**Bank Loans Overview**

Bank loans help individuals and businesses meet financial needs, but borrowers must understand the terms, costs, and responsibilities to make informed decisions.

**Data Collection Sources**:

1. **Loan Applications**: Borrowers submit applications with personal and financial details, collected electronically or on paper.
2. **Credit Reports**: Banks access credit reports to assess creditworthiness.
3. **Third-party Sources**: External sources like income verification services may be used.

**Loan Granting Process**:

1. **Application**: Borrower submits a loan application.
2. **Review**: The bank collects documents like credit reports, income statements, and ID.
3. **Identity Verification**: Ensures the applicant’s identity.
4. **Credit Check**: Evaluates credit score and history.
5. **Debt-to-Income Ratio (DTI)**: Lower DTI means better repayment capacity.
6. **Employment Verification**: Confirms employment status.
7. **Collateral Assessment**: If secured, evaluates collateral value.
8. **Approval/Denial**: Based on data, the loan is either approved or denied, with terms set.
9. **Loan Agreement**: Borrower agrees to the loan terms.
10. **Disbursement**: Funds are given to the borrower for the specified purpose.
11. **Repayment**: Borrower repays the loan per the agreement.

**Reasons for Analyzing Loan Data**:

1. **Decision-Making**: Helps in approving or denying loans using data models.
2. **Portfolio Management**: Monitors loan health and adjusts terms.
3. **Fraud Detection**: Identifies suspicious activities.
4. **Customer Insights**: Analyzes customer behavior to refine products.
5. **Market Research**: Guides product development and expansion.
6. **Credit Risk Management**: Sets strategies for managing loan risk.
7. **Customer Retention**: Identifies ways to retain customers, such as refinancing offers.