

BUSINESS PROBLEM STATEMENT ASSIGNMENT

BUSINESS PROBLEM:

Lack of financial inclusion makes it difficult for those with weak or nonexistent credit records to obtain loans, which limits their possibilities and leaves them vulnerable to dishonest lenders. It is a concern because it impedes economic development, maintains inequality, and keeps people from improving their financial situation. By giving the unbanked population a positive and secure borrowing experience, Home Credit seeks to solve this issue. Home Credit does this by properly predicting clients' ability to repay loans using a range of different data sources, including transactional data.

BENEFIT OF A SOLUTION:

A solution that makes use of alternative data and predictive modeling methodologies can assist Home Credit in giving the underserved community a positive and secure borrowing experience. Home Credit can provide loans to individuals who are qualified for them by precisely forecasting clients' capacity for payback. The ultimate objective is to enable clients to achieve financial success, improve financial inclusion, make a good difference in their lives, and contribute to their own success.

SUCCESS METRICS:

Several important metrics can be used to gauge how well the project is doing. These consist of an improvement in loan approval rates, an improvement in repayment rates, a decrease in default rates, improved customer satisfaction, a decline in instances of exploitation by unreliable lenders, and an overall improvement in the unbanked population's pleasant borrowing experiences. Success can also be measured by looking at how it affects financial inclusion, which is gauged by how many people acquire access to credit and improve their financial security.

ANALYTICS APPROACH:

The provided dataset, which is made up of several tables recording static application data, past credits, monthly balances, repayment history, and previous applications, will be analyzed using the analytics approach. Applying cutting-edge statistical and machine learning methods to create predictive models will be the main focus. In order to estimate clients' repayment capacities, this will probably involve model evaluation using supervised learning techniques (such as regression or classification). Based on the information supplied, the target variable will be the likelihood of repayment or creditworthiness.

SCOPE:

The project will produce a thorough data-driven solution that makes use of various data sources to precisely predict clients' ability to repay loans. Data preparation, exploratory data analysis, the creation and training of predictive models, model evaluation, and the generation of loan term recommendations are all included in the scope.

DETAILS:

A group of data scientists and analysts with experience in predictive modelling and machine learning can lead the project implementation. The complexity of the investigation and model development would determine the project's timeline. Data preprocessing, model training, model evaluation, and model validation are examples of significant project milestones. To make sure the project is in line with the objectives and specifications of Home Credit, regular communication with stakeholders and iterative model refinement should be used.