



INTRO TO PYTHON FOR FINANCIAL APP

PROJECT PROPOSAL, TEAM, FE-520



“LOAN REPAYMENT PREDICTION”

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OBJECTIVE:

The main objective of the project is to create a predictive model which can help us determine if the borrower will repay the loan by its mature date or not. The role of the model is to determine if the borrower would be able to pay it according to the amount interest rate and other data provided.

BACKGROUND:

In USA, loans are issued for wide variety of reasons which includes education loans, medical, business to credit card repayment loan. Repayment of loans by customers is crucial in the mere existence of the bank.

Loans are provided for based on certain criteria's which includes:

- 1) How risky is the borrower?
- 2) Given the risk, should we lend?

Risk factor determines the interest rate the borrower would have. Measures can be among other things like time value of money. With interest rate in mind, it is determined if the borrower is eligible for the loan.

Banks provide loans to borrowers in exchange for the promise of repayment with interest.

METHODOLOGY:

We would start by obtaining the right data set which contains borrower's information to perform the analysis. The whole process would be carried out as follows:

- 1) Exploratory Data Analysis: Cleaning the data provided, handling null values and junk values.
- 2) Structured Analysis Planning: Task is to identify our independent variables and our dependent variable.
- 3) Building Predictive Model: Splitting of data into training and test sets. We will be moving ahead with Logistic Regression or Classification technique.
- 4) Model would be trained using training data set and finally tested to predict the loan status of borrower's.

DATA SOURCE:

<https://www.kaggle.com/indra90/predicting-loan-repayment/data>

Thank you!!!