

BANK STATUS

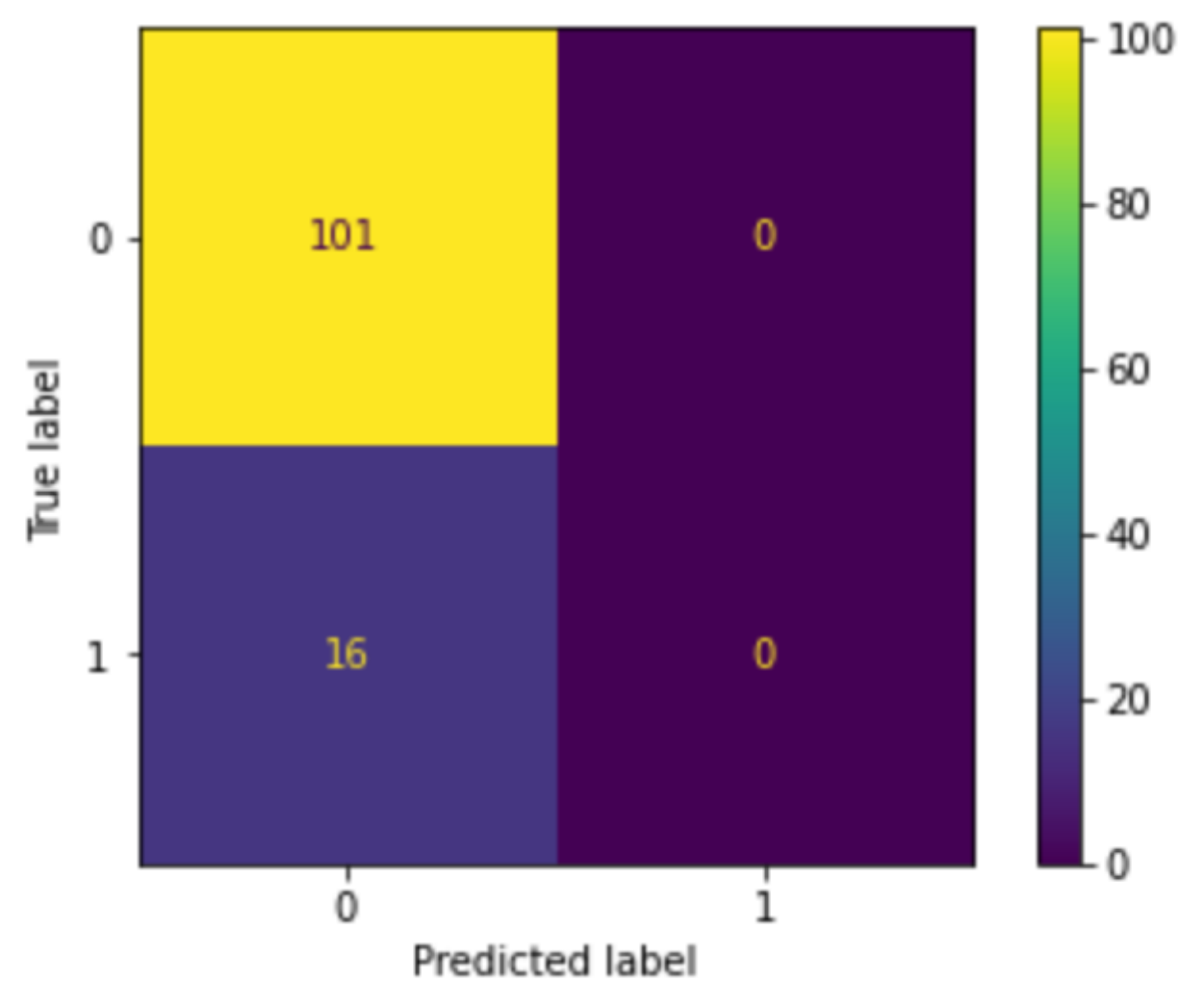
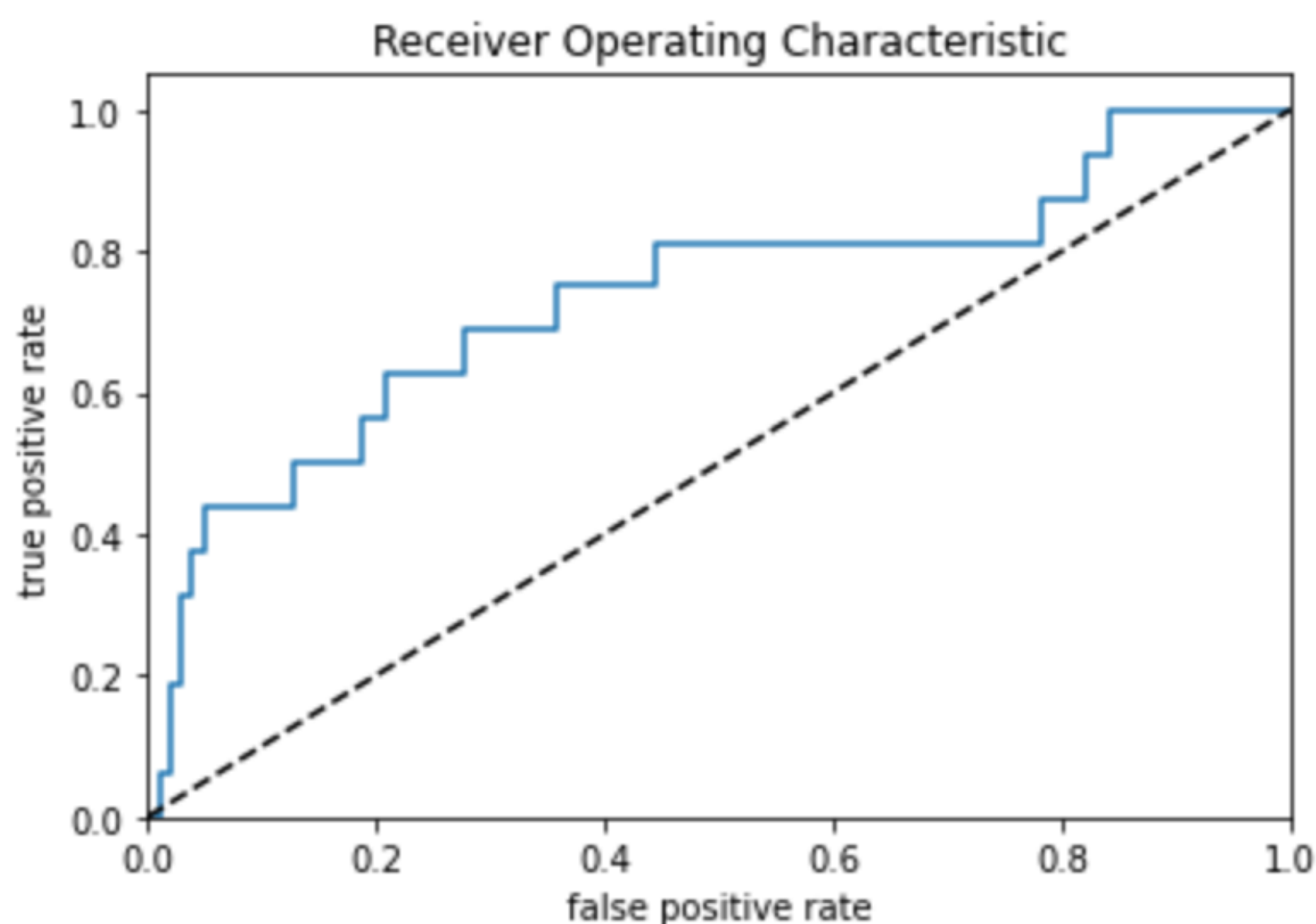
H₀: A AND B LOANS DO NOT DIFFER (DATA CANNOT BE MATCHED TO A/B LOANS)

H₁: A AND B LOANS DIFFER (DATA CAN BE MATCHED TO A/B LOANS)

Business Strategy

The business strategy is to create a model to predict if a customer is going to be an A or B status type. In other words, a good or bad consumer depending if he defaults on paying back his loans.

This information is crucial for the bank as they can predict and accept customers in the future that have less or more chances of defaulting on their loan payments.



IMPROVEMENTS

The model was made using the current dataset which contains many more type A loans than B, which creates issues for the model. Therefore the biggest improvement should focus on the sampling class sizes. The original dataset also contains type C and D loans, and therefore multi-variable would have been better than a binary. The sample size should have been larger to get a better prediction.

Summary:

- Bigger dataset
- Contain C and D loans
- Balance data sets for the different types of loans