Terminologies in data

1. person_age

Purpose: Represents the age of the borrower at the time of loan application. It helps in assessing the borrower's financial maturity and potential earning capacity.
Use for Banks: Banks use age as a factor in determining creditworthiness. Younger borrowers may have less credit history, while older borrowers might have more financial stability but could be closer to retirement.

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2. person_gender

Purpose: Indicates the gender of the borrower (e.g., Male, Female, Other). This demographic data can be used for statistical analysis but should not influence loan decisions due to fair lending regulations.
Use for Banks: While banks do not use gender as a direct factor in loan approval due to anti-discrimination laws, they may analyse gender-based borrowing trends for internal reporting and market segmentation.

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3. person_education

Purpose: Describes the educational background of the borrower, such as high school, bachelor's degree, master's degree, or doctorate.
Use for Banks: Higher education levels may be correlated with higher earning potential and better financial literacy, which can impact credit risk assessment.

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4. person_income

Purpose: Represents the borrower's annual income, which is a crucial factor in determining their repayment ability.
Use for Banks: Banks assess income to ensure that borrowers have sufficient financial capacity to repay their loans. Higher income generally increases the likelihood of loan approval.

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5. person_emp_exp

Purpose: Number of years of employment experience the borrower has. More experience typically means more job stability.
Use for Banks: Banks use employment experience to assess job stability, which is a key factor in evaluating credit risk. Borrowers with longer employment histories are often seen as more reliable.

6. person_home_ownership

Purpose: Indicates whether the borrower owns a home, rents, or has another type of housing arrangement.
Use for Banks: Homeownership can serve as an indicator of financial stability. Homeowners may be considered lower risk as they have an asset that could be used as collateral.

7. loan_amnt

Purpose: Represents the total amount of money borrowed by the applicant.
Use for Banks: The loan amount is a key factor in assessing risk and determining loan terms. Larger loans may require stricter credit checks and collateral.

8. loan_intent

Purpose: Describes the purpose of the loan, such as debt consolidation, home improvement, medical expenses, education, or business funding.
Use for Banks: Loan intent helps banks categorize loans for risk assessment. Certain types of loans, like business loans, may carry higher risk than home improvement loans.

9. loan_int_rate

Purpose: The interest rate charged on the loan, typically expressed as an annual percentage rate (APR).
Use for Banks: The interest rate is a key revenue driver for banks. It is determined based on borrower risk, loan type, and market conditions. Higher-risk borrowers receive higher interest rates.

10. loan_percent_income

Purpose: Represents the percentage of the borrower's income allocated to loan repayment.
Use for Banks: Banks use this metric to ensure that loan repayments do not exceed a borrower's financial capacity. A high percentage of income going toward loan repayment may indicate financial strain.

11. cb_person_cred_hist_length

Purpose: Indicates the length of the borrower's credit history, usually measured in years.
Use for Banks: A longer credit history often correlates with better creditworthiness. Banks prefer borrowers with established credit histories as they have a track record of debt management.

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12. credit_score

Purpose: A numerical value that represents the creditworthiness of the borrower, typically ranging from 300 to 850. Higher scores indicate lower credit risk.
Use for Banks: Credit scores are a crucial factor in loan approvals. Banks use them to determine loan eligibility, interest rates, and borrowing limits.

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13. previous_loan_defaults_on_file

Purpose: Indicates whether the borrower has previously defaulted on a loan (Yes/No).
Use for Banks: A history of loan defaults signals higher credit risk. Banks use this information to decide whether to approve the loan or impose stricter lending terms.

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14. loan_status

Purpose: Represents the current status of the loan, such as "1" or "0" for "Approved," or "Rejected."
Use for Banks: Loan status tracking is essential for risk management and performance monitoring.