

Small Business Borrower Profiling in Predicting Default

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Project Goal

**Profiling of borrowers,
and identifying the
most important factors
in predicting default.**



Borrower Performance

15% of all loan applications get approved

30% is the current default rate per borrower



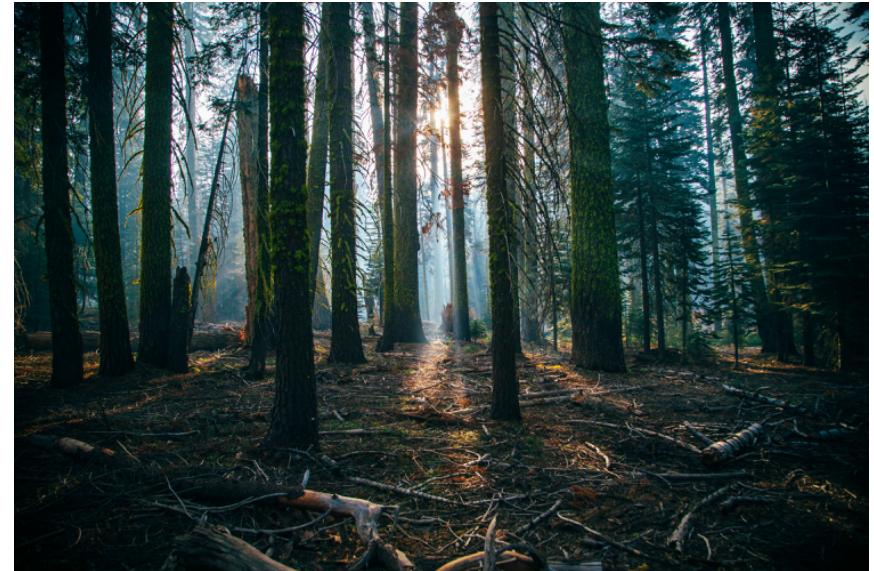
Building a model

- Data cleaning
- Dimensionality reduction
- Normalizing



Modelling

- Time Series decomposition
- Logistic Regression
- Random Forest



Main Factors for Default Prediction

- 1. Industry group**
- 2. Features derived from bank balance**



Business Recommendations

**Raise the bar for
approving ‘high risk’
borrowers**

Collect more data!