Quiz

Imagine you work for a bank and you want to predict whether a loan applicant will default on their loan or not based on some demographic and financial data. Here is a sample dataset containing 10 loan applicants and whether they defaulted on their loan or not:

					ne	Education Level
Applicant ID	Age Group	Income Group	Education Level	Defaulted	00	High School
	20-29	<20000	High School	No	· ·	Thigh conce
	30-39	20001-39999	Bachelor's		0	Bachelor's
	20-29	20001-39999	Bachelor's	Yes	00	Master's
4	30-39	60000-80000	Master's	No		
	40-49	<20000	High School	No	0	High School
6	30-39	40000-59999	Bachelor's		00	Bachelor's
	20-29	40000-59999	Master's			Manharia
		60000-80000			0	Master's
9	20-29	<20000	High School	Yes	0	High School
	30-39	20001-39999	Master's		00	Bachelor's
lote that we h	ave combined th	ne original Age and		Age Group and	00	Bachelor's

ne	Education Level	Defaulted		
0	High School	No		
0	Bachelor's	No		
0	Master's	No		
0	High School	No		
0	Bachelor's	Yes		
0	Master's	No		
0	High School	Yes		
0	Bachelor's	No		
00	Bachelor's	No		
00	High School	Yes		
		·		

Prior

$$P(bcy=yes) = \frac{3}{10} = 0.3$$
 $P(bcy=no) \frac{7}{10} = 0.7$

likelihood

$$= (1/3) \times (1/3) \times (1/3) = 0.037$$

$$= 0.037 \times 0.30 = 0.011$$

$$= (3/7) \times (1/7) \times (3/7) = 0.49$$

$$= 0.49 \times 0.7 = 0.34$$