CSS, JavaScript)
  - Input forms for loan application details (dependents, income, loan amount, loan term, CIBIL score, and assets)
  - Displays the loan approval result ("approved" or "rejected")

2. Backend

- **Flask Application**:
  - Handles incoming requests from the UI
  - Implements business logic for loan prediction
  - Manages user sessions and data validation
- **Machine Learning Model**:
  - Trained model for loan approval prediction (e.g., using scikit-learn)
  - Processes input data and returns predictions based on model evaluation
- **Data Preprocessing Module**:
  - Handles data cleaning and normalization
  - Encodes categorical variables to prepare data for the ML model
- **Database (SQLite)**:
  - Stores user information, loan applications, and historical predictions
  - Enables CRUD operations for managing loan data

1. Data Flow

- **Input Process**:
  - User fills out the loan application form and submits it.
  - Input data is sent to the Flask backend.
- **Processing**:
  - The backend validates the input and calls the Data Preprocessing Module.
  - Preprocessed data is fed into the Machine Learning Model

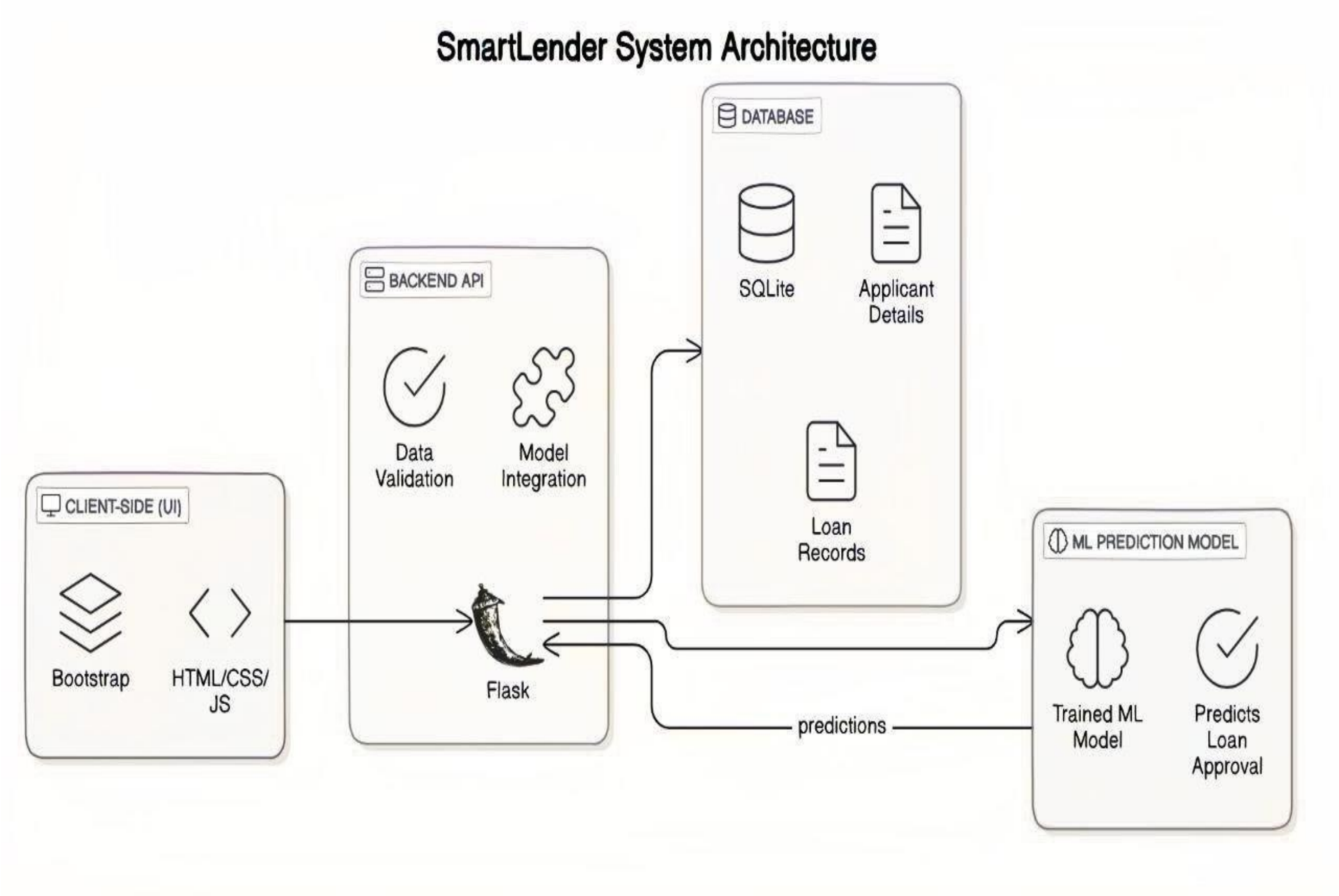


FIGURE 1: SMARTLENDER SYSTEM ARCHITECTURE

5.2. Module Description

Module Description for SmartLender

1. User Interface Module

- Functionality: Provides the front-end interface for users to interact with the SmartLender application.
- Responsibilities:
  - Render forms for loan application input (dependents, income, loan amount, loan term, CIBIL score, and assets).
  - Display the results of loan predictions ("approved" or "rejected").
  - Handle user input and validate form submissions before sending data to the backend.
- Technologies Used: HTML, CSS, JavaScript (optional libraries/frameworks like jQuery or Bootstrap for UI enhancements).

2.Flask Application Module

- Functionality: Acts as the core backend framework to manage requests, processing logic, and routing.
- Responsibilities:
  - Handle incoming HTTP requests from the User Interface.
  - Route requests to appropriate functions based on user actions (e.g., submitting a loan application).
  - Manage user sessions and maintain state across different interactions.
  - Communicate with the Data Preprocessing Module and Machine Learning Model for loan predictions.
- Technologies Used: Flask (Python framework), Jinja2 (for templating).

3. Data Preprocessing Module

- Functionality: Prepares input data for the machine learning model by cleaning and transforming it.
- Responsibilities:
  - Perform data cleaning to address missing values and outliers.
  - Normalize numerical values for consistent scaling.

    - Encode categorical variables into numerical formats suitable for model input.
    - Ensure data quality for accurate predictions by the Machine Learning Model.
- Technologies Used: Pandas, NumPy (for data manipulation), scikit-learn (for preprocessing techniques).

4. Machine Learning Module

- Functionality: Contains the trained model that predicts loan approval based on input features.
- Responsibilities:
    - Load the pre-trained machine learning model.
    - Accept preprocessed input data and evaluate it using the model.
    - Return predictions (either "approved" or "rejected") based on the evaluation results.
    - Monitor model performance and update as necessary to improve accuracy over time.
- Technologies Used: scikit-learn (for model training and prediction), potentially TensorFlow or PyTorch (for advanced model architectures).

5.Database Module

- Functionality: Manages data storage and retrieval for user information and loan applications.
- Responsibilities:
    - Store user input data, including loan applications and predictions.
    - Support CRUD operations (Create, Read, Update, Delete) for managing historical loan data.
    - Facilitate data persistence, ensuring that relevant information is available for future reference and analysis.
- Technologies Used: SQLite (for lightweight database management).

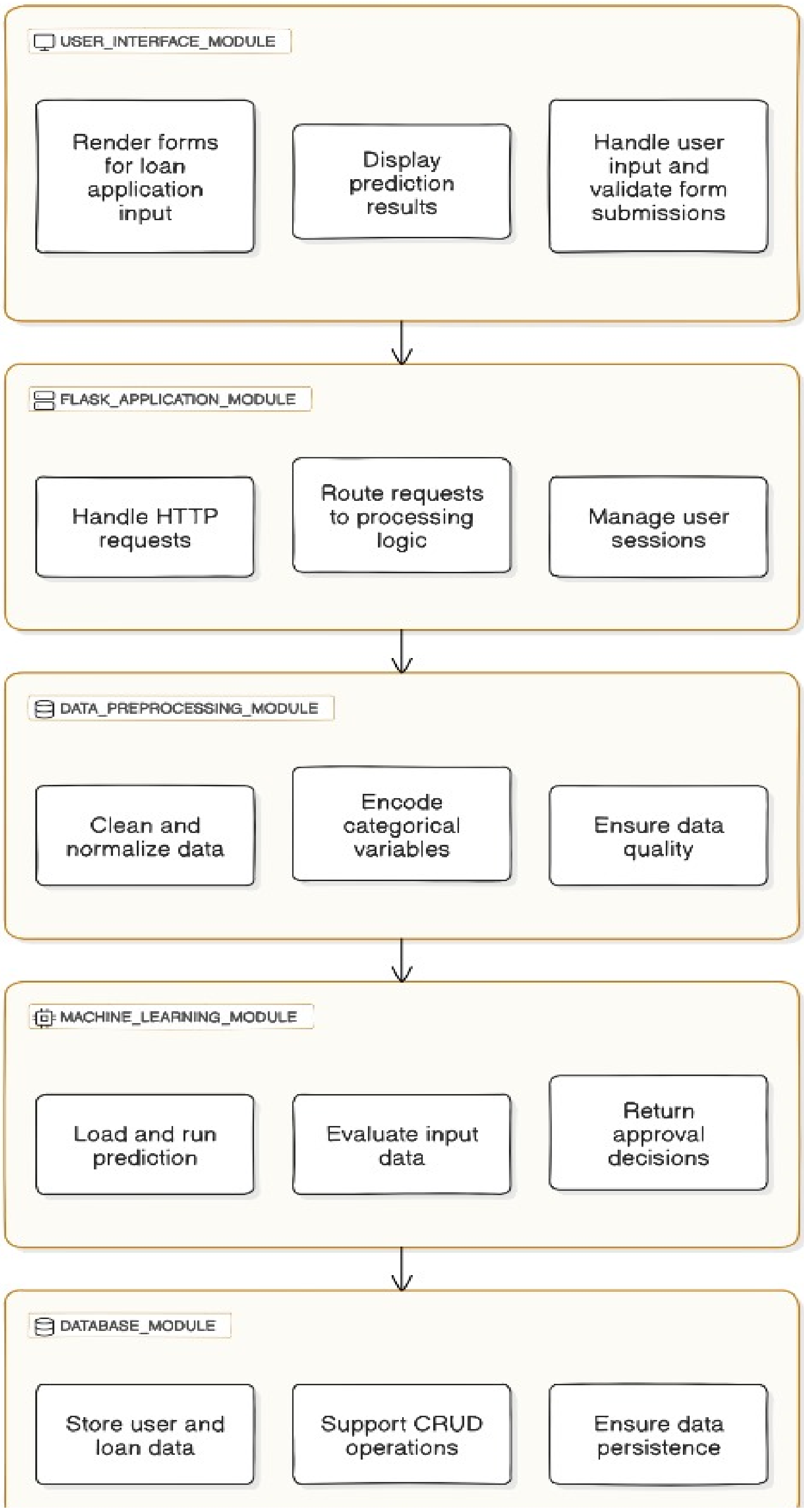


FIGURE 2: MODULE DESCRIPTION

5.3 UML DIAGRAMS

5.3.1 Use Case Diagram

The Use Case Diagram for the SmartLender system illustrates the interactions between users (Applicants and Admins) and the system's functionalities.

- **Actors**:
  - **Applicant**: Represents users applying for loans and interacting with the system to receive predictions and feedback.
  - **Admin**: Represents administrators managing the system, overseeing applications, and handling user feedback.
- **Use Cases**:
  - **Submit Loan Application**: The applicant submits their loan application through the system.
  - **Receive Prediction**: The applicant receives a prediction regarding their loan status (approved or rejected).
  - **View Loan Status**: The applicant can check the status of their loan application.
  - **Provide Feedback**: The applicant can give feedback on the loan process.
  - **Login/Register**: Applicants can create accounts or log in to the system.
  - **View Dashboard**: Applicants can access their dashboard for information on applications.
  - **Admin Dashboard**: Admins can view their administrative dashboard to manage users and applications.
  - **View All Applications**: Admins can see all loan applications submitted by users.
  - **View Feedback**: Admins can access feedback submitted by applicants.

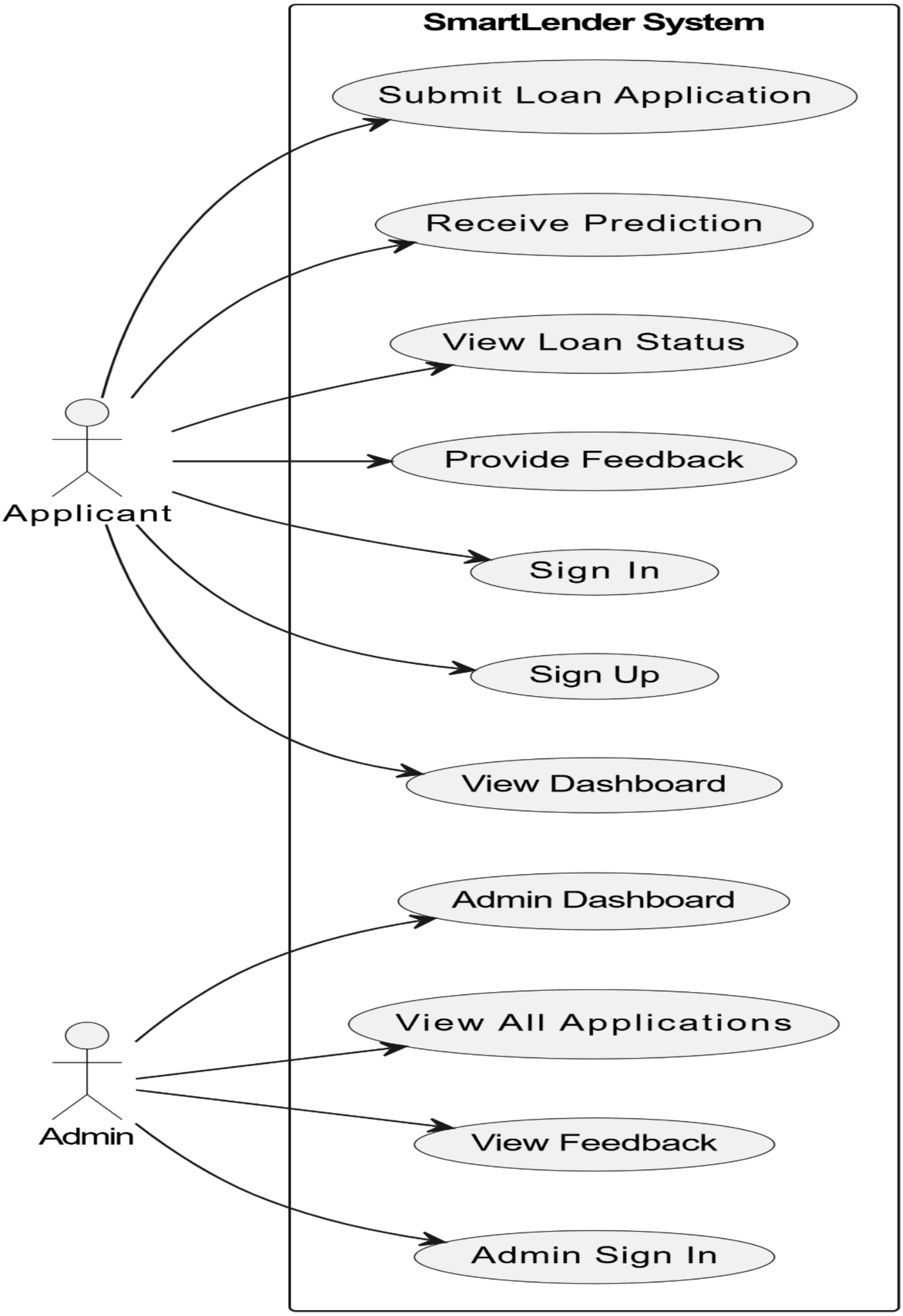


FIGURE 3: Use Case Diagram for the User and Admin Roles Interaction

5.3.2. Sequence Diagram

Actors

1. **User**: The applicant seeking a loan.
2. **Flask Application (System)**: The backend framework that manages the application's logic and processing.
3. **Data Preprocessing Module**: Prepares the user input data for prediction.
4. **Machine Learning Module**: Evaluates the preprocessed data to provide a prediction.
5. **Database Module**: Stores and retrieves application data as needed.

Flow of Events

1. **User Submits Loan Application**:
   - The user fills out the loan application form and submits it.
   - The Flask Application receives the form data.
2. **Validate Input Data**:
   - The Flask Application validates the input data (ensuring all required fields are filled and data types are correct).
   - If validation fails, an error message is returned to the user.
3. **Preprocess Data**:
   - If validation is successful, the Flask Application sends the data to the Data Preprocessing Module.
   - The Data Preprocessing Module cleans and transforms the input data (normalization and encoding).
   - The preprocessed data is sent back to the Flask Application.
4. **Predict Loan Approval**:
   - The Flask Application forwards the preprocessed data to the Machine Learning Module.
   - The Machine Learning Module evaluates the data using the trained model and generates a prediction (approved or rejected).
   - The prediction result is sent back to the Flask Application.
5. **Store Application Data**:
   - The Flask Application optionally stores the loan application details and the prediction result in the Database Module.

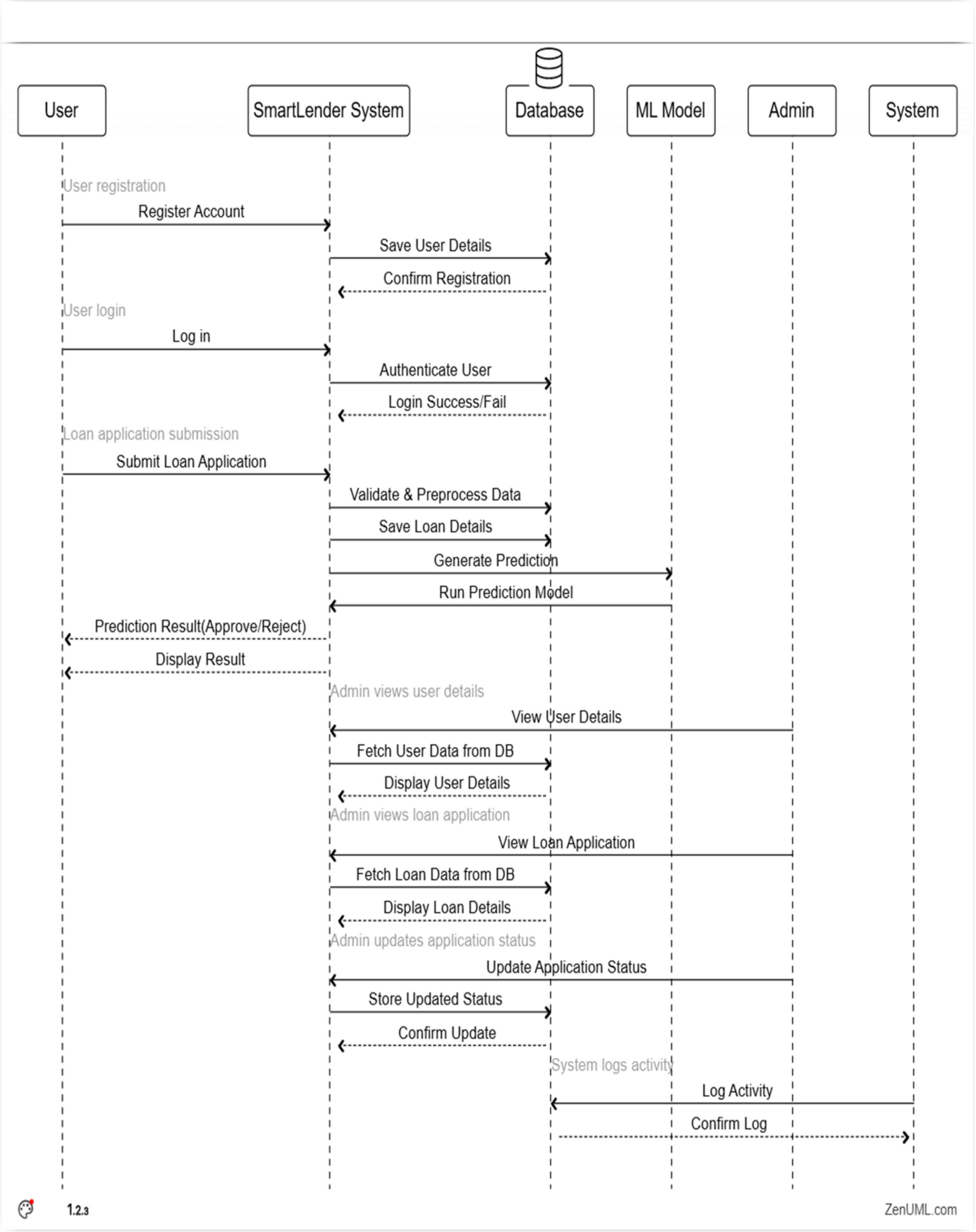


FIGURE 4: Sequence Diagram for User Interaction Flow

5.3.3 Activity Diagram

The Activity Diagram outlines the workflow for applying for a loan in the SmartLender system.

- **Workflow:**
  1. Start: The applicant fills out the loan application form.
  2. Data Validation: The system validates the input data to ensure completeness and correctness.
  3. Data Preprocessing: The system preprocesses the data for the machine learning model.
  4. Model Prediction: The machine learning model makes a prediction based on the processed data.
  5. Display Result: The system displays the loan application result (approved or rejected) to the applicant.
  6. End: The workflow ends with the applicant receiving the loan status and an option to provide feedback.

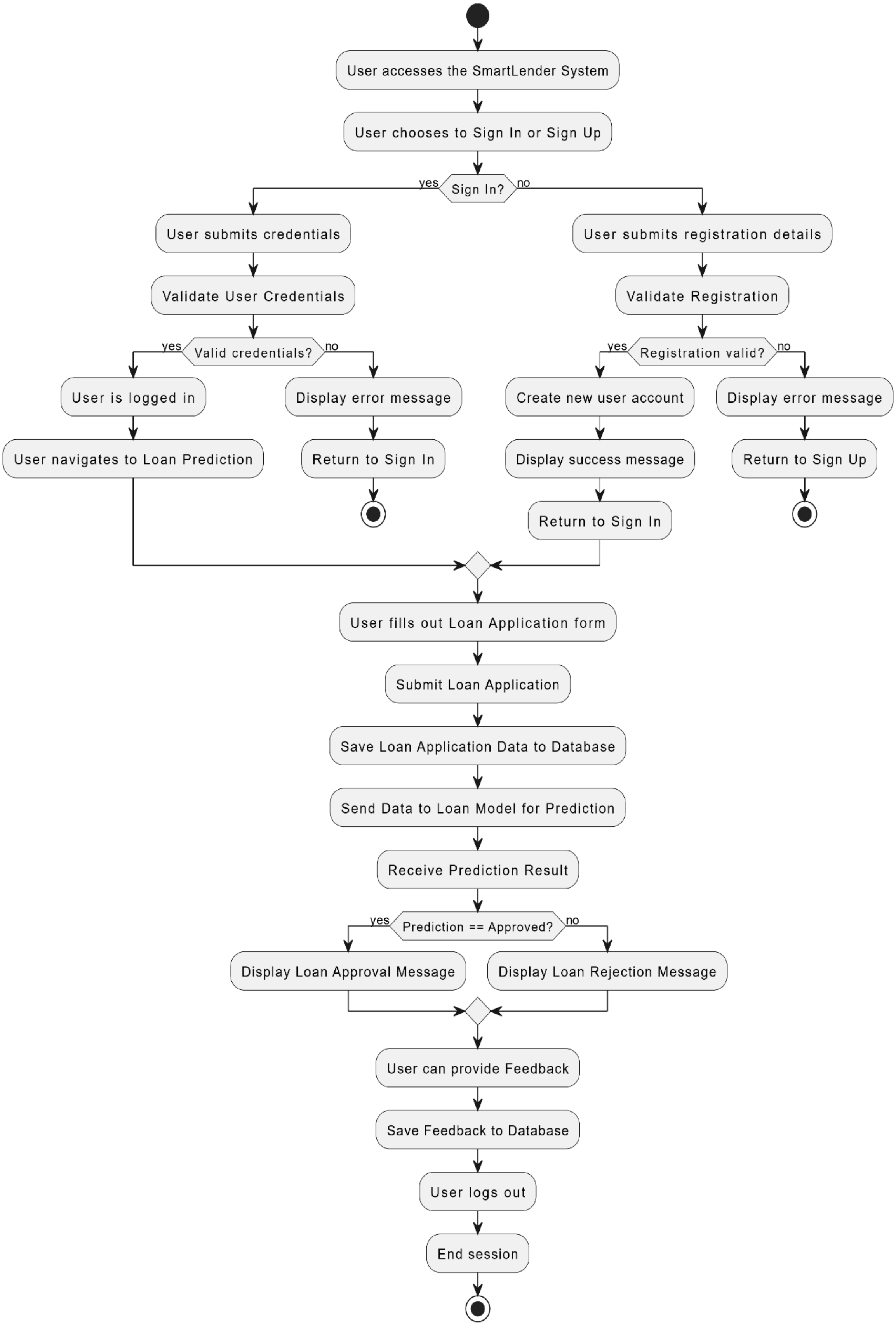

User accesses the SmartLender System
User chooses to Sign In or Sign Up
Sign In?
yes
no
User submits credentials
Validate User Credentials
Valid credentials?
yes
no
User is logged in
User navigates to Loan Prediction
Display error message
Return to Sign In
User submits registration details
Validate Registration
Registration valid?
yes
no
Create new user account
Display success message
Return to Sign In
Display error message
Return to Sign Up
User fills out Loan Application form
Submit Loan Application
Save Loan Application Data to Database
Send Data to Loan Model for Prediction
Receive Prediction Result
Prediction == Approved?
yes
no
Display Loan Approval Message
Display Loan Rejection Message
User can provide Feedback
Save Feedback to Database
User logs out
End session

FIGURE 5: Activity Diagram for the User Interaction Flow

5.3.4 Class Diagram

The Class Diagram represents the structure of the SmartLender system, showcasing the primary classes and their relationships.

- **Classes:**
  - User: Contains attributes for user identification and authentication, including methods for account management (create, login, logout).
  - Loan: Represents a loan application with attributes to track details like dependents, employment status, income, and the loan status. It includes methods for applying for a loan and checking its status.
  - Feedback: Captures user feedback on the loan process, linking it to specific loan applications and including methods for submitting feedback.
  - Model: Encapsulates the machine learning model used for predictions, with a method to make predictions based on input data.
  - Scaler: Represents the data preprocessing component that scales input data before feeding it to the model.
- **Relationships:**
  - A User can apply for multiple Loans (1 to many).
  - Each Loan can have one Feedback associated with it (1 to 1).
  - A User can provide multiple Feedback entries (1 to many).
  - The Model interacts with the Scaler to process loan application data.

This diagram provides a structural overview of the system, highlighting the relationships and functionalities of key components.

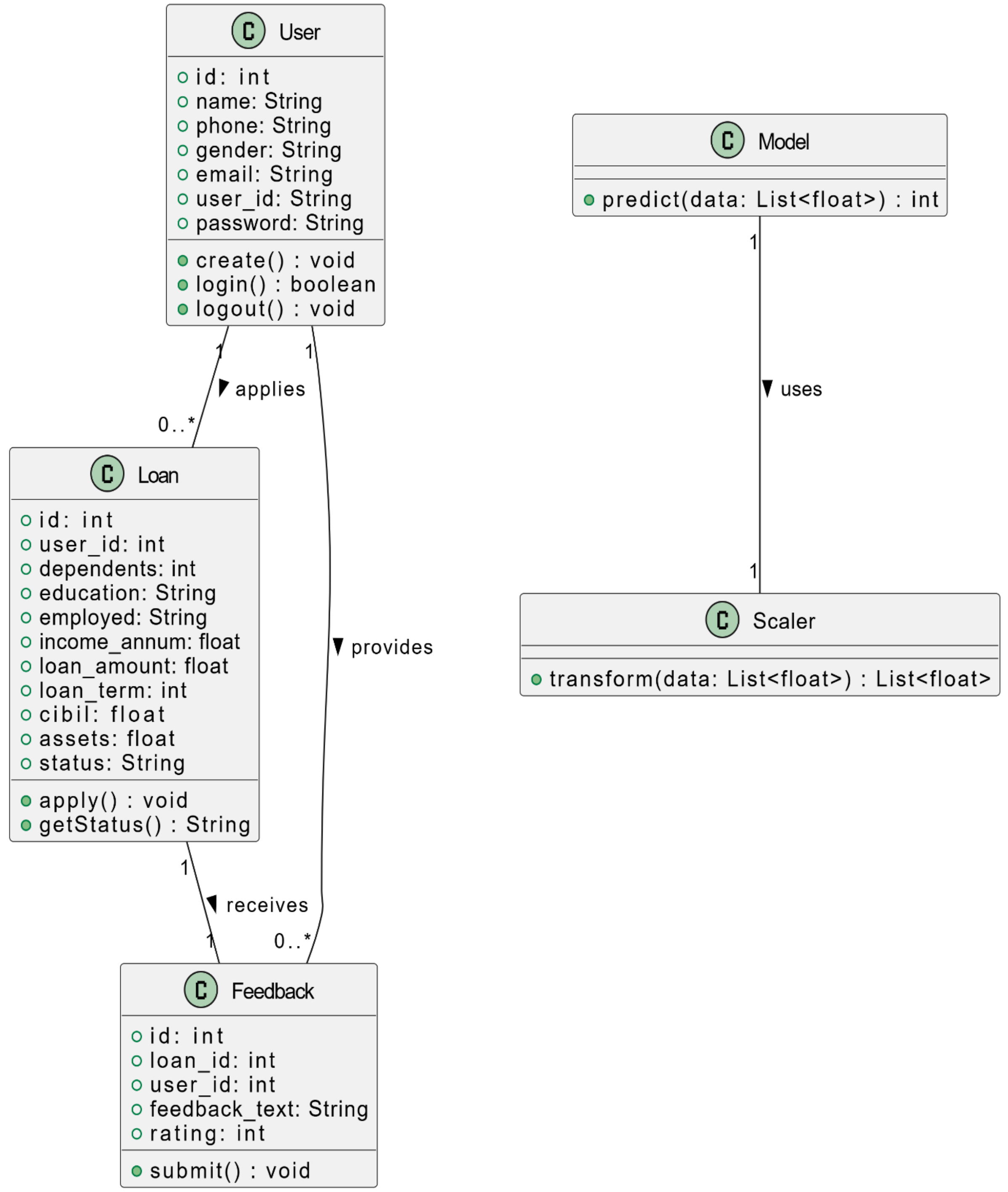


FIGURE 6: Class Diagram for System Architechture Overview

CHAPTER 6

IMPLEMENTATION

6. IMPLEMENTATION

6.1.Algorithms

Random Forest

- Description: Random Forest is an ensemble method that builds multiple decision trees and combines their outputs for more accurate and robust predictions.
- Advantages: Reduces overfitting, handles missing values well, and provides feature importance scores.
- Disadvantages: Less interpretable than individual trees and may require more computational resources.
- Application: Suitable for handling complex relationships between features and improving the accuracy of loan approval predictions.

Gradient Boosting (e.g., XGBoost)

- Description: Gradient Boosting is an ensemble technique that builds a series of weak models (usually decision trees) sequentially, with each tree trying to correct the errors of the previous ones.
- Advantages: Highly accurate, handles a variety of data types, and includes techniques to reduce overfitting.
- Disadvantages: Can be computationally intensive, especially with large datasets.
- Application: Often used in financial applications for credit risk assessment due to its accuracy in classification tasks**.**

K-Nearest Neighbors (KNN)

- Description: KNN is a simple, instance-based learning algorithm that classifies a sample based on the majority class among its nearest neighbors.
- Advantages: Simple to understand, no training phase required, and works well with small datasets.
- Disadvantages: Computationally expensive for large datasets and sensitive to irrelevant features.

- Application: KNN could be used to find similar applicants in the historical dataset and predict loan approval based on similar cases.

Decision Tree

- Description: Decision Tree is a tree-like model that splits data into branches based on feature values, helping to classify outcomes through a series of decisions.
- Advantages: Easy to interpret, handles both numerical and categorical data, and does not require feature scaling.
- Disadvantages: Prone to overfitting, especially with deep trees.
- Application: Useful for understanding the decision-making process, as the tree structure shows the criteria for approval or rejection clearly.

6.1.1 What is Machine Learning

Definition: Machine Learning (ML) is a branch of artificial intelligence (AI) focused on building systems that learn from data and make decisions or predictions without explicit programming.

- **Types of ML:**
    - Supervised Learning: The model learns from labeled data (e.g., predicting loan approval based on historical loan data).
    - Unsupervised Learning: The model identifies patterns without labeled data (e.g., customer segmentation).
    - Reinforcement Learning: The model learns through trial and error to maximize rewards (used less commonly in finance).
- Applications: In loan prediction, ML algorithms can analyze multiple applicant attributes, such as income and CIBIL scores, to predict loan approval.

6.1.2 How Machine Learning Works

- Steps in ML Model Development:
    1. Data Collection: Gathering relevant data, such as loan applicant details and loan status.
    2. Data Preprocessing: Cleaning and transforming data to handle missing values, outliers, and categorical variables.
    3. Feature Engineering: Selecting or transforming variables to improve model accuracy (e.g., encoding categorical variables).
    4. Model Training: Feeding data into the ML algorithm to train the model.
    5. Model Evaluation: Assessing model performance using metrics like accuracy, precision, recall
    6. Deployment: Integrating the trained model into the application to make real-time predictions.
- Working of Supervised Learning: Supervised learning models use labeled data to learn the mapping between input features (e.g., income, loan amount) and output (loan status), adjusting the model until it can accurately predict outcomes on new data.

6.1.3 Random Forest

6.1.3.1 Introduction

What is Random Forest?

Random Forest is an ensemble learning method that creates multiple decision trees and combines their outputs to improve accuracy and stability.

- Purpose: In loan prediction, Random Forest can classify applicants as either "approved" or "rejected" based on a series of decision trees.
- Advantages:
    - Handles large datasets and complex relationships.
    - Reduces overfitting by averaging multiple trees.
    - Provides feature importance, which helps in understanding which factors are most influential in loan decisions.
- Disadvantages: Can be computationally intensive, and interpretation is more complex than a single decision tree.

6.1.3.2 Architecture

Overview: The architecture of a Random Forest consists of multiple decision trees that vote on the final prediction. Each tree is trained on a different subset of data and features, making the model robust and less prone to overfitting.

Steps in Random Forest:

0. **Bootstrap Sampling:** Random samples of data are drawn with replacement to create subsets for training each tree.

1. **Random Feature Selection:** For each split in a tree, a random subset of features is considered, introducing variety among trees.

2. **Tree Construction**: Each tree is grown independently on its data subset, producing a series of predictions.

3. **Aggregation (Voting):** The predictions from all trees are aggregated (e.g., majority voting for classification) to produce the final result.

    - **Feature Importance:** Random Forest provides a ranking of feature importance, helping to identify which attributes (like income or CIBIL score) most influence approval.

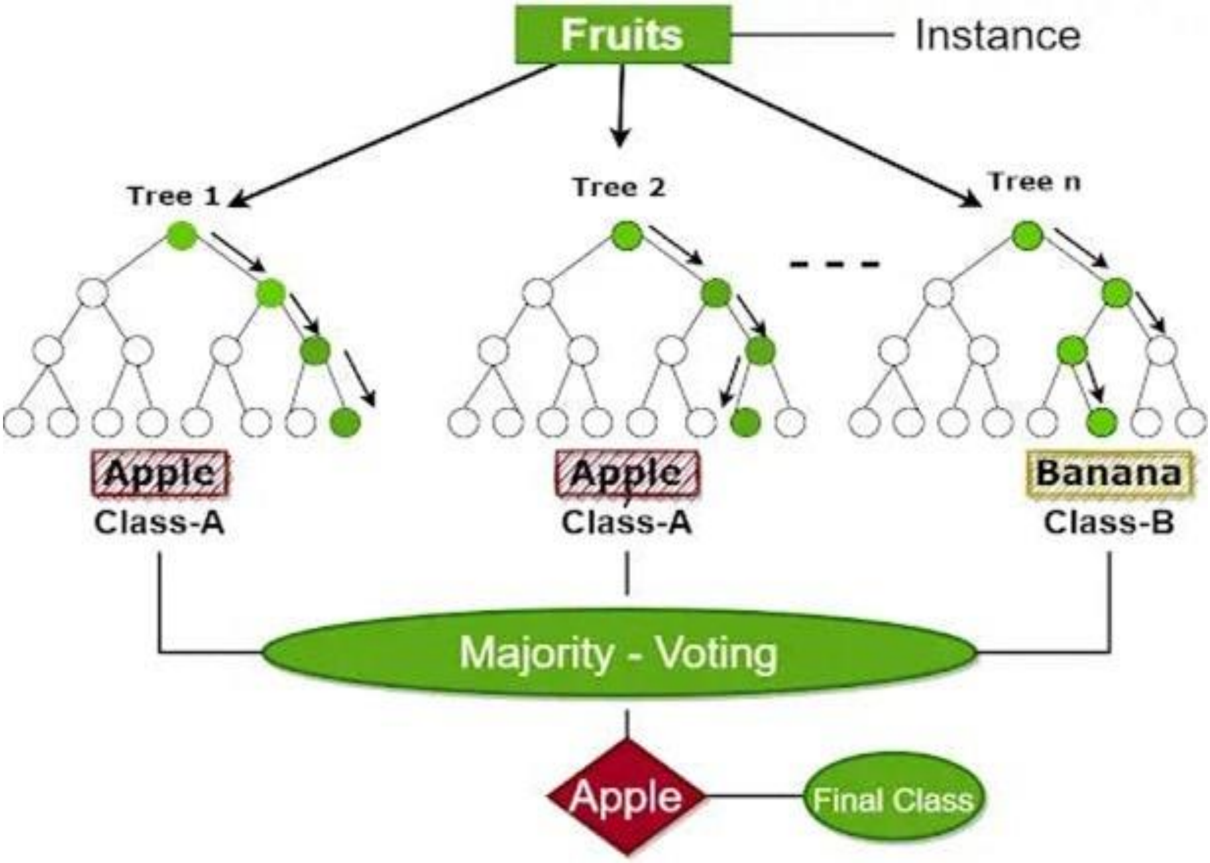


FIGURE 7: RANDOM FOREST ALGORITHM ARCHITECTURE

6.1.4 Algorithm

Random Forest Algorithm for Loan Prediction:

1. Input: Training dataset with applicant details and loan status labels.
2. Bootstrap Sampling: Create multiple training subsets by randomly sampling the original data with replacement.
3. Tree Construction:
   - For each subset, construct a decision tree.
   - At each split, choose the best feature from a random subset of all features.
4. Model Aggregation: Aggregate the predictions from each tree by majority vote to determine the final classification for each applicant.
5. Output: Final prediction (e.g., “approved” or “rejected”) for each loan application.

This process ensures the model generalizes well and provides reliable predictions based on historical data.

6.1.5 Implementation Procedure

Procedure for Implementing Random Forest in SmartLender:

1. Data Preparation: Load the dataset, handle missing values, and encode categorical variables.
2. Train-Test Split: Divide the dataset into training and test sets.
3. Model Initialization: Initialize the Random Forest classifier with optimal hyperparameters (e.g., number of trees, max depth).
4. Model Training: Train the Random Forest model on the training set.
5. Prediction: Use the trained model to make predictions on the test set.
6. Evaluation: Calculate performance metrics (accuracy, precision, recall, AUC-ROC) to assess model effectiveness.
7. Hyperparameter Tuning: Optimize parameters using techniques like Grid Search or Random Search for better performance.
8. Deployment: Integrate the final model into the SmartLender system for real-time loan prediction.

6.2 CODING (Source Code)

FLASK CODE

```
from flask import Flask, render_template, redirect, url_for, flash, request, session
from extension import db
from werkzeug.security import generate_password_hash, check_password_hash
from config import config
from forms import SignInForm, SignUpForm, PredictionForm, FeedbackForm  # Import FeedbackForm
import pickle

app = Flask(__name__)
app.config['SQLALCHEMY_ECHO'] = True
app.config.from_object(config['development'])
app.config['SECRET_KEY'] = 'your_secret_key'
app.config['SQLALCHEMY_DATABASE_URI'] = 'sqlite:///loan_app.db'
db.init_app(app)

from models import User, Loan, Feedback  # Import Feedback model
model = pickle.load(open(r'rfmodel.pkl', 'rb'))
scaler = pickle.load(open(r'scaler.pkl', 'rb'))

education_mapping = {"Graduate": 0, "Not Graduate": 1}
employed_mapping = {"Yes": 1, "No": 0}

# Hardcoded admin credentials
ADMIN_USER_ID = 'admin'  # Replace with your actual admin ID
ADMIN_PASSWORD = 'nivas'  # Replace with your actual admin password

# Landing Page with Continue Button and Typing Animation
@app.route('/')
def index():
    return render_template('landing.html')
```

```
@app.route('/privacypolicy')
def privacy_policy():
    return render_template('privacy_policy.html')

@app.route('/terms_conditions')
def terms_conditions():
    return render_template('terms_conditions.html')

# Sign In Page
@app.route('/signin', methods=['GET', 'POST'])
def signin():
    form = SignInForm()
    if form.validate_on_submit():
        user_id = form.user_id.data
        password = form.password.data

        # Check for admin credentials
        if user_id == ADMIN_USER_ID and password == ADMIN_PASSWORD:
            session['user_id'] = user_id
            session['role'] = 'admin'  # Set role to admin
            return redirect(url_for('admin_dashboard'))  # Redirect to admin dashboard

        # Query the database for the user
        user = User.query.filter_by(user_id=user_id).first()
        if user and check_password_hash(user.password, password):
            session['user_id'] = user.id  # Save user session
            session['role'] = 'user'  # Set role to user
            return redirect(url_for('home'))  # Redirect to home page after successful login
        else:
            flash('Invalid User ID or password.', 'error')
            return redirect(url_for('signin'))  # On failure, reload the sign-in page
    return render_template('signin.html', form=form)
```

```
# Sign Up Page
@app.route('/signup', methods=['GET', 'POST'])
def signup():
    form = SignUpForm()
    if form.validate_on_submit():
        name = form.name.data
        phone = form.phone.data
        gender = form.gender.data
        email = form.email.data
        user_id = form.user_id.data
        password = form.password.data

        # Check if the user ID already exists
        existing_user = User.query.filter_by(user_id=user_id).first()
        if existing_user:
            flash('User ID already taken. Please choose another.', 'error')
            return redirect(url_for('signup'))

        # Create new user and hash the password
        new_user = User(
            name=name, phone=phone, gender=gender, email=email,
            user_id=user_id, password=generate_password_hash(password)
        )

        # Save new user to the database
        db.session.add(new_user)
        db.session.commit()

        flash('Account created successfully! Please sign in.', 'success')
        return redirect(url_for('signin'))
    return render_template('signup.html', form=form)

# Home Page
@app.route('/home')
```

```
def home():
    return render_template('index1.html')

# Admin Dashboard
@app.route('/admin_dashboard')
def admin_dashboard():
    if 'role' in session and session['role'] == 'admin':
        users = User.query.all()  # Fetch all users
        loans = Loan.query.all()  # Fetch all loans
        feedbacks = Feedback.query.all()  # Fetch all feedback
        return render_template('admin.html', users=users, loans=loans, feedbacks=feedbacks)
    else:
        flash('Access denied. Admins only.', 'error')
        return redirect(url_for('home'))  # Redirect to home or another page

# Loan Prediction Page
@app.route('/predict', methods=['GET', 'POST'])
def predict():
    form = PredictionForm()
    if form.validate_on_submit():
        try:
            dependents = form.dependents.data
            education = form.education.data
            employed = form.employed.data
            income_annum = form.income_annum.data
            loan_amount = form.loan_amount.data  # Change to lower case
            loan_term = form.loan_term.data  # Change to lower case
            cibil = form.cibil.data
            assets = form.assets.data

            # Use predefined mappings for education and employment status
            grad_s = education_mapping.get(education, 1)
            emp_s = employed_mapping.get(employed, 0)
            # Prepare input data for the model
             data = [[dependents, grad_s, emp_s, income_annum, loan_amount, loan_term, cibil,
assets]]
            data = scaler.transform(data)  # Apply scaling

            # Make prediction
            prediction = model.predict(data)

            # Retrieve the logged-in user's ID from the session
            user_id = session.get('user_id')
            # Set loan status based on prediction
            status = 'Approved' if prediction[0] == 1 else 'Rejected'

            loan_details = Loan(
                user_id=user_id, dependents=dependents, education=education,
                employed=employed, income_annum=income_annum, loan_amount=loan_amount,
                loan_term=loan_term, cibil=cibil, assets=assets, status=status            )

            if prediction[0] == 1:  # Loan Approved
                db.session.add(loan_details)
                db.session.commit()
                return redirect(url_for('loan_approved', loan_id=loan_details.id))
            else:  # Loan Rejected
                db.session.add(loan_details)
                db.session.commit()
                return redirect(url_for('loan_rejected', loan_id=loan_details.id))

        except Exception as e:
            return str(e), 400

    return render_template('prediction1.html', form=form)

@app.route('/loan_approved')
def loan_approved():
    return render_template("approved.html")

@app.route('/loan_rejected')
def loan_rejected():
    return render_template('rejected.html')

@app.route('/dashboard')
def dashboard():
    # Replace with actual logic to fetch loan information
    return render_template('dashboard.html')
@app.route('/dashboard2')
def dashboard2():
    # Replace with actual logic to fetch loan information
    return render_template('dashboard2.html')
@app.route('/logout')
def logout():
    session.pop('user_id', None)
    session.pop('role', None)
    flash('You have been logged out.', 'info')
    return redirect(url_for('signin'))

if __name__ == '__main__':
    with app.app_context():
        db.create_all()  # Create all tables defined in models
    app.run(debug=True)
```

6.3 Dataset Details:

Here are the details for a typical loan prediction dataset, which includes various factors relevant to determining loan eligibility. These details can help structure the data collection and feature engineering stages of the project.

Dataset Details for Loan Prediction Project (SmartLender)

- **Source:** Kaggle or similar open datasets focused on loan approval prediction.
- **Format:** CSV
- Size: Approximately 4269 records

Features and Descriptions

1. Dependents:
   - Type: Integer
   - Description: Number of dependents supported by the applicant. This can indicate financial responsibility.
2. Education:
   - Type: Categorical (Graduate/Not Graduate)
   - Description: Education level of the applicant, which may correlate with earning potential.
3. Self_Employed:
   - Type: Categorical (Yes/No)
   - Description: Indicates if the applicant is self-employed, which can affect income stability.
4. Loan Amount:
   - Type: Numerical
   - Description: Amount of loan requested, a primary factor for risk assessment.
5. Loan Amount Term:
   - Type: Numerical (in months or years)
   - Description: The loan repayment period, impacting monthly installments.
6. CIBIL Score:
   - Type: Numerical
   - Description: Creditscore of the applicant, a standard measure of creditworthiness.
7. Loan Status:

- Type: Categorical (Y/N)
- Description: The target variable indicating whether the loan was approved (Y) or rejected (N).

Data Quality Issues

- Missing Values: Some features may have missing data, which needs to be handled through imputation or removal.
- Outliers: Variables like income, loan amount, and CIBIL score may contain outliers that need to be managed.
- Categorical Encoding: Non-numeric fields (e.g., Education, Self_Employed, Property Area) should be encoded into numerical format for model processing.

Data Preprocessing Steps

1. Handling Missing Values: Impute missing data using appropriate methods (e.g., mean/mode/median for numerical features).
2. Outlier Treatment: Use statistical or visualization methods to identify and address outliers.
3. Encoding Categorical Variables: Convert categorical variables to numerical format (e.g., one-hot encoding or label encoding).
4. Feature Scaling: Normalize or standardize features like income and loan amount to ensure uniform model inputs

S.NO	**dependents**	**education**	**Self employed**	**Income annum**	**Loan amount**	**Loan term**	**Cibil score**	**Loan status**	**Assets**
0	2	1	No	9600000	29900000	12	778	Approved	50700000
1	0	0	Yes	4100000	12200000	8	417	Rejected	17000000
2	3	1	No	9100000	29700000	20	506	Rejected	57700000
3	3	1	No	8200000	30700000	8	467	Rejected	52700000
4	5	0	Yes	9800000	24200000	20	382	Rejected	55000000

TABLE 2: DATASET EXAMPLE

CHAPTER 7

SYSTEM TESTING

7. SYSTEM TESTING

7.1 Testing Introduction

Testing is a crucial phase in the software development lifecycle, serving to ensure that the software functions as intended and meets user expectations. It encompasses various methodologies that collectively help identify defects, improve quality, and enhance user satisfaction. This section provides an overview of the key testing methodologies applied in our project.

7.1.1 Unit Testing

Unit testing is the process of verifying the functionality of individual components of the application, typically at the function or method level. The primary goal of unit testing is to isolate each part of the program and show that the individual parts are correct.

- **Purpose**: The main purpose of unit testing is to ensure that each piece of the application behaves as expected when provided with certain inputs. This helps in detecting and fixing bugs early in the development process, thereby reducing the cost and time required for later testing phases.
- **Implementation**: In our project, we utilized the unittest framework to create a series of tests that validate each function in our application. For instance, we tested the following functionalities:
    - User registration and login processes, ensuring that the authentication mechanisms work correctly.
    - The loan application submission process to confirm that all required fields are validated properly.
    - Model prediction functions to ensure that the model outputs the expected results given certain input data.
- **Outcome**: The successful execution of unit tests provided confidence that each module operates correctly in isolation, allowing us to proceed to the integration testing phase without significant concerns about individual component failures.

7.1.2 Integration Testing

Integration testing evaluates the interaction between integrated components of the application.

This phase of testing is critical as it helps identify interface defects and ensures that the combined modules work together as intended.

- **Purpose**: The primary goal of integration testing is to expose defects in the interaction between integrated units. It helps in ensuring that data flows correctly between modules and that they behave correctly when combined.
- **Implementation**: In our project, integration testing was conducted after the unit tests were completed. We focused on:
  - Verifying the interaction between the user interface and backend components, including database operations.
  - Testing the APIs that connect various modules, ensuring they pass data correctly between the frontend and backend.
  - Ensuring that the ML model interacts correctly with the data processed from user inputs.
- **Outcome**: Integration testing revealed several issues, such as discrepancies in data formatting between the frontend and backend, which were promptly resolved. The successful integration tests confirmed that our application components work harmoniously, paving the way for more comprehensive system testing.

7.1.3 User Interface Testing

User interface testing focuses on verifying that the application's user interface is intuitive, responsive, and functions correctly. This testing is essential for ensuring a positive user experience, as the UI is the primary interaction point for users.

- **Purpose**: The purpose of UI testing is to validate the design and usability of the application, ensuring that it meets user requirements and expectations. It assesses not only functionality but also aesthetic elements, making sure that users can navigate the application efficiently.
- **Implementation**: Our approach to UI testing included both manual and automated testing methods:
  - **Manual Testing**: Testers manually interacted with the application to ensure all UI elements (buttons, forms, navigation links) functioned as intended. They checked for responsiveness across different devices and screen sizes.
  - **Automated Testing**: We employed Selenium to automate UI tests, which

allowed us to run a series of test cases repeatedly and reliably. Key tests included:

- Verification of form submissions and error handling when invalid data is entered.
- Checking that the correct pages load based on user actions, such as navigation and login.
- Assessing the responsiveness of the application on various browsers and devices.

7.2 TEST CASES

Test Case ID	**Test Case Description**	**Input Data**	**Expected Outcome**	**Actual Result**	**Status**
TC1	Test landing page rendering	N/A	Renders landing.html	Renders landing.html	Passed
TC2	Test privacy policy page rendering	N/A	Renders privacy_policy.html	Renders privacy_policy.html	Passed
TC3	Test terms and conditions page rendering	N/A	Renders terms_conditions.html	Renders terms_conditions.html	Passed
TC4	Test successful user registration	Name: "John Doe", Phone: "1234567890", Gender: "Male", Email: "john@example.com", User ID: "johndoe", Password: "password"	Flash message: "Account created successfully!" Redirect to /signin	Flash message: "Account created successfully!" Redirect to /signin	Passed
TC5	Test user login with valid credentials	User ID: "johndoe", Password: "password"	Flash message: "Logged in successfully" Redirect to /home	Flash message: "Logged in successfully" Redirect to /home	Passed
TC6	Test admin login	User ID: "admin",	Redirect to	Redirect to	Passed

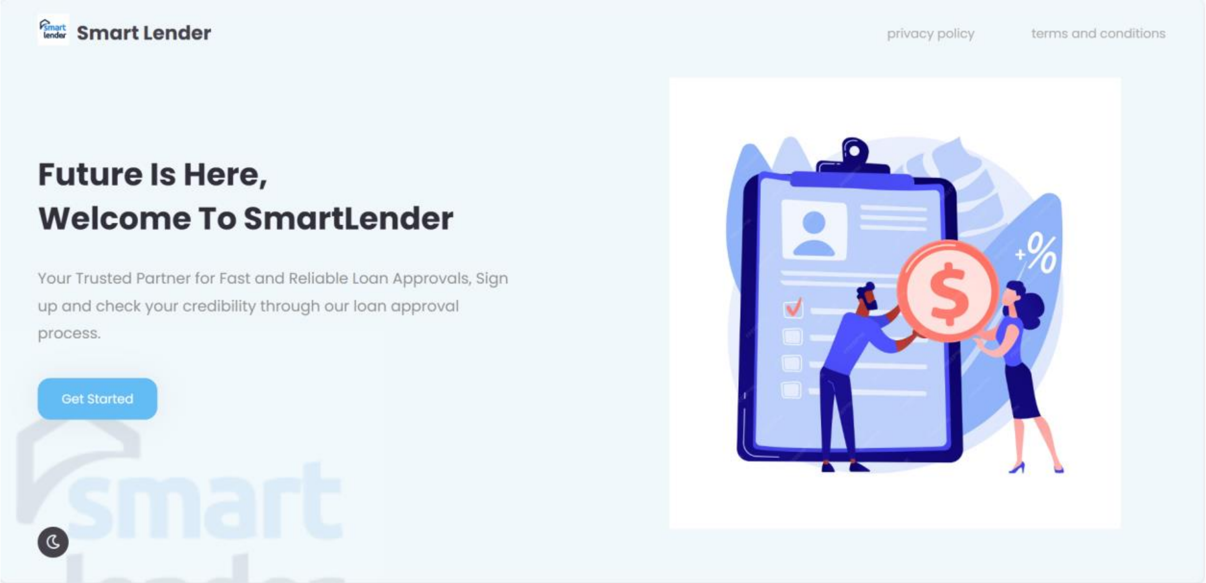
	with valid credentials	Password: "nivas"	/admin_dashboard	/admin_dashboard	
TC7	Test loan prediction with valid data	Dependents: 0, Education: "Graduate", Employed: "Yes", Annual Income: 50000, Loan Amount: 100000, Loan Term: 15, CIBIL: 700, Assets: 200000	Redirect to /loan_approved or /loan_rejected based on model prediction	Redirect to /loan_approved or /loan_rejected based on model prediction	Passed
TC8	Test view loan approval page	N/A	Renders approved.html	Renders approved.html	Passed
TC9	Test view loan rejection page	N/A	Renders rejected.html	Renders rejected.html	Passed
TC10	Test admin dashboard access	N/A (must be logged in as admin)	Renders admin.html with user, loan, and feedback data	Renders admin.html with user, loan, and feedback data	Passed
TC11	Test user logout	N/A	Flash message: "You have been logged out." Redirect to /signin	Flash message: "You have been logged out." Redirect to /signin	Passed
TC12	Test privacy policy link from landing	Click on Privacy Policy link on landing page	Redirect to privacy_policy.html	Redirect to privacy_policy.html	Passed
TC13	Test terms and conditions link from landing	Click on Terms and Conditions link on landing page	Redirect to terms_conditions.html	Redirect to terms_conditions.html	Passed

TABLE 3: TEST CASES TABLE

CHAPTER 8

OUTPUT SCREENS

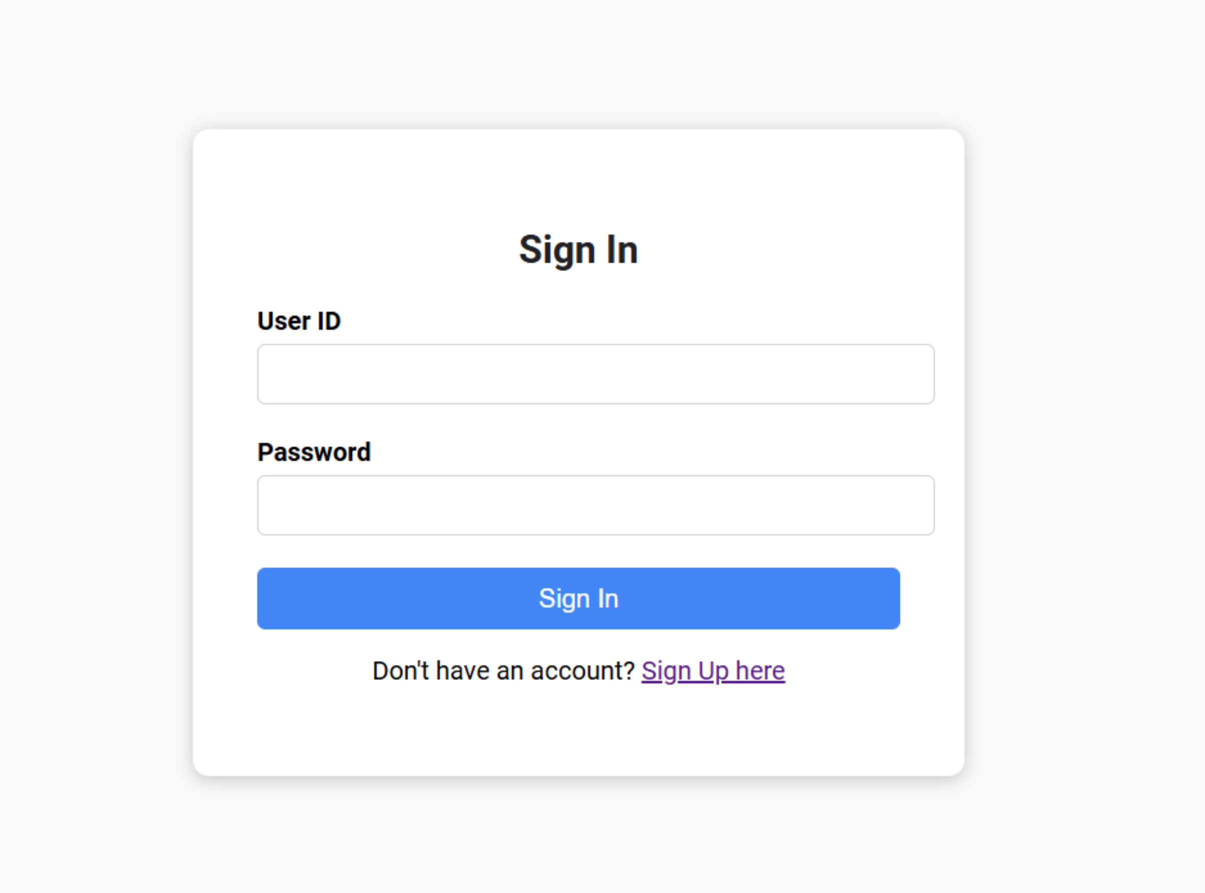
8. OUTPUT SCREENS



Future Is Here,
Welcome To SmartLender

Your Trusted Partner for Fast and Reliable Loan Approvals, Sign up and check your credibility through our loan approval process.

FIGURE 8.1: WELCOME PAGE

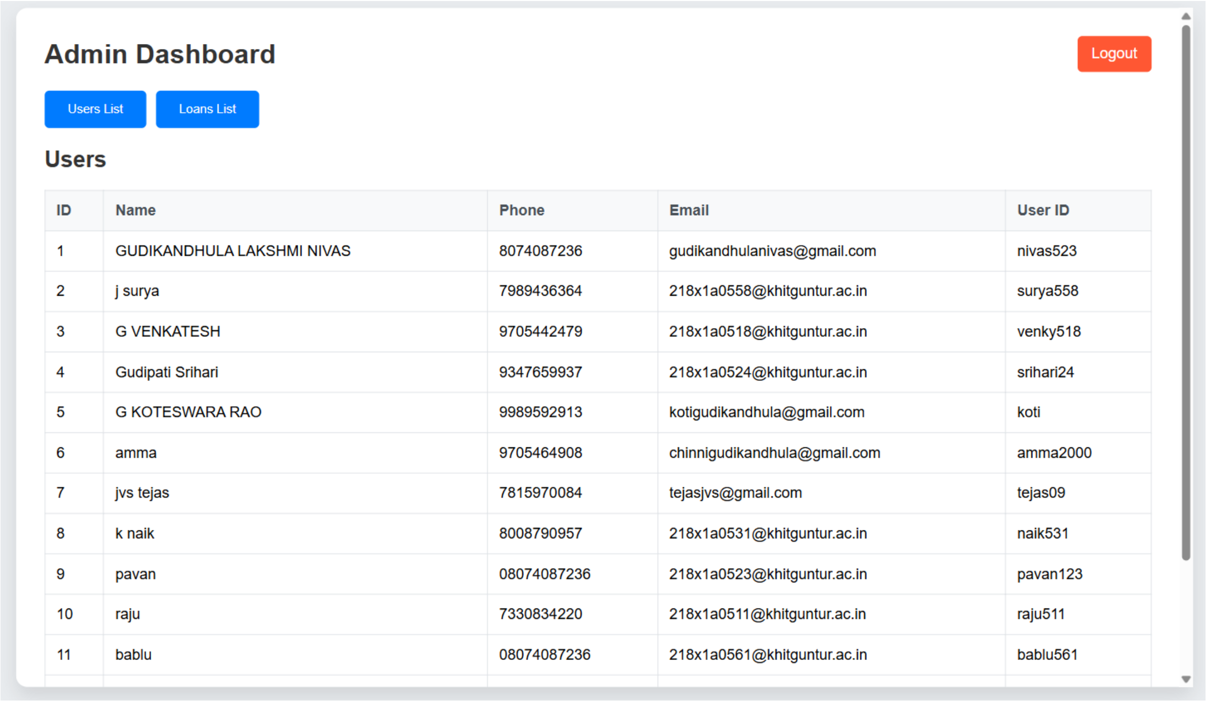

Sign In

User ID

Password

Don't have an account? Sign Up here

FIGURE 8.2: SIGN IN PAGE

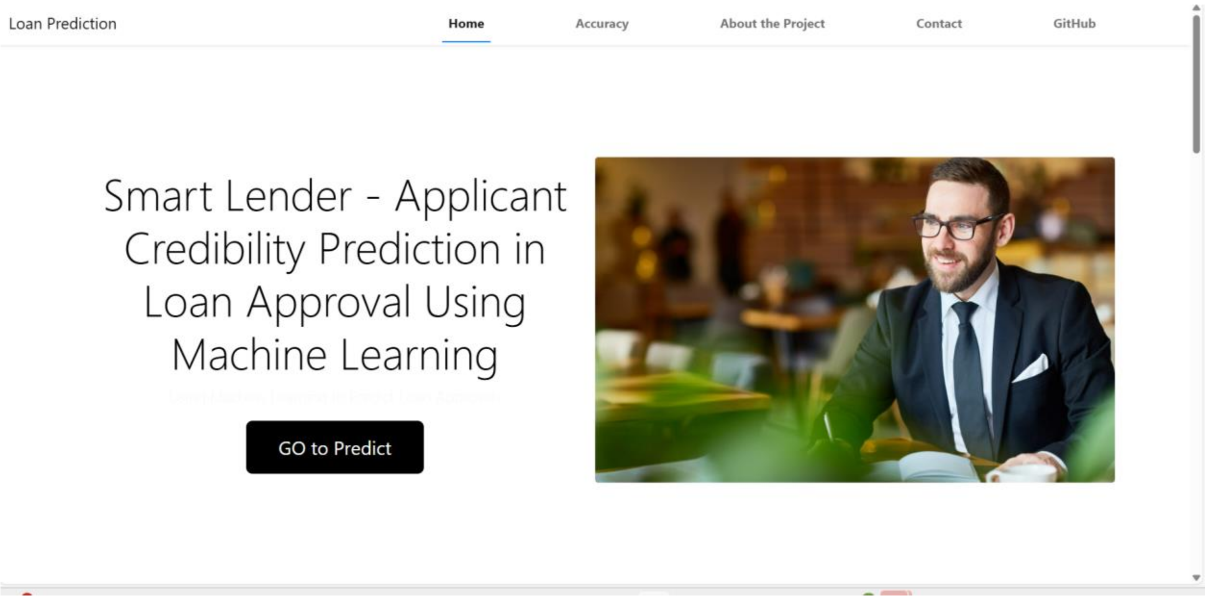


Admin Dashboard

Users

ID	Name	Phone	Email	User ID
1	GUDIKANDHULA LAKSHMI NIVAS	8074087236	gudikandhulanivas@gmail.com	nivas523
2	j surya	7989436364	218x1a0558@khitguntur.ac.in	surya558
3	G VENKATESH	9705442479	218x1a0518@khitguntur.ac.in	venky518
4	Gudipati Srihari	9347659937	218x1a0524@khitguntur.ac.in	srihari24
5	G KOTESWARA RAO	9989592913	kotigudikandhula@gmail.com	koti
6	amma	9705464908	chinnigudikandhula@gmail.com	amma2000
7	jvs tejas	7815970084	tejasjvs@gmail.com	tejas09
8	k naik	8008790957	218x1a0531@khitguntur.ac.in	naik531
9	pavan	08074087236	218x1a0523@khitguntur.ac.in	pavan123
10	raju	7330834220	218x1a0511@khitguntur.ac.in	raju511
11	bablu	08074087236	218x1a0561@khitguntur.ac.in	bablu561

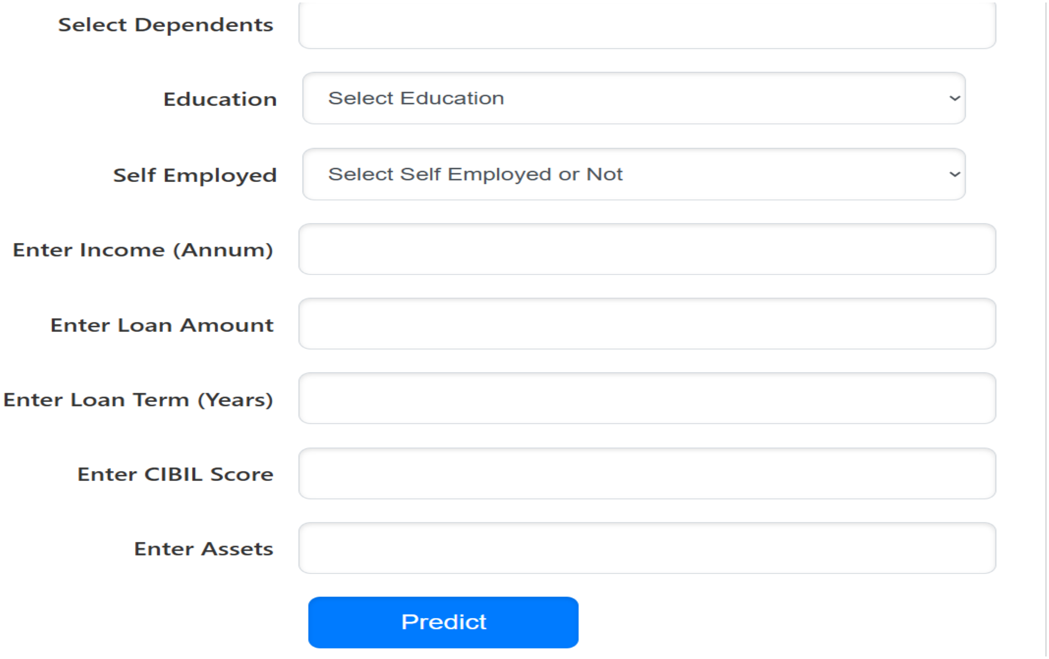
FIGURE 8.3: ADMIN PAGE



Smart Lender - Applicant Credibility Prediction in Loan Approval Using Machine Learning

Using Machine Learning to Predict Loan Approvals

FIGURE 8.4: HOME PAGE



Select Dependents

Education: Select Education

Self Employed: Select Self Employed or Not

Enter Income (Annum)

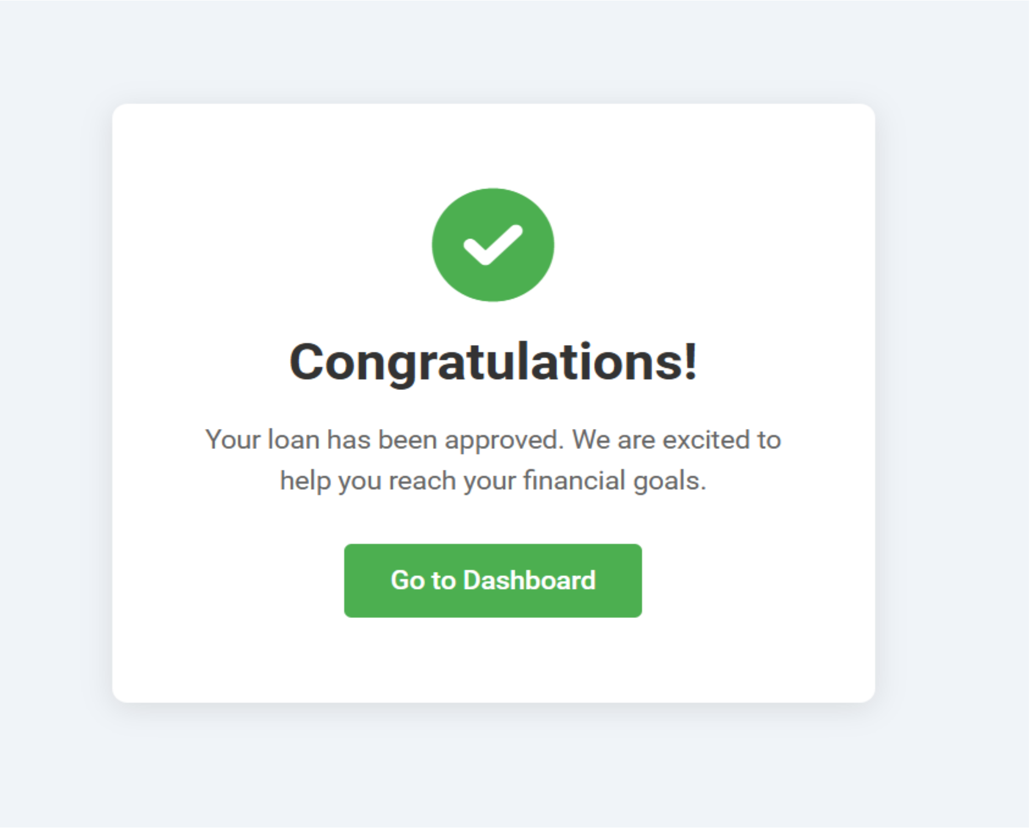
Enter Loan Amount

Enter Loan Term (Years)

Enter CIBIL Score

Enter Assets

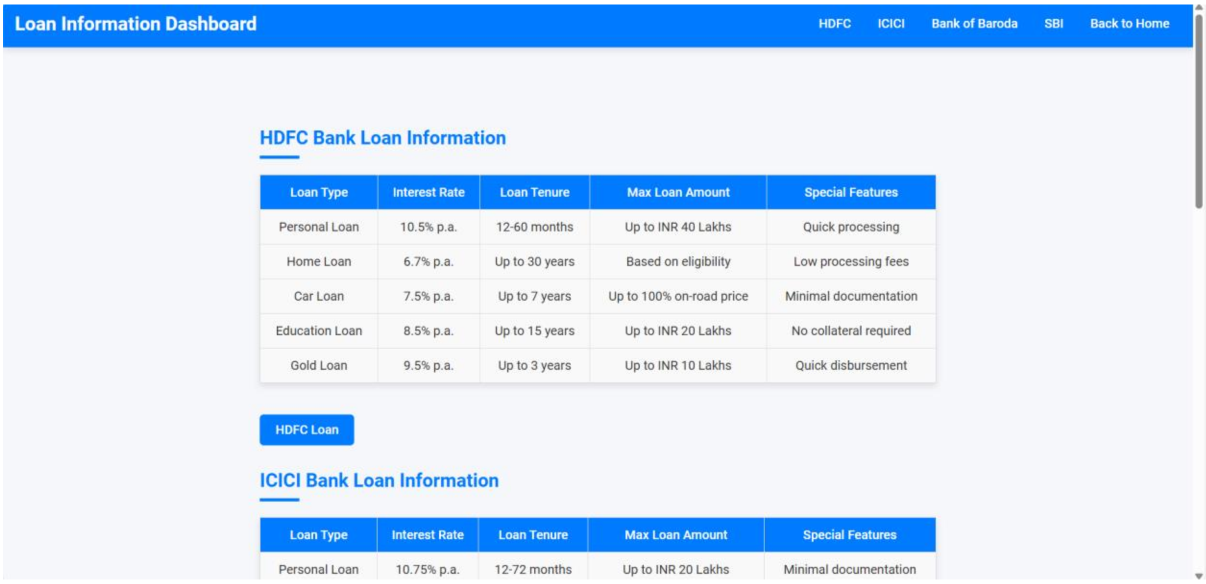
FIGURE 8.5: APPLICATION FOR PREDICTION FORM



Congratulations!

Your loan has been approved. We are excited to help you reach your financial goals.

FIGURE 8.6: APPROVED PAGE



Loan Information Dashboard

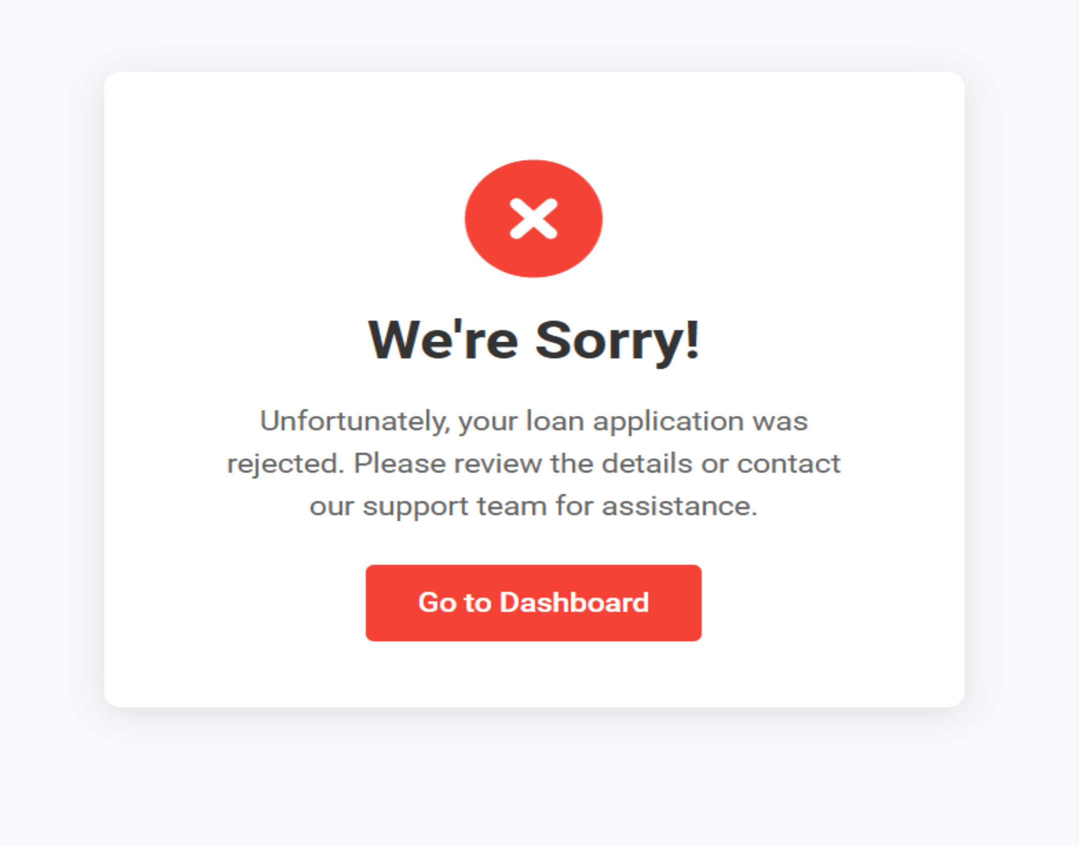
HDFC Bank Loan Information

Loan Type	Interest Rate	Loan Tenure	Max Loan Amount	Special Features
Personal Loan	10.5% p.a.	12-60 months	Up to INR 40 Lakhs	Quick processing
Home Loan	6.7% p.a.	Up to 30 years	Based on eligibility	Low processing fees
Car Loan	7.5% p.a.	Up to 7 years	Up to 100% on-road price	Minimal documentation
Education Loan	8.5% p.a.	Up to 15 years	Up to INR 20 Lakhs	No collateral required
Gold Loan	9.5% p.a.	Up to 3 years	Up to INR 10 Lakhs	Quick disbursement

ICICI Bank Loan Information

Loan Type	Interest Rate	Loan Tenure	Max Loan Amount	Special Features
Personal Loan	10.75% p.a.	12-72 months	Up to INR 20 Lakhs	Minimal documentation

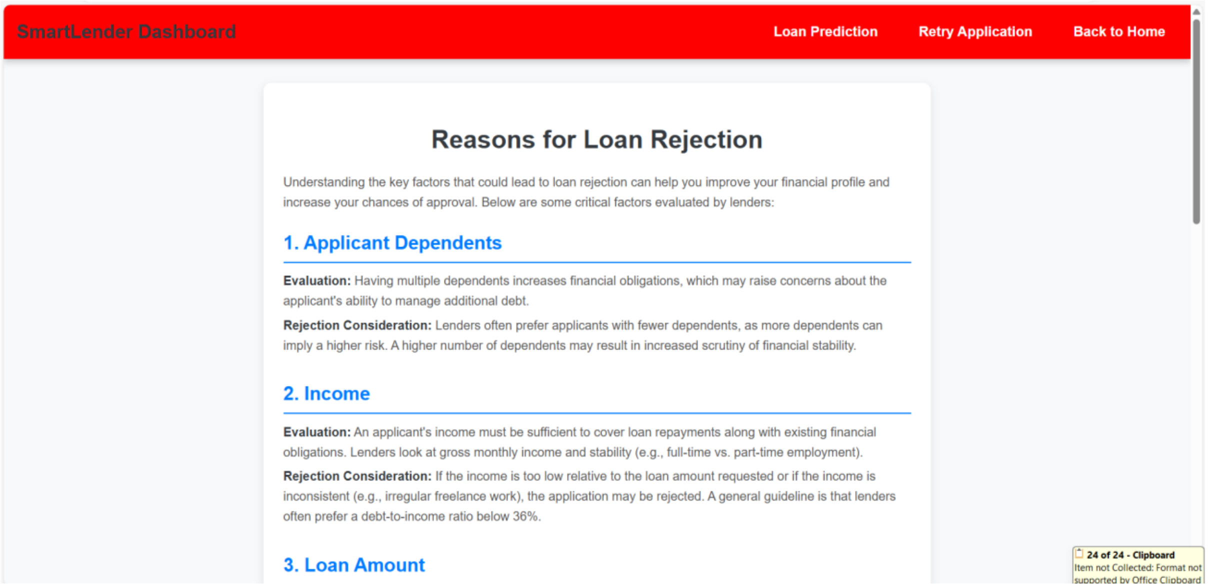
FIGURE 8.7: DASHBOARD



We're Sorry!

Unfortunately, your loan application was rejected. Please review the details or contact our support team for assistance.

FIGURE 8.8: RESULT PAGE



Reasons for Loan Rejection

Understanding the key factors that could lead to loan rejection can help you improve your financial profile and increase your chances of approval. Below are some critical factors evaluated by lenders:

1. Applicant Dependents

Evaluation: Having multiple dependents increases financial obligations, which may raise concerns about the applicant's ability to manage additional debt.

Rejection Consideration: Lenders often prefer applicants with fewer dependents, as more dependents can imply a higher risk. A higher number of dependents may result in increased scrutiny of financial stability.

2. Income

Evaluation: An applicant's income must be sufficient to cover loan repayments along with existing financial obligations. Lenders look at gross monthly income and stability (e.g., full-time vs. part-time employment).

Rejection Consideration: If the income is too low relative to the loan amount requested or if the income is inconsistent (e.g., irregular freelance work), the application may be rejected. A general guideline is that lenders often prefer a debt-to-income ratio below 36%.

3. Loan Amount

24 of 24 - Clipboard
Item not Collected: Format not supported by Office Clipboard

FIGURE 8.9: REJECTED DASHBOARD PAGE

CHAPTER 9

TIMELINE OF THE PROJECT

9.TIMELINE OF THE PROJECT

Date	Phase/Activity	Details
15-09-2024	start	Project initiation meeting to discuss the objectives, overall goals, and timeline. Confirm team roles and responsibilities.
16-09-2024	Requirements Gathering	Review and gather detailed requirements provided by SmartInternz. Clarify functional requirements, expected features, and non-functional requirements such as performance, security, and user experience. Document these requirements for reference
18-09-2024	Initial Setup	Set up Flask environment, configure SQLAlchemy, and ensure necessary dependencies (like Flask-WTF, werkzeug, pickle) are installed.
22-09-2024	Database & Model Setup	Create and configure the database (app.db). Implement models for User, Loan, and Feedback.
24-09-2024	User Authentication	Develop SignIn and SignUp routes with form validation. Implement password hashing and session management for user authentication.
27-09-2024	Machine Learning Model Building	Start the ML model development process for loan prediction.
30-09-2024	Data Collection & Exploration	Load and explore the Kaggle dataset. Conduct exploratory data analysis (EDA) to understand the distribution, patterns, and potential correlations in the data.
03-10-2024	Data Preprocessing	Clean the dataset by handling missing values, encoding categorical variables (like education and employment status), normalizing numerical features (like income and loan amount), and handling outliers.
03-10-2024	Feature Selection	Select relevant features (e.g., income, loan amount, CIBIL score, dependents) for the loan prediction model based on correlation and business understanding.

05-10-2024	Model Selection & Training	Test multiple algorithms (e.g., Random Forest, and Decision Trees) to find the best-performing model. Train the selected model(s) using the preprocessed data.
08-10-2024	Model Evaluation	Evaluate model performance using metrics like accuracy, precision, recall, and F1-score on validation data. Fine-tune hyperparameters to optimize the model's performance.
14-10-2024	Model Finalization	Select the best model, save it using pickle for integration into the Flask app. Save the scaler used for feature normalization.
15-10-2024	Flask Integration	Load the trained ML model and scaler in the Flask application and implement the predict route to make real-time predictions based on user input.
17-10-2024	Loan Application & Status Views	Implement loan approval/rejection views (loan_approved and loan_rejected) and create templates for them.
21-10-2024	Testing & Debugging	Conduct unit tests and integration tests on all routes and features. Debug any issues in session handling, form validation, and database interaction.
24-10-2024	Deployment Preparation	Finalize configurations for deployment (e.g., setting SECRET_KEY, checking database settings) and conduct final tests.
25-10-2024	Final Review & Documentation	Prepare and review project documentation, including requirements, design, testing reports, and user guides. Ensure all project artifacts are organized.
2-11-2024	Project Completion	Wrap up the project

TABLE 4: TIMELINE OF THE PROJECT

CHAPTER 10

CONCLUSION

10.CONCLUSION

The conclusion serves to summarize the findings and achievements of the SmartLender project, highlighting the key aspects of the implementation and the overall impact of the system on the loan approval process.

10.1 Future Enhancements

The SmartLender project lays a solid foundation for automated loan approval systems. However, several areas can be enhanced to further improve its capabilities:

1. **Machine Learning Model Optimization**:

   - Future iterations can include exploring advanced machine learning algorithms (e.g., XGBoost, Neural Networks) to improve prediction accuracy.
   - Incorporating additional features like payment history and market trends could enhance the model's robustness.

2. **Real-Time Data Integration**:

   - Integrating real-time data feeds (e.g., credit scoring services, financial news) to make predictions based on the most current information.
   - This could enhance the system's responsiveness to changing market conditions and applicant profiles.

3. **User Experience Improvements**:

   - Implementing a more interactive user interface with guided inputs and error correction to enhance user experience.
   - Adding multi-language support to cater to a diverse user base.

4. **Feedback Mechanism**:

- Introducing a system for users to provide feedback on the prediction outcomes to continuously improve the model.
- Implementing A/B testing for different UI designs to determine the most effective layout for user engagement.

5. **Mobile Application Development**:

    - Developing a mobile version of the SmartLender application to increase accessibility and convenience for users.
    - This can include push notifications for updates on loan applications and personalized offers.

6. **Data Privacy and Security**:

    - Enhancing data security measures to ensure the privacy of user information and compliance with regulations like GDPR.
    - Implementing encryption and multi-factor authentication for secure access.

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