LOAN CREDIT AND RISK

CURRENT APPLICATIONS

Loan Credit Distribution

1 : Defaulters
0 : Others
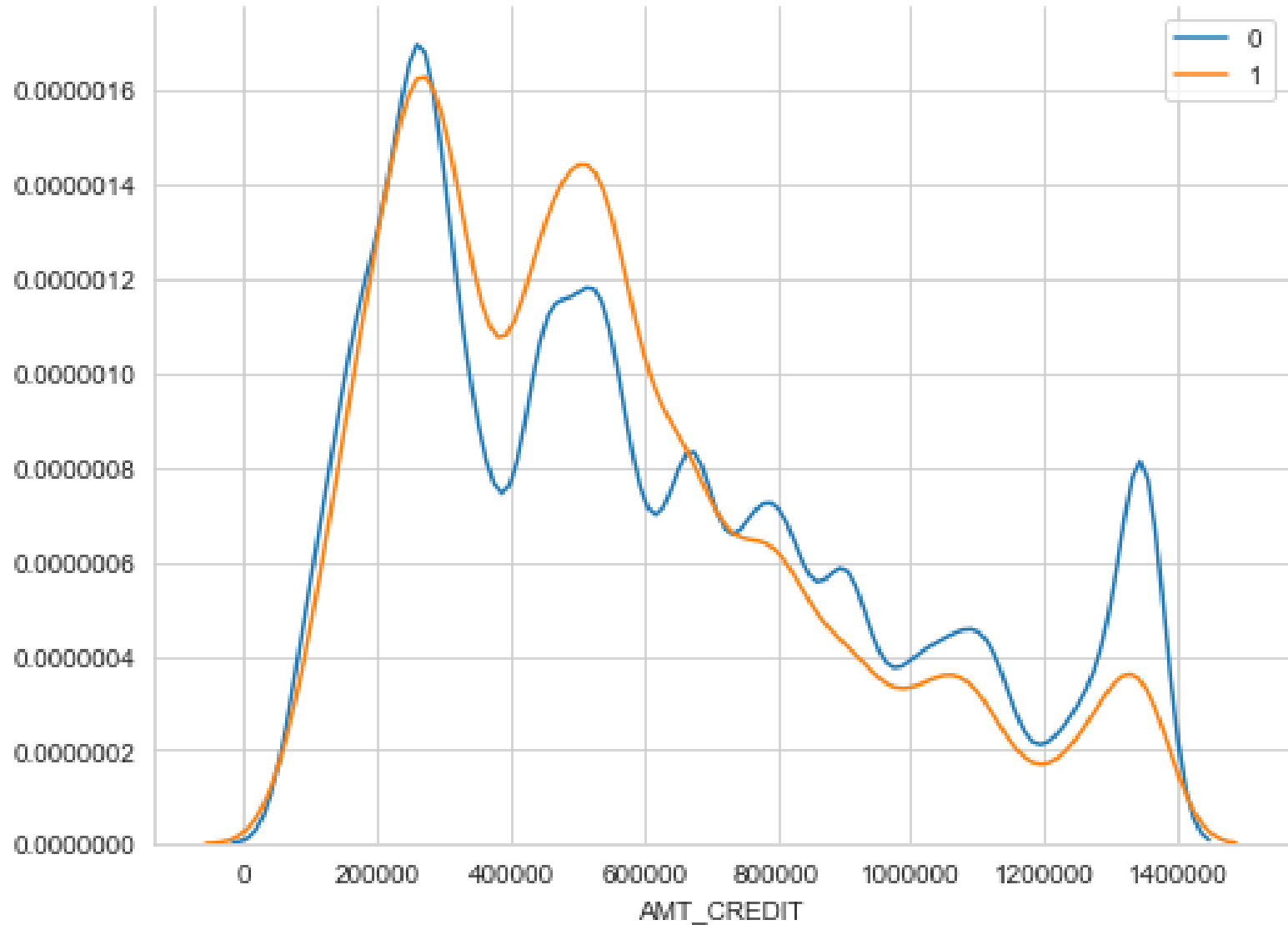
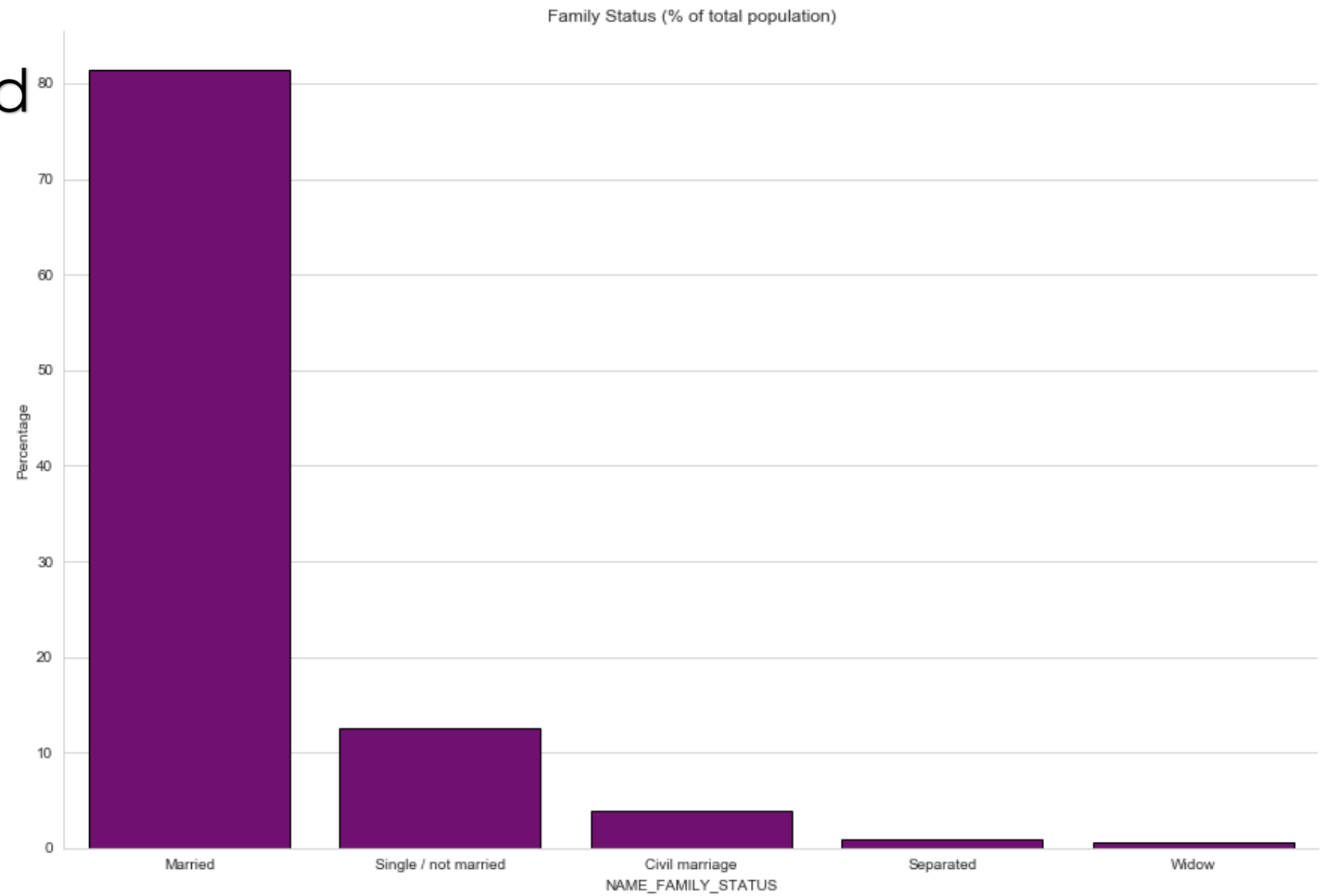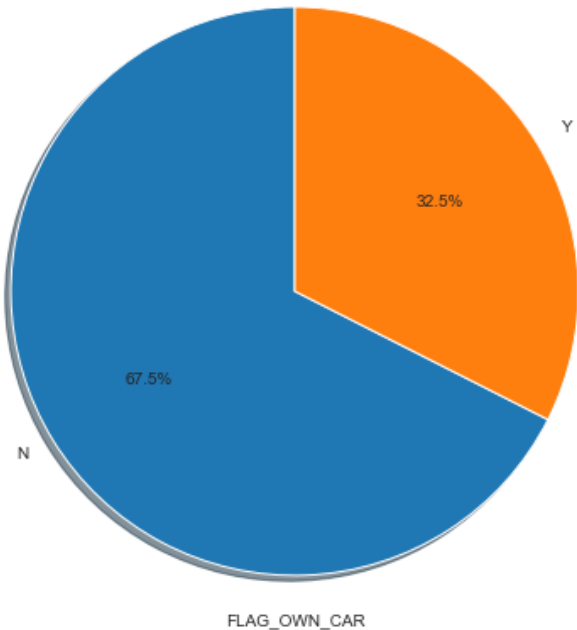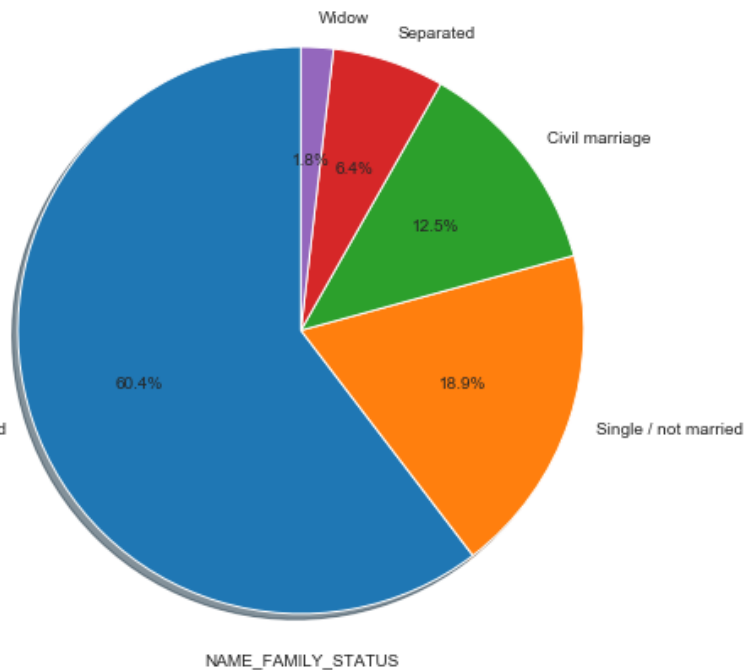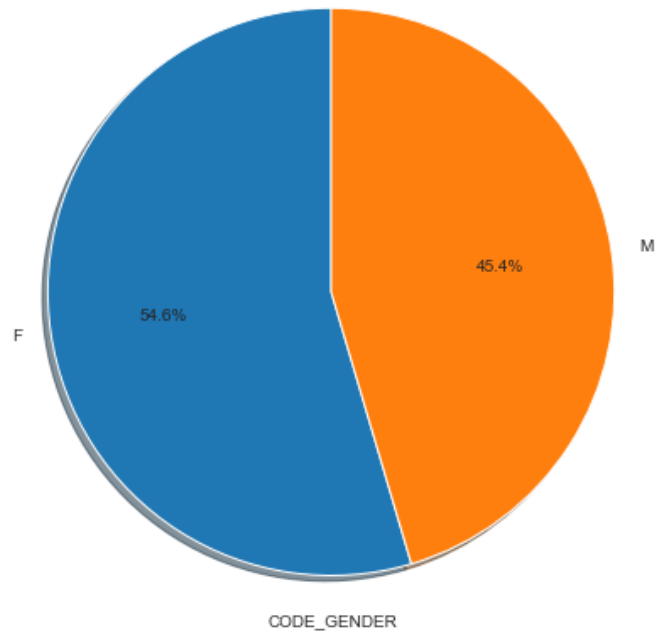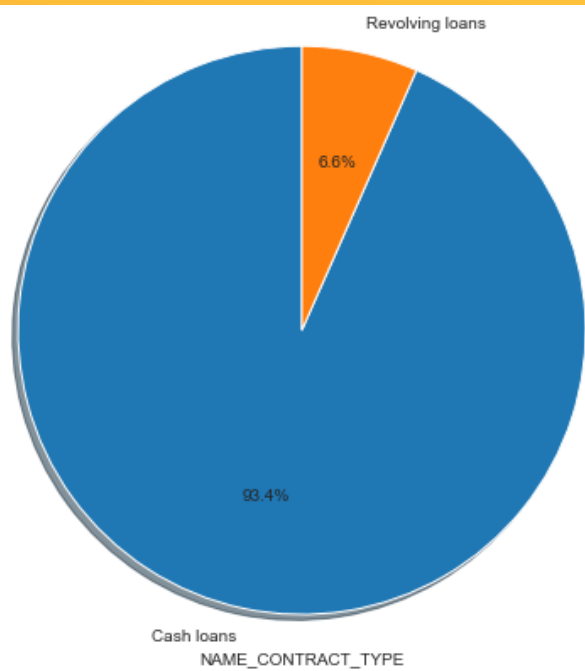

Observations: Distribution of Amount credited by bank to Defaulters and non-defaulters follow a similar pattern, wherein the spike is noticed at 2.25 Lakhs

Applicants segmented by Family status

Family Status (% of total population)

Applicants who are MARRIED have taken loans the most. Around **82%** of the client are married.

DEFAULTERS AGAINST CATEGORIES

- There are 93.4% of applicants who opted for 'Cash Loans'

- Not much variation when it comes to the Gender of the applicants. Almost equal proportion is noticed.

- 'MARRIED' people have defaulted the most with a percentage of 60.4

- Around 70% of the applicants who don't own a car have defaulted.

LABOURER AS OCCUPATION OF MARRIED CLIENTS
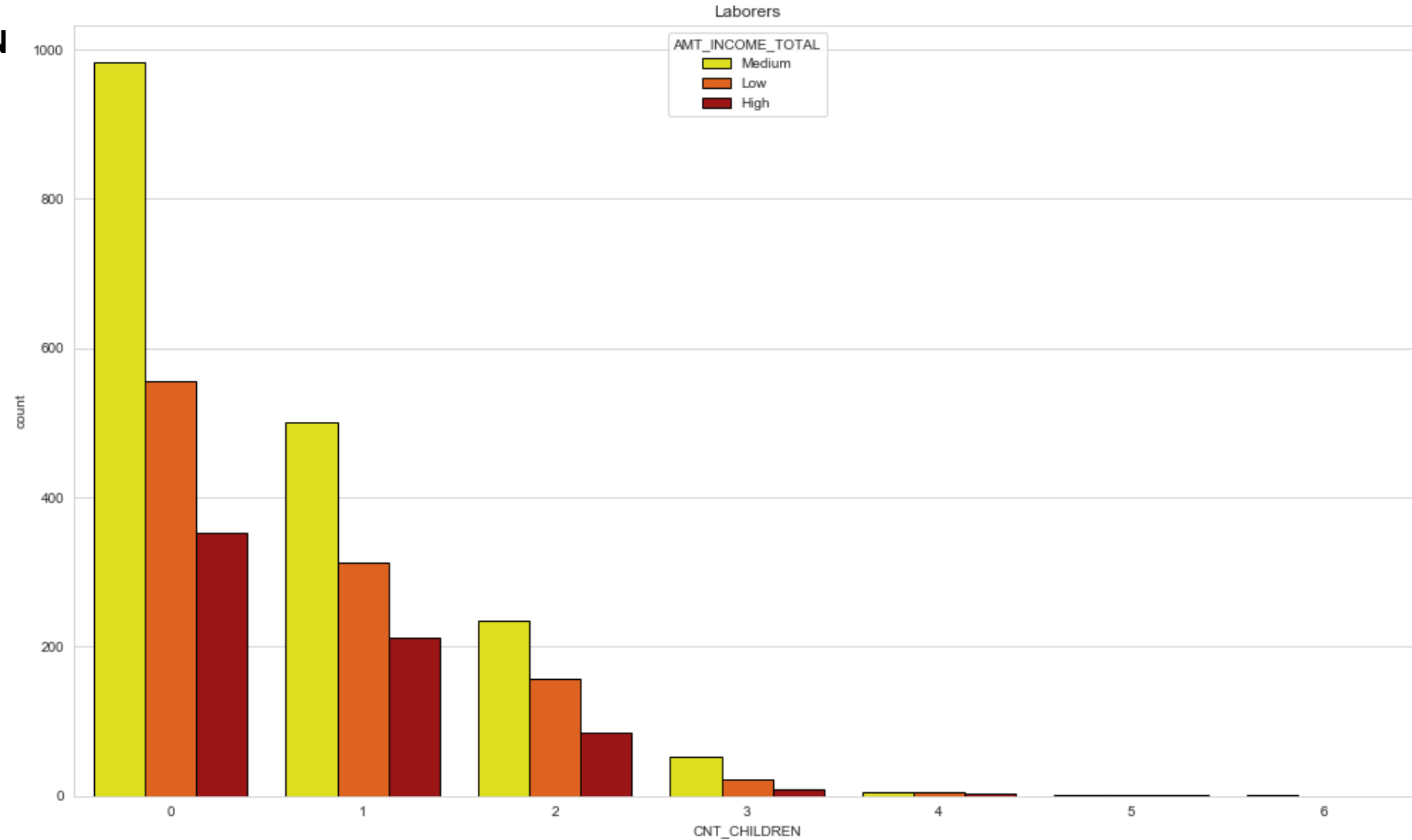
Observation: It can be observed that Married laborers with Medium Income and 0 children have defaulted the most.

Inference: The laborer's with medium salary are trying to venture into new businesses and since they don't have any children, risk affordability is high. And due to this, the tendency to default might increase.
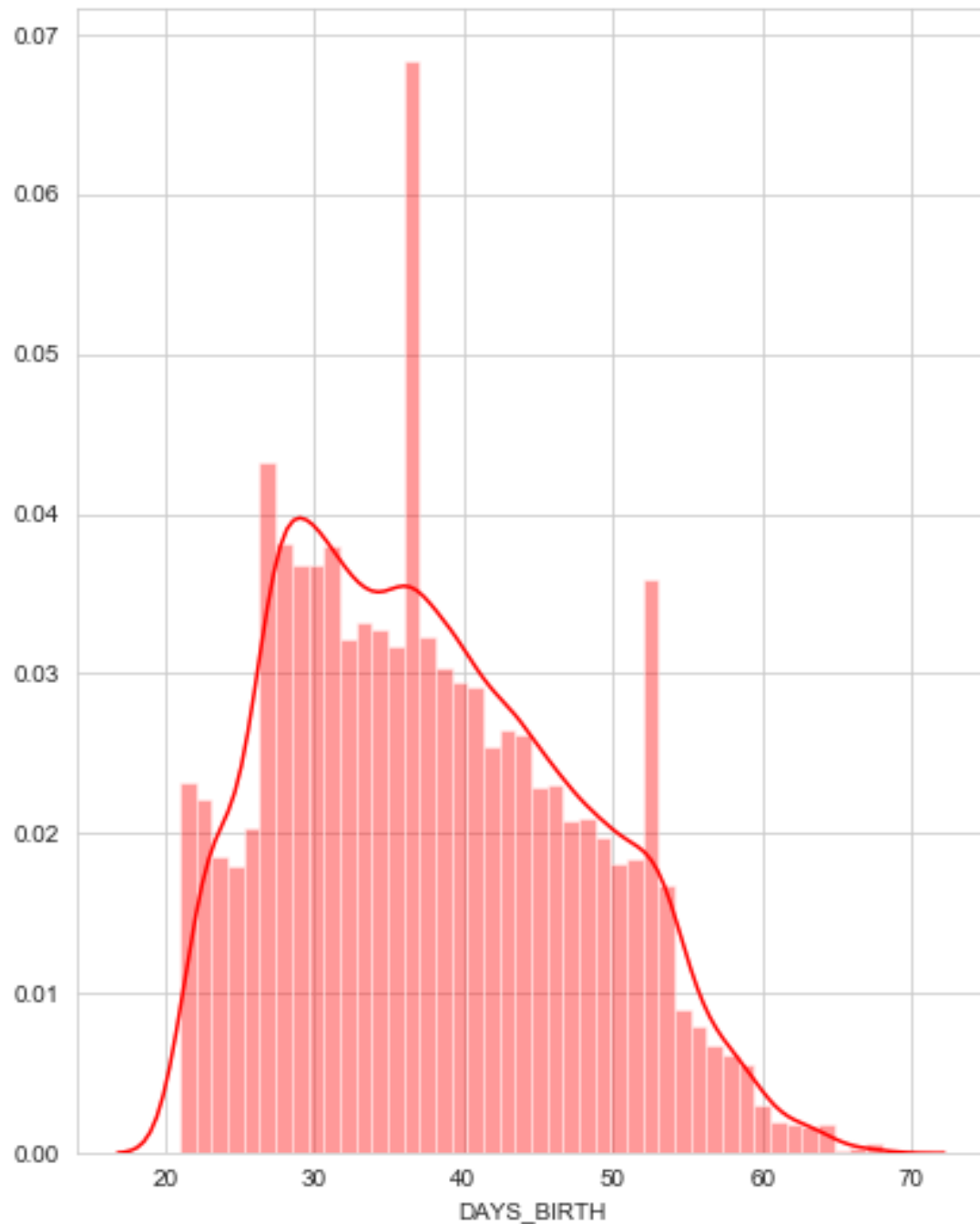
DEFAULTERS BY AGE GROUP

Observation: Client's age in days at the time of application: Majority of the clients age at the time of loan application was in the late 20's and early 30's.
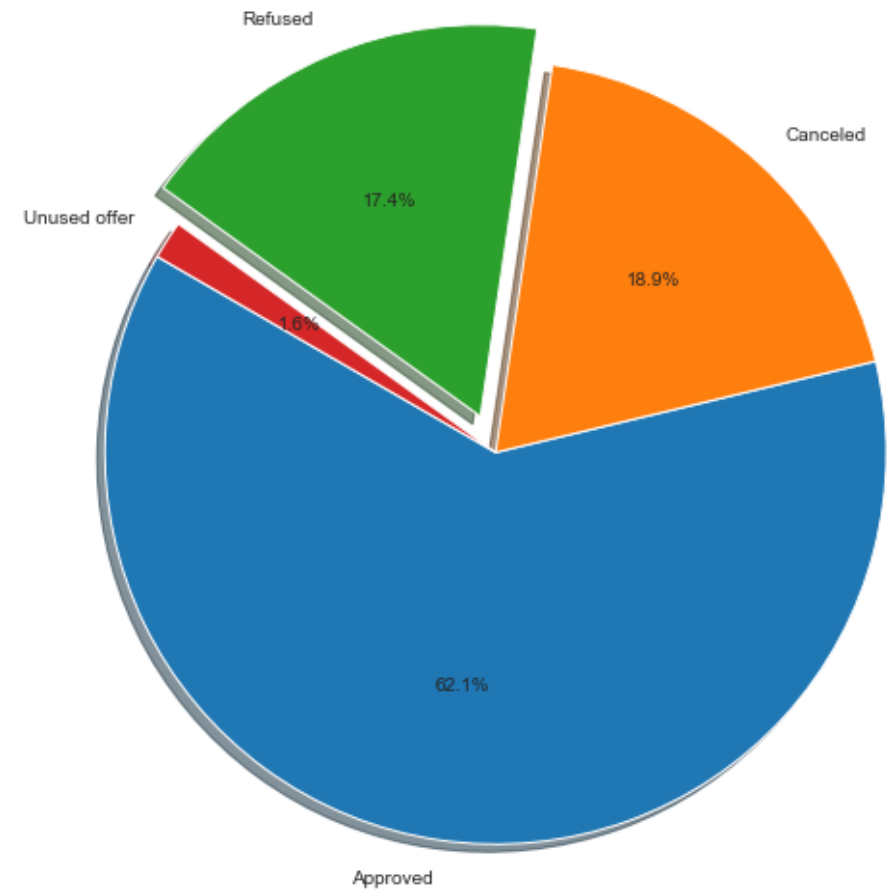
Inference: This age group could consist majorly of newly married clients, who tend to invest in property, vehicles, and travel.

PREVIOUS APPLICATIONS

Contract Status of the Previous Applications

Approved count is much higher, and the percentage of **'Approved'** applications is **62.1%**
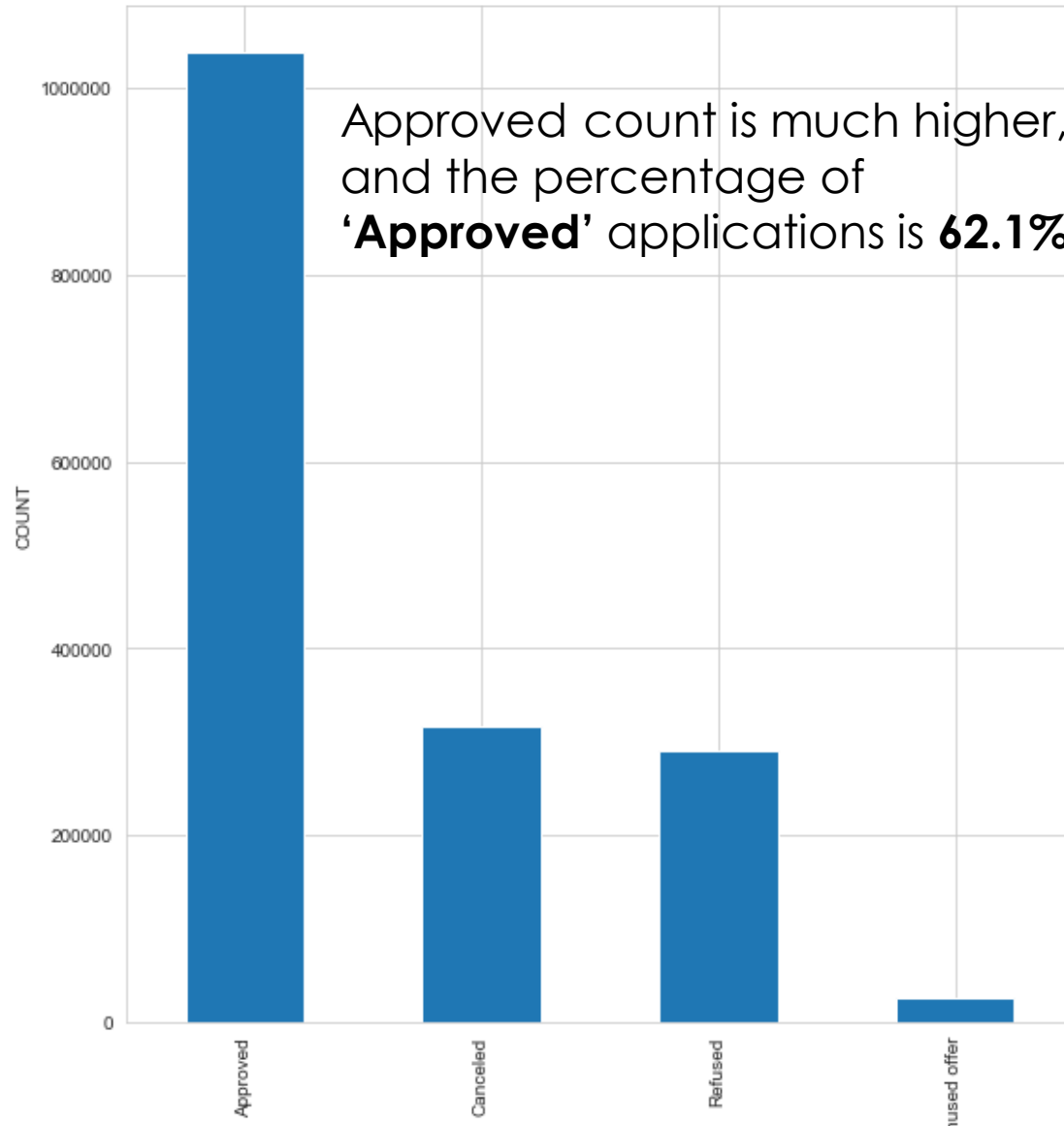
Observations: The clients who were REPEATERS or have already taken loan from the same bank were given huge amounts of loans when compared to NEW or REFRESHED client types.

Inference: Loyalty to the bank plays an important role in acquiring the loan
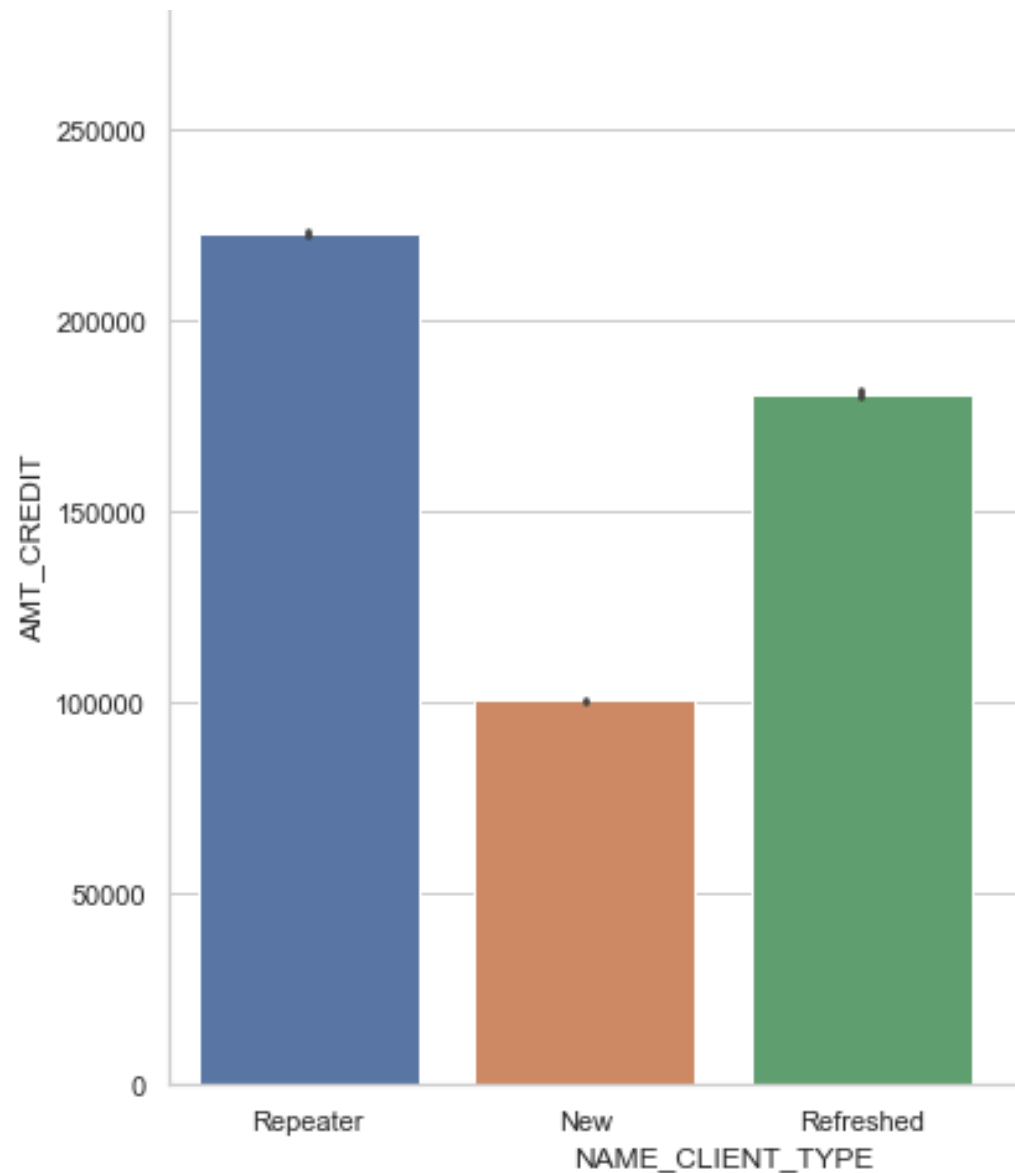
PATTERNS NOTICED

1. Amongst defaulters, married segment were on top. And for non-defaulters, again married segment were on the top. The pattern to notice here is that majority of the applicants who apply for a loan, irrespective of being defaulted or not, are MARRIED clients.

2. Labourers, who are married tend to default a lot. And especially the ones whose income lies in the medium range.

3. Majority of the applicants apply during morning hours, i.e., 8AM to 12PM

4. Females tend to default less when compared to males.

5. Clients in late 20's and early 30's tend to default more.

6. Clients in late 30's and early 40's tend to not default often.

RECOMMENDATIONS:

- **More stringent approach when dealing with the applications belonging to married clients.**

- **Factors, such as, number of children and family members, age group, and gender need to be considered on priority before approving or rejecting the loan.**

OTHER INSIGHTS

- **Majority of the previous applications of MARRIED clients who defaulted had their loans approved, which was 72%.**

- **The Previous applications of the clients who defaulted have less impact on their default rate**

- **Even though the data acquired is heavily imbalanced between the clients who defaulted and the ones who did not default, the correlation between each segments and variables turn out to be similar, i.e., the distribution of them don't vary much.**

CONCLUSION

The business of the bank will be improved if the recommendations are taken into consideration, which will indirectly lead to less financial losses.