Predicting whether a loan will default or not - A model proposal

By predicting the likehood of a client defaulting on their contractual obligations, the Bank will be in a much better position to lend money without having to write it off.

Our model's hypothesis

Ho: We can infer from the clients data whether they will default or not with their loan's obligations.

Ha: It is not possible to predict from the clients data whether they will default or not.

Model's results➔ We can accuraly predict good behaviour (0), but not bad loans (1)
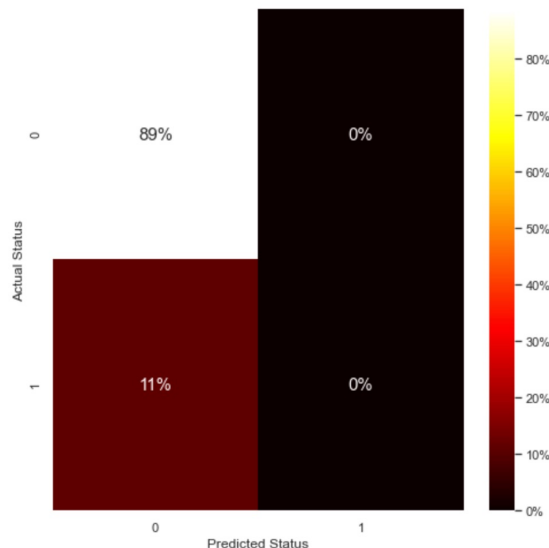
Ideas to strengthen our model:

- Collect more client's data; include also that of loans contracts that have not finished.
- Disaggregate our data, specifically that of birth, to distinguish between genders and create age cohorts to analize their behaviour.
- Apply SMOTE to oversize our the sample of defaulted loans.