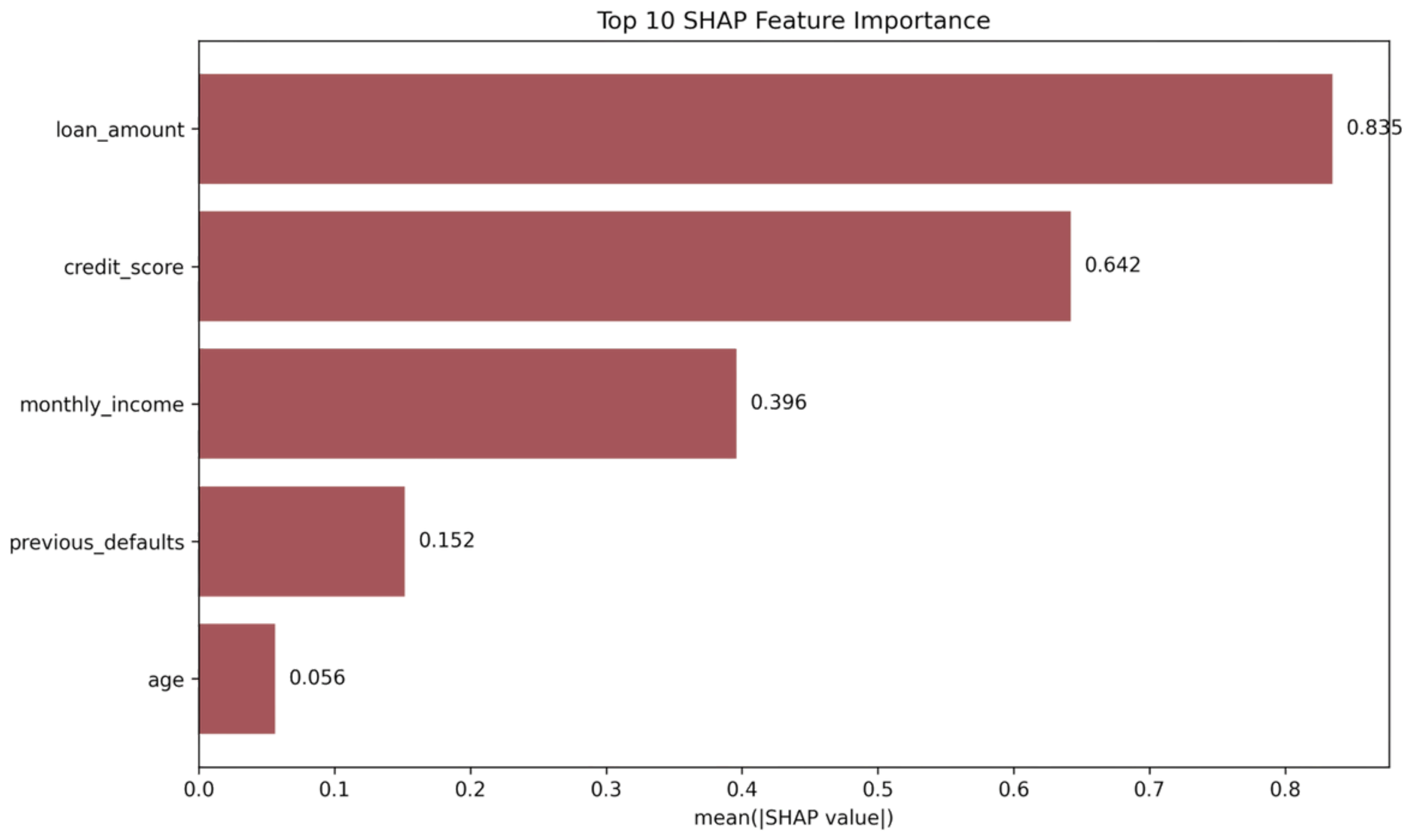
OVERVIEW



EXPLANATION

0.835
Loan Amount

The strongest contributor to default prediction, higher loan amounts indicate greater default risk.

0.642
Credit Score

The second most important factor, lower scores are associated with a higher likelihood of default.

0.396
Monthly Income

Reflects repayment capacity, lower income tends to correlate with increased risk.

0.152
Previous Defaults

A history of past defaults raises the probability of future default.

0.056
Age

Though less impactful, age remains relevant as a demographic indicator of financial stability.

BUSINESS INSIGHT

*"A credit score **< 600** is widely classified as subprime, according to industry standards such as **VantageScore** and **FICO** Subprime borrowers are considered high-risk and typically do not qualify for standard credit products due to their elevated likelihood of default."*

These findings align with internal analysis, confirming that **credit score and loan amount are key drivers** in loan approval and default risk. Studies by Anadra et al. (2024) and Angraini et al. (2024) further support their importance in enhancing both model accuracy and business decision stability.

Setting a ≥600 credit score threshold helps mitigate risk and protect the loan portfolio's quality.

SUGGESTION

Suggest	Why	Ref.
Limit loan amounts based on credit score & income	Loan amount is the top risk factor in default prediction.	(Xiang & Yan, 2024)
Use machine learning for automated risk evaluation	ML models outperform traditional methods in default prediction accuracy.	(Robinson & Sindhwani, 2024)
Segment loan products and interest rates by risk level	High-risk borrowers can still be profitable with proper pricing and guarantees.	(Rodrigo et al., 2023)