# **Customer Analytics in Large Organisations**

# **Practical example – Credit Scoring**

Your task is to prepare the data, run an analysis, answer research questions below and write a brief report with your findings.

# Dataset

You are provided with the data set having three parts: “accepted” customers, “rejected” customers and data description. Please check data description for variables description. This is data on credit card customers.

Our target variable is **STATUS –** number of months in default. We assume that 3 or more months indicate “bad” customer. You can try different criteria, e.g., 2 or 4 months, and see how it goes. The “rejected” data do not have an information about status as these people were rejected for some subjective reasons and we don’t know if they were good or bad.

# Questions

1. Prepare Credit Scoring model for the data set.
   1. Review data and make decisions what variables to include or exclude from the model. Report and explain your decisions.
   2. Prepare Credit Score card. Report decisions made during model development stage, final scorecard, statistical summary of results, discuss quality of the model.  
      **Hint:** data set Rejected should have Role “Score”. You can set it in Property menu.
2. Use any other tools / predictive models to predict “bad” customers. Provide a discussion comparing credit score and predictive models. Compare quality of models. Compare potential application of these models – how good or bad each of them would serve the business. Tell something about population.   
   Obviously, you cannot use rejected data for training/testing predictive model. However, it might be of interest to predict bad customers in the rejected data and compare their proportion in the “general” population. Were rejection decisions correct?

report will include:

1. Introduction.
2. Dataset description.
3. Credit Scoring model with related discussions.
4. Predictive model.
5. Discussion comparing two models.
6. Conclusion.
7. Appendix with some extra information, if required.

There is no requirement or limits for word count. Your report should demonstrate completeness in covering all research questions and **brevity as no one loves reading long reports**. “A picture is worth a thousand words” – use data visualisations to illustrate and support your research findings.