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DSC680-T301 (2241-1)  
September 14, 2023

Project 2 Q&A

Question 1:

Q: What does "bank failure" mean?

A: A bank failure happens when a bank can't meet its obligations and can't serve its customers. Basically, it means the bank has run out of money.

Question 2:

Q: Why is it important to predict bank failures?

A: Predicting bank failures protects people's savings, keeps trust in the banking system, and stops bigger economic problems if many banks fail together.

Question 3:

Q: How did you gather data on failed banks?

A: The data comes from historical records of banks that failed. This shows their financial health before they went under.

Question 4:

Q: What is a "red flag" in banking?

A: A "red flag" is a warning sign that a bank might have financial trouble. For instance, a bank having more debts than assets could be a red flag.

Question 5:

Q: Why use visualizations like histograms and heatmaps?

A: Visualizations make complex data easier to understand. Histograms show data distribution, and heatmaps show relationships between financial factors.

Question 6:

Q: What does "correlation" mean and why is it important?

A: Correlation shows how two things move together. In banking, if two financial indicators move together, they might be linked, helping spot problems early.

Question 7:

Q: Can your analysis guarantee a bank will fail?

A: No, the analysis only highlights potential signs. Many factors, like government policies or global events, can affect a bank's future.

Question 8:

Q: What are real-world implications of your findings?

A: By spotting warning signs, banks and regulators can act early to prevent failures. This can save people's money and keep trust in banks.

Question 9:

Q: What challenges did you face in this study?

A: Some challenges were cleaning the data, understanding financial terms, and making sure findings were accurate and not just random.

Question 10:

Q: How can this study be improved in the future?

A: The study can be better with data from banks that didn't fail for comparison. Also, using newer data or data from other countries could give more insights.