Riley Walburger

**Business Problem**

Many individuals are unable to secure loans due to a lack of credit history. This results in missed revenue opportunities for our company as we decline potential customers who may have the ability to repay loans but lack sufficient data to assess their creditworthiness. Addressing this gap is critical to unlocking revenue streams and expanding our customer base.

**Benefits of a Solution**

Implementing a solution to this problem will allow more individuals to qualify for loans, increasing our pool of borrowers. By improving risk assessment accuracy, we can safely extend loans to a broader audience, leading to increased profitability and a more inclusive financial service.

**Success Metrics**

The success of this project will be evaluated based on the following criteria:

* Improved accuracy in predicting whether an individual is risky or not risky.
* Increased number of loans approved for individuals with limited or no credit history.
* Reduction in default rates through better risk assessments.

**Analytics Approach**

We will use a supervised classification model to determine whether an individual is classified as risky or not risky. The model will leverage data from historical financial trends, spending behaviors, previous loan applications, and other relevant attributes. The target variable will be the risk classification (risky or not risky).

**Scope**

**In Scope:**

* Developing and training a classification model to predict risk.
* Utilizing historical data for model development.
* Evaluating model performance based on defined success metrics.

**Out of Scope:**

* Optimization of the risk threshold to maximize profitability. This will be addressed in a future phase of the project.
* Analysis of the ideal balance between risk acceptance and revenue generation.

**Details**

* **Project Team:** The Data Science team will be responsible for executing this project.
* **Timeline:** The project will commence on May 17, 2018, and is expected to conclude on August 29, 2018.