Q: How well can machine learning predict loan approvals compared to traditional models?

A: Machine learning models can often outperform traditional methods in predicting loan approvals due to their ability to capture patterns in data. Traditional methods for loan approval might rely on simple rules, which may not capture all the nuances present in the data. Machine learning also examines multiple elements and there is no element of human bias or even human error. Machine learning models can analyse a wide range of features and their interactions to make predictions.

Machine learning models typically have improved accuracy, precision and recall, flexibility and automation compared to traditional methods.

Based on our results, the machine learning models, particularly the gradient boosting and decision tree classifier, achieved high accuracy (around 98%), indicating they are proficient at predicting loan approvals.