Business requirements

The business requirements for a machine learning model to predict personal loan approval include the ability to accurately predict loan approval based on applicant information, Minimise the number of false positives (approved loans that default) and false negatives (rejected loans that would have been successful).Provide an explanation for the model's decision, to comply with regulations and improve transparency.

Credit score: This is a major factor in deciding whether your loan application will be approved or rejected as it represents your creditworthiness. Applicants with a high credit score usually get personal loans at competitive interest rates. Those with a poor credit score may face loan rejection.

Credit history: As personal loans are unsecured loans, lenders face credit risks by lending to borrowers who may default on loan repayment. Therefore, lenders check the credit history of an applicant to ensure he or she has a clean loan repayment record.

Income details: It is important to meet the income criteria set by the lender to obtain a personal loan. The minimum monthly or annual requirement differs with lenders and it also depends on whether the applicant is a self-employed individual or salaried employee.

Employment status: Lenders check the employment status of an applicant to ensure he or she has a stable source of income so that the loan will be repaid on time.