Credit One Proposal

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Objective

- Define variables needed to effectively identify customers who are less likely to default on payments

- Define variables necessary to determine whether or not a customer should be approved for credit

FRAMEWORK

- B - Business Question
- A - Analysis plan
- D - Data collection
- I - Insights / build model
- R - Recommend

Proposing this framework as it lends itself well to solving business problems with measurability of outcomes and key performance indexes. It is very straightforward in defining the goal of the project and helping stay on task.

BUSINESS QUESTION

How can Credit One predict the right customers to approve for credit while reducing the number of customers who default on payments?

Data

- Data is supplied by Credit One

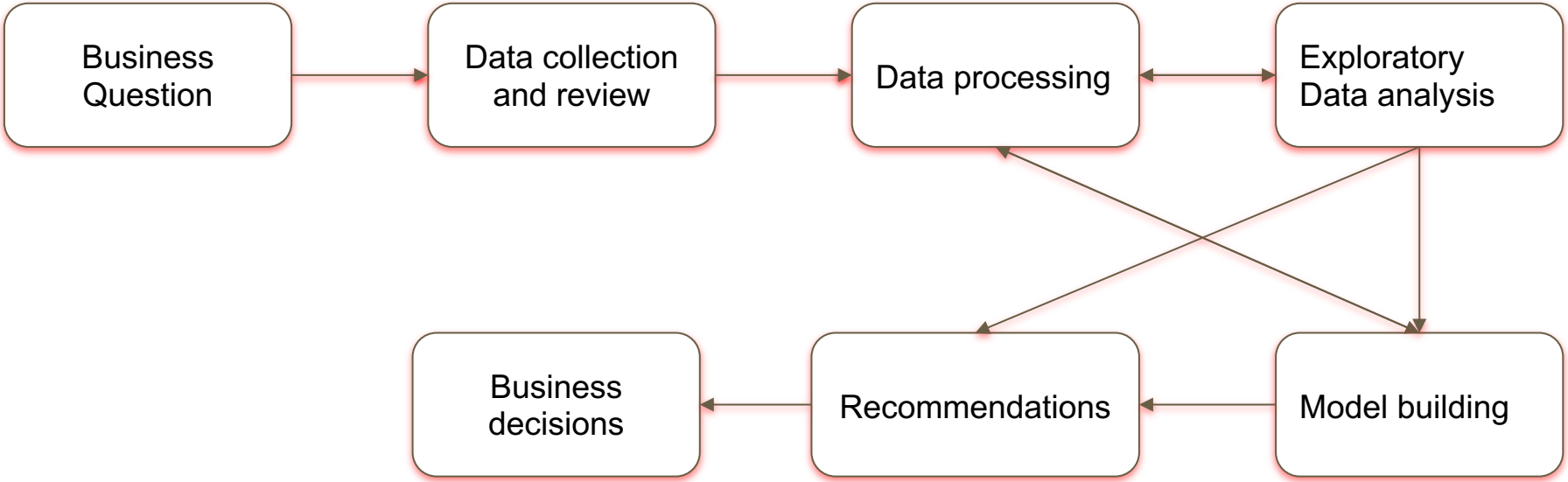
- Data provided is based on customers from Taiwan so extrapolation to customers in other countries might be limited due to possible differences in beliefs on the utilization of credit

Data (cont'd)

- There are 30201 customer data collected with information on 23 variables (including sex, age, marital status, education, etc) to be evaluated

- Data downloaded from SQL database with need for data cleaning
  - Hidden header within the dataset
  - Possible duplication of data
  - Data type appears to be object instead of integer or float
  - Need to convert categorical data to integer for analysis
  - Need to do some data discretization

Project flowchart



Initial summary

- Credit tends to be issued to:
  - Females more than males
  - College educated customers more than non-college educated
  - Customers that are single more than married or divorced

- Age appears not to independently play a role - however

- Marital status does not seem to matter in the amount of credit given