



Lending Club Case Study Presentation

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Problem Statement :

Lending Club Company is the largest online loan marketplace, facilitating personal loans, business loans, and financing of medical procedures. Borrowers can easily access lower interest rate loans through a fast online interface

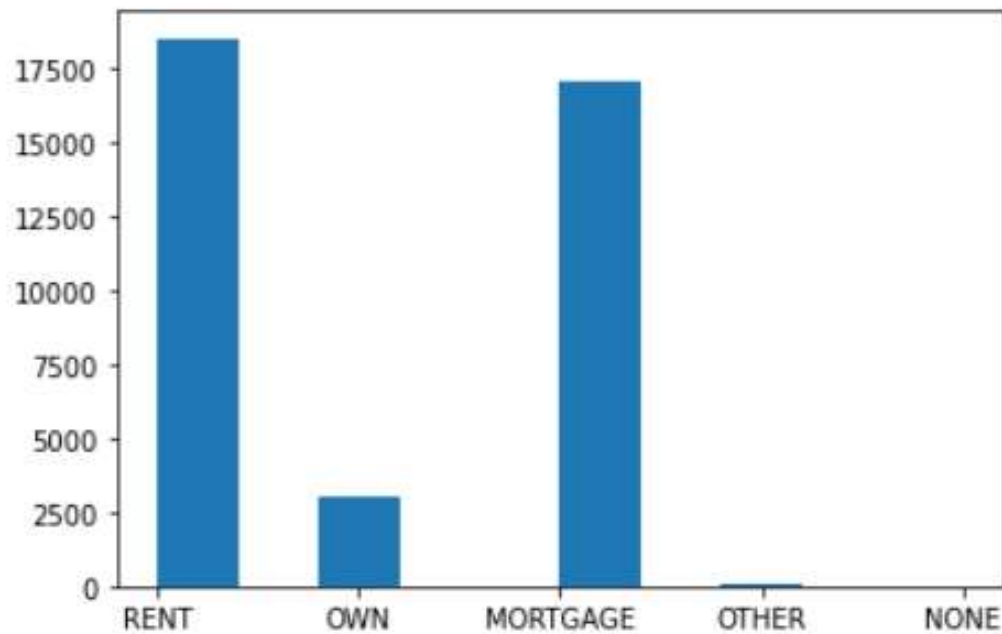
This case study to "the company wants to understand the driving factors (or driver variables) behind loan default, i.e. the variables which are strong indicators of default. The company can utilize this knowledge for its portfolio and risk assessment"

Approach :

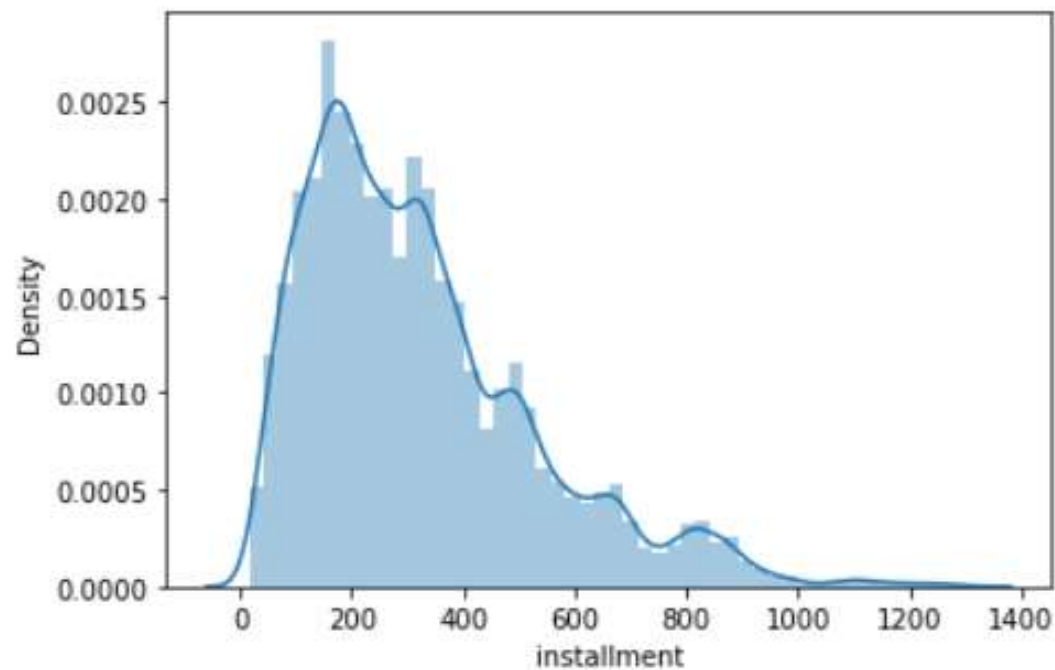
- ❖ Asses the provided sample loan data
- ❖ Perform the cleaning and manipulation
- ❖ Data Analysis to identify and provide recommendations to reduce default loans

Lending Club Case Study Analysis

- ❖ Majority of the loans are provided to barrowers who had rent or Mortgage house

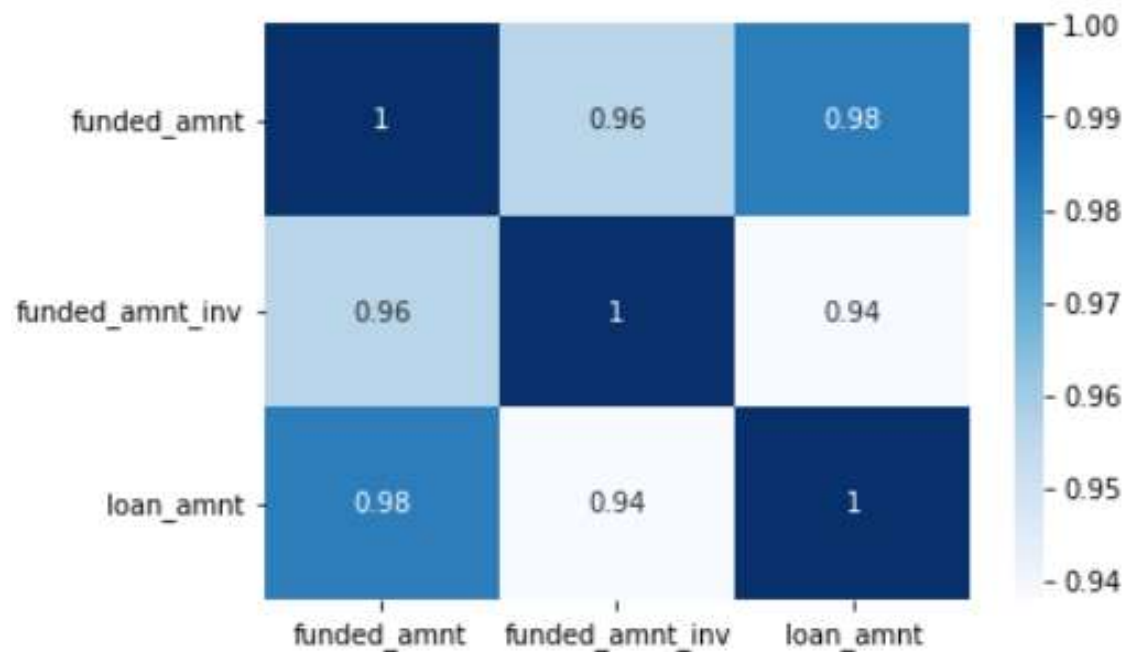


- ❖ Most Density of loan instalment amount is between 60 to 260



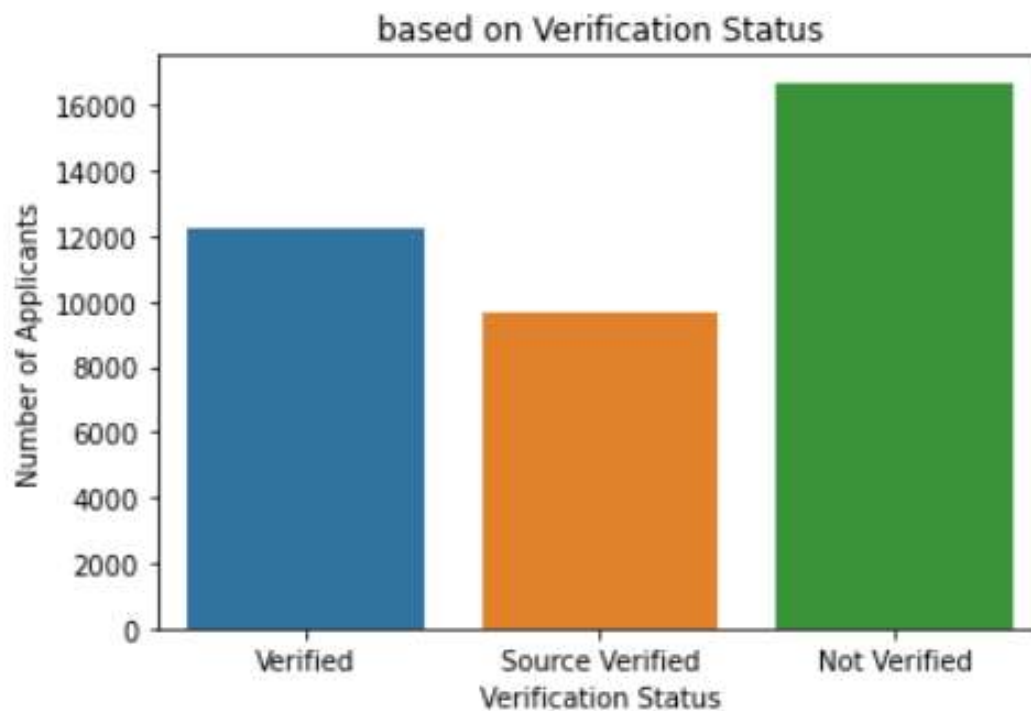
Lending Club Case Study Analysis

- ❖ Loan amount , Funded amount and Invested amount are in Positive Co relation



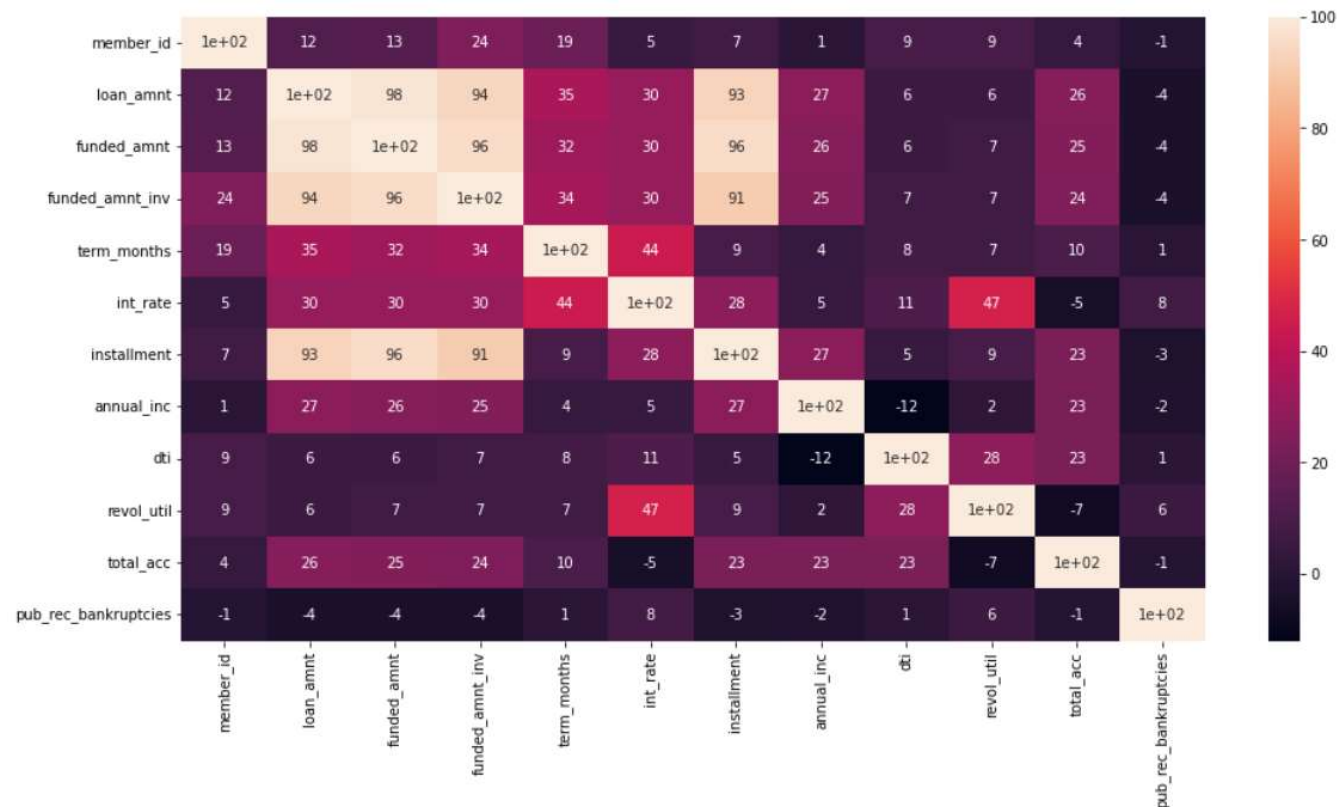
Lending Club Case Study Analysis

- ❖ More than 40% loans are provided without verification

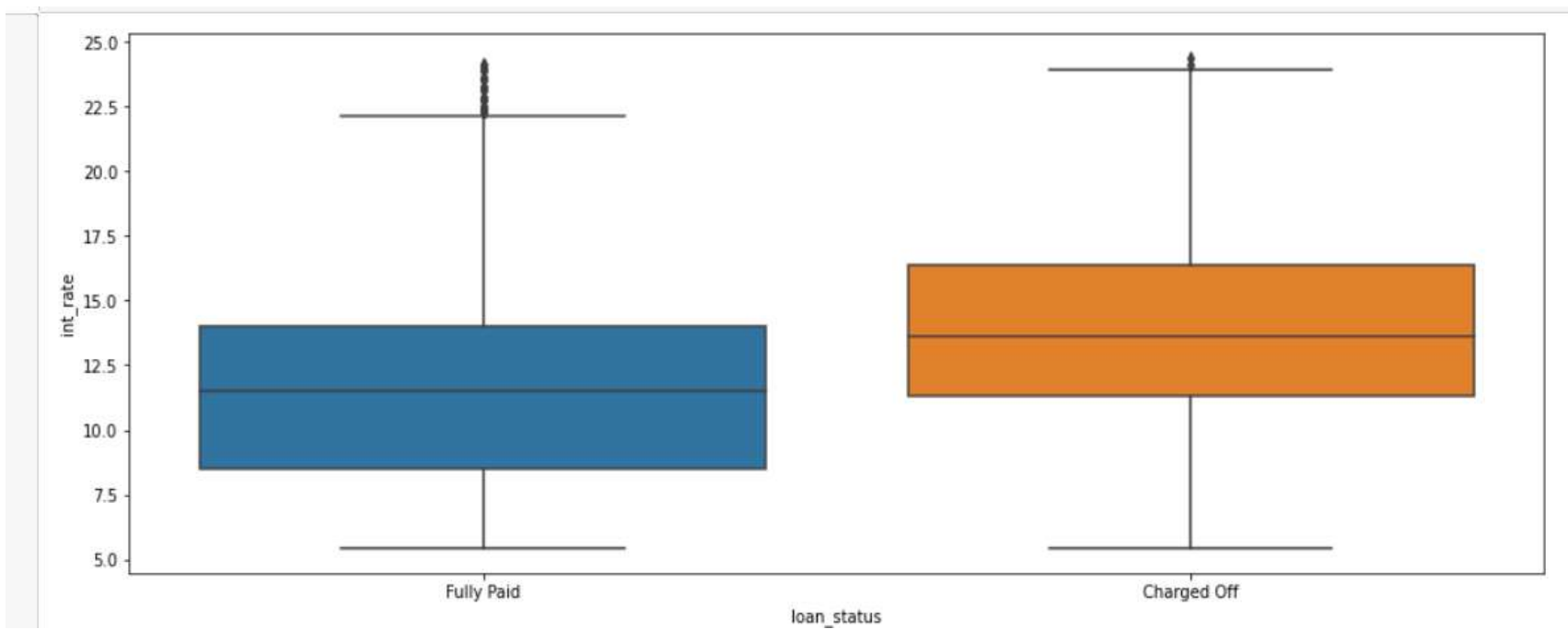


Lending Club Case Study Analysis

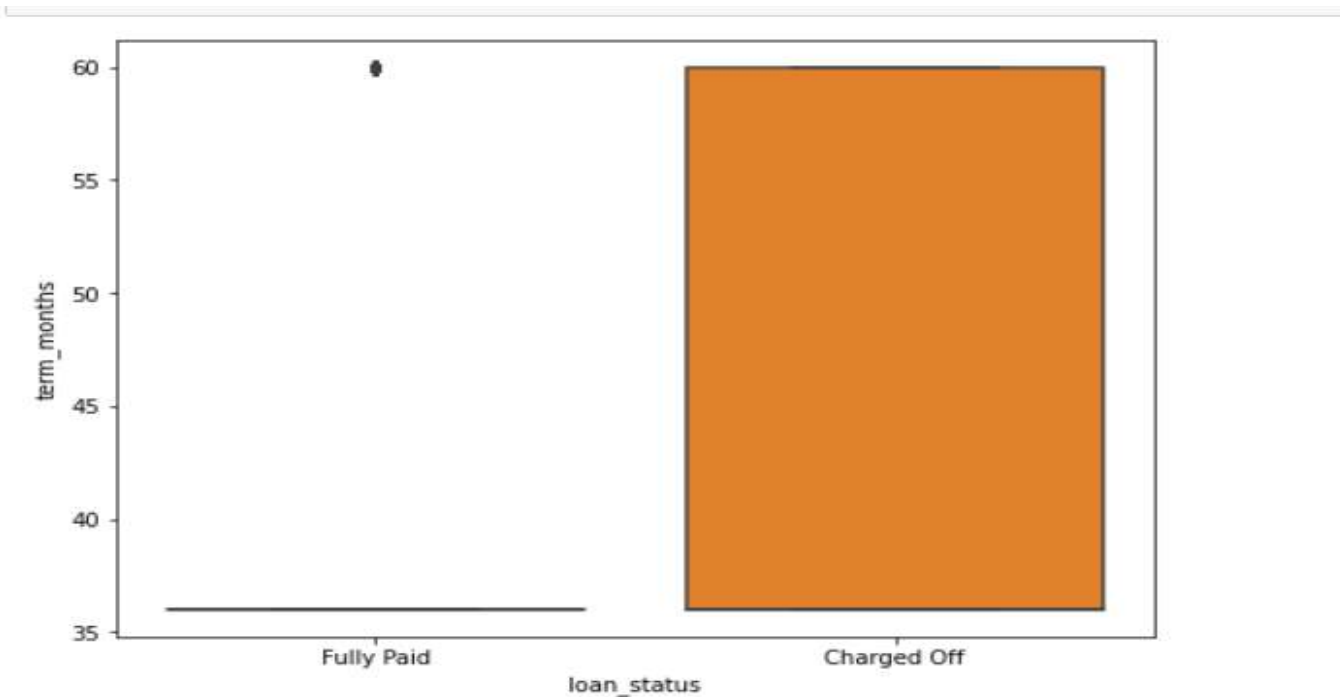
- ❖ Positive Correlation
 - ✓ Loan Amount and Installation
 - ✓ Loan Amount and Funded Amount Invested
- ❖ Negative Correlation
 - ✓ Annual Income and Dti
 - ✓ Total_acc and Int_rate



- ❖ Default loans are increased for the high rate of interest loans



- ❖ Default loans are increased ,if the tenure is more than 35 Months



Lending Club Case Study Analysis- Conclusion

Observations:

- ❖ Charged-off /Default loan chances are increases when term increases.
- ❖ Charged-off /Default loan chances are increases when Loan rate of Interest rate is high.
- ❖ Defaulters are more, when lit is not verified

Recommendations:

- ❖ Reduce interest rate below 12% to reduce defaulters
- ❖ All the loans should be verified
- ❖ Reduce the loans/loan amount for barrowers who have lesser annual income



Thank You!