Caption:

Figure 1 (a) Interest rate vs. FICO score. A comparison between 36-month (red circles) and 60-month (blue squares) loans is presented, and the mean interest rates of each FICO score group are also shown (bars). The interest rate decreases with the FICO score in both subgroups, but the long-term interest rates have higher values on average. Also, a two-segment behavior rather than a simple linear one is observed, especially noticeable in the short-term loans, with a critical point at approximately FICO score=730. **(b)** The distribution of residuals from the regression model with no adjustment (see text) on the short-term loan data. Different groups based on the loan amount are color coded. Clear patterns are observed in the residuals, indicating that the variance can be partially explained by the loan size variable. **(c)** The distribution of residuals from the full regression model on the short-term loan data, with the same color coding as in (b). By introducing other variables, such as the loan size, into the model, patterns are essentially removed.