# Project Outline

Based on an individual’s credit data, classify whether or not somebody will experience financial distress in the next two years.

Banks play a crucial role in market economies. They decide who can get finance and on what terms and can make or break investment decisions. For markets and society to function, individuals and companies need access to credit.

Credit scoring algorithms make a guess at the chances of default. These are the method banks use to determine whether or not a loan should be granted.

The purpose of building our model is to make it accessible to the borrowers, who can use the model to help make the best financial decisions.

**Data Source:** <https://www.kaggle.com/c/GiveMeSomeCredit/data>

**Dataset Variables:**

|  |  |  |
| --- | --- | --- |
| **Variable Name** | **Description** | **Type** |
| **SeriousDlqin2yrs** | **Person experienced 90 days past due delinquency or worse (Target Variable)** | **Y/N** |
| RevolvingUtilizationOfUnsecuredLines | Total balance on credit cards and personal lines of credit except real estate and no installment debt like car loans divided by the sum of credit limits | percentage |
| age | Age of borrower in years | integer |
| NumberOfTime30-59DaysPastDueNotWorse | Number of times borrower has been 30-59 days past due but no worse in the last 2 years. | integer |
| DebtRatio | Monthly debt payments, alimony,living costs divided by monthy gross income | percentage |
| MonthlyIncome | Monthly income | real |
| NumberOfOpenCreditLinesAndLoans | Number of Open loans (installment like car loan or mortgage) and Lines of credit (e.g. credit cards) | integer |
| NumberOfTimes90DaysLate | Number of times borrower has been 90 days or more past due. | integer |
| NumberRealEstateLoansOrLines | Number of mortgage and real estate loans including home equity lines of credit | integer |
| NumberOfTime60-89DaysPastDueNotWorse | Number of times borrower has been 60-89 days past due but no worse in the last 2 years. | integer |
| NumberOfDependents | Number of dependents in family excluding themselves (spouse, children etc.) | integer |