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.

**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.

**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.

**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.

**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.

**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.

**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.

**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.