PRECTING PERSONAL LOAN APPROVAL USING MACHINE LEARNING

DEFINE PROBLEM / PROBLEM UNDERSTANDING

Specify The Business Problem

A loan is a sum of money that is borrowed and repaid over a period of time, typically with interest. There are various types of loans available to individuals and businesses, such as personal loans, mortgages, auto loans, student loans, business loans and many more. They are offered by banks, credit unions, and other financial institutions, and the terms of the loan, such as interest rate, repayment period, and fees, vary depending on the lender and the type of loan.

A personal loan is a type of unsecured loan that can be used for a variety of expenses such as home repairs, medical expenses, debt consolidation, and more. The loan amount, interest rate, and repayment period vary depending on the lender and the borrower's creditworthiness. To qualify for a personal loan, borrowers typically need to provide proof of income and have a good credit score. This can help financial institutions to make more informed decisions about which loan applications to approve and which to deny.

Loans are the core business of banks. The main profit comes directly from the loan's interest .The loan companies grant a loan after an intensive process of verification and validation. However, they still don't have assurance if the applicant is able to repay the loan with no difficulties.

In this tutorial ,we'll build a predictive model to predict if an applicant is able to repay the lending company or not. We will prepare the data using Jupyter anaotebook and use various models to predict the target variable.

Generaly, loan prediction involves the lender looking at various background information about the applicant and deciding whether the bank should grant the loan. Parameters like credit score, loan amount, lifestyle career, and assets are the deciding factors in getting the loan approved. If, in the past, people with parameters similar to yours have paid their dues timely, it is more likely that your loan would be granted as well.