Read this document carefully before solving this business case

Some of you might know that while doing higher education or some skill development certification courses or other educational purposes, many students are required to take loans. However, oftentimes, loan applications to traditional banks get rejected. Why?
Traditional banks work on **Credit scores**. If your credit score is not up to the mark, then they reject the application. This Credit score depends on your Credit history.
What is Credit history?

- Credit history is a record of how you've managed the repayment of debts, such as credit cards and loans.
- Your credit history is recorded in your credit reports, which also contain additional information about your finances.

Therefore, to have your credit record, you must have availed of any credit product in your name, like a Credit card, Loan, etc. In many cases, students may not have a credit card. Education loan is their first ever association with a credit product. Thus, if there is no Credit history, there is no credit score and traditional banks at times look for the guardian's financial records and credit score.

What happens if banks offer loans to people with no credit history or bad credit history?
There could be a high probability that borrowers have taken the loan, but not returning it. That means, banks lose money.
The borrower could have been a trusted one and would have returned the borrowed money with interest. If the Bank failed to trust and offer the loan, they lost an earning opportunity.

To solve this challenge, there are many FinTech companies that have grown in the market, and focus on lending funds to individuals with NO CREDIT HISTORY. **Our client is also one such FinTech company that focuses only on lending money for educational purposes to borrowers**.

Cold start problem

When our Client started their lending business, without a credit history, they had no way to evaluate the borrower’s riskiness. A borrower is called risky, if (s)he has a high probability of defaulting or a high probability of delay in paying the EMI. So, they decided to offer Education loans to approximately 100,000 borrowers without any evaluation and observe their loan repayment behaviour.

The client has come to you as a data consultant and wants you to consult them on What data they should capture from these initial 100,000 borrowers. It would be great if you shared a detailed data schema for their data capture, which will help the client take data-backed decisions from this experiment.