Lessons Learned Report

Did you learn anything of potential business value from this analysis?

Yes, of course. This analysis gives us a better understanding about the customer. Not only limited to customers’ gender, age, education level, marital status, but also the very important spending habits. Starting from the spending habits, we see potential business value. This information can aid business to make better decision

What are the main lessons you've learned from this experience?

* Domain knowledge plays an important role in analysis to raw data, especially in the dimensionality reduction process. Domain knowledge will help to decide which feature to remove and which feature to keep.
* Numeric data turns into categorical by discretization. Binning helps categorize the numeric data into different groups, providing different angle of analysis to the raw data.

What recommendations would you give to the Guido regarding your findings?

* We cannot control customers’ spending habits, but we can understand customers’ spending habit.
* Average and median age of clients are 35 and 34 years old, respectively.
* Male customers generally have higher rate of default than female customers. The older the customer is, the better chance he/she would default on loans. Older men have higher rate of default than younger men. Also, older women has higher rate of default than younger women.
* Customers with lower education would have more chances to default.
* Single customer has the lowest rate on default, divorced customer has the highest rate on default.
* The higher given credit is, the less chances that the customer would default.
* Customers either have no consumption or use revolving credit to repay their loans each month would have the lowest chances of default.