Lending club case study

8 conclusions from our analysis

- Applications with 'Higher amounts' loans (> $15000) should be thoroughly reviewed.

- Applications with purpose of loans as 'debt consolidation' should be closely looked before approving their loan application.

- Lending club should stop approving loans for 'Small businesses' as there are good number of defaulters with small businesses.

- While providing loans for term 60 months the club should do a good background check of the applicants.

- Public record should be checked for borrowers with higher public record of bankruptcies as they have higher tendency of defaulting the loan.

- It is believed that the large number of open account tend to have higher default rate. However, our analysis did not show significant differences. There is not enough data to conclude that borrowers with more than 30 accounts tend to have higher default rate.

- Low grade loans have high tendency to default. Lending club should examine more information from borrowers before issuing loans to Low grade (G to A).

- Loans having higher interest rate have more defaulters. Check the background of applicant thoroughly before calculating interest rates.

Most of the loan applied were less then $15000 on which the analysis were done.
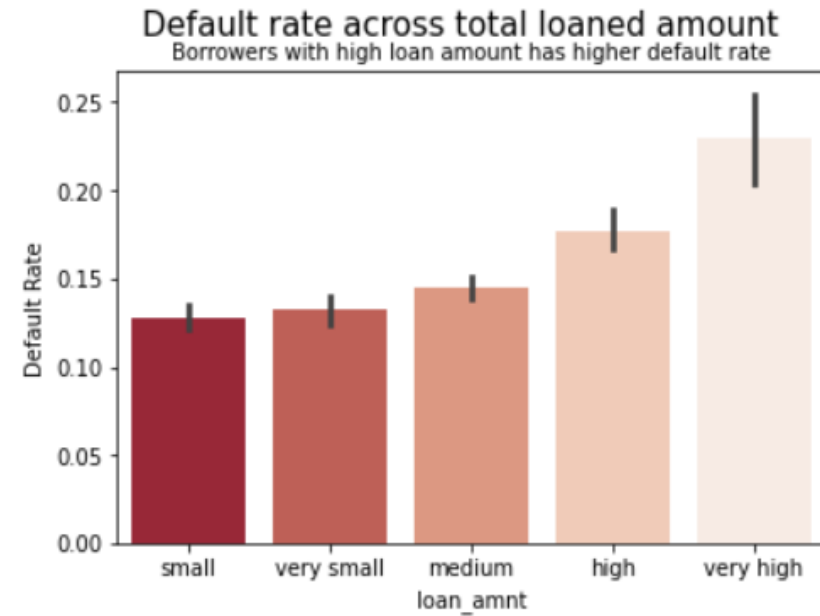
Loan amount distribution
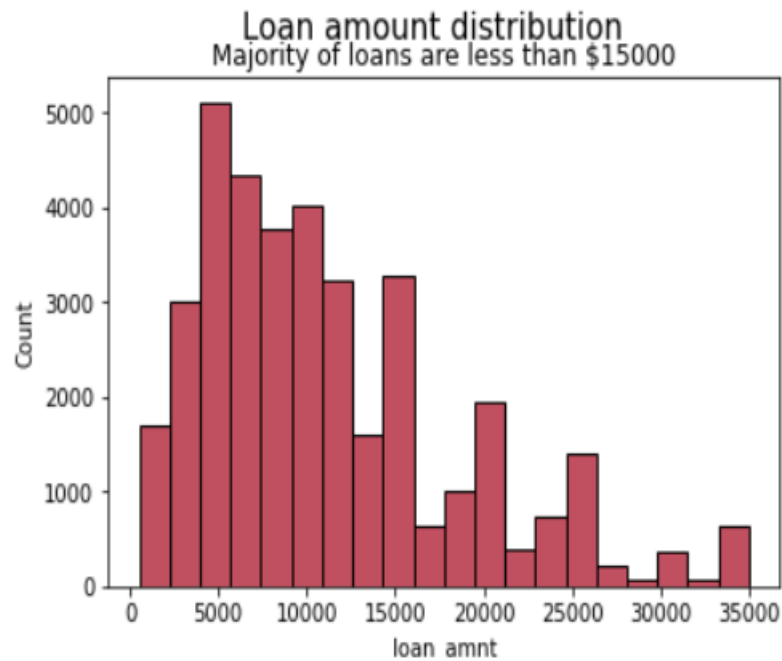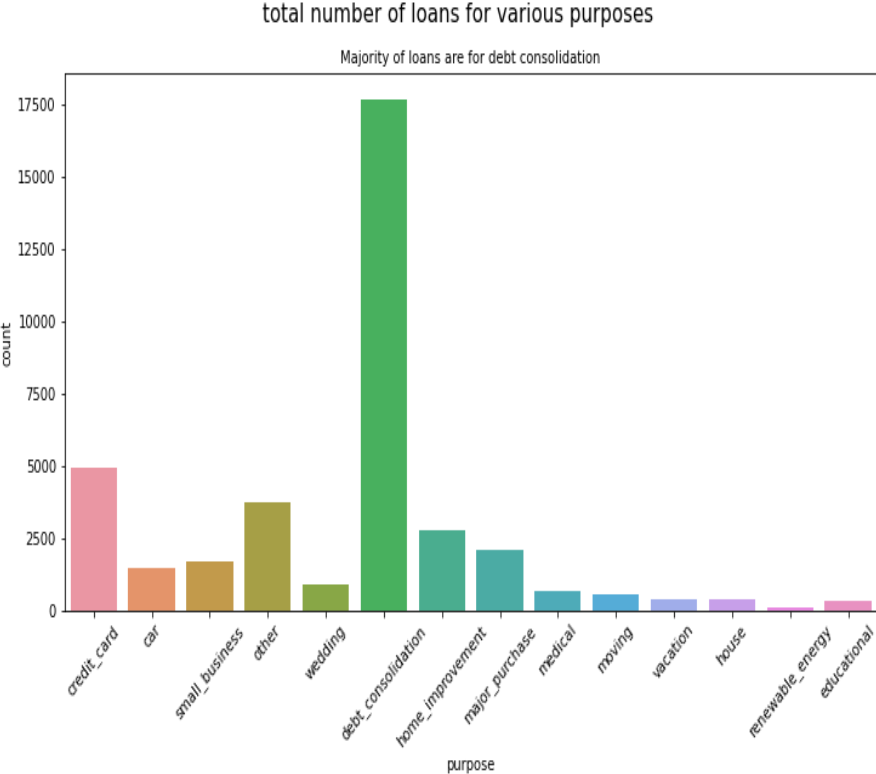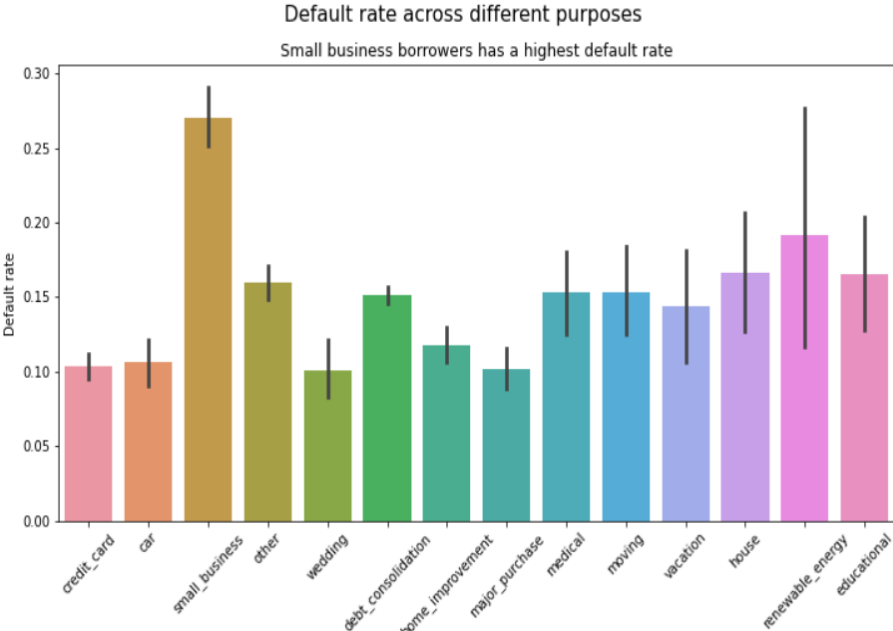

Default rate vs total loaned amount

The majority of loans applied are for debt consolidation
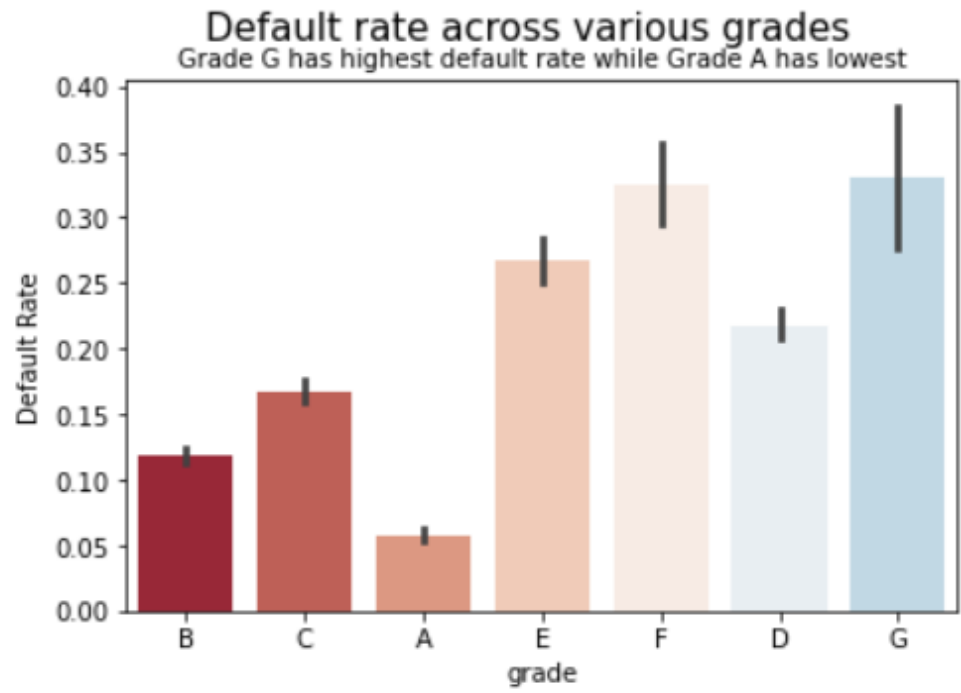
Total number of loans per purposes

Default rate vs loan purpose

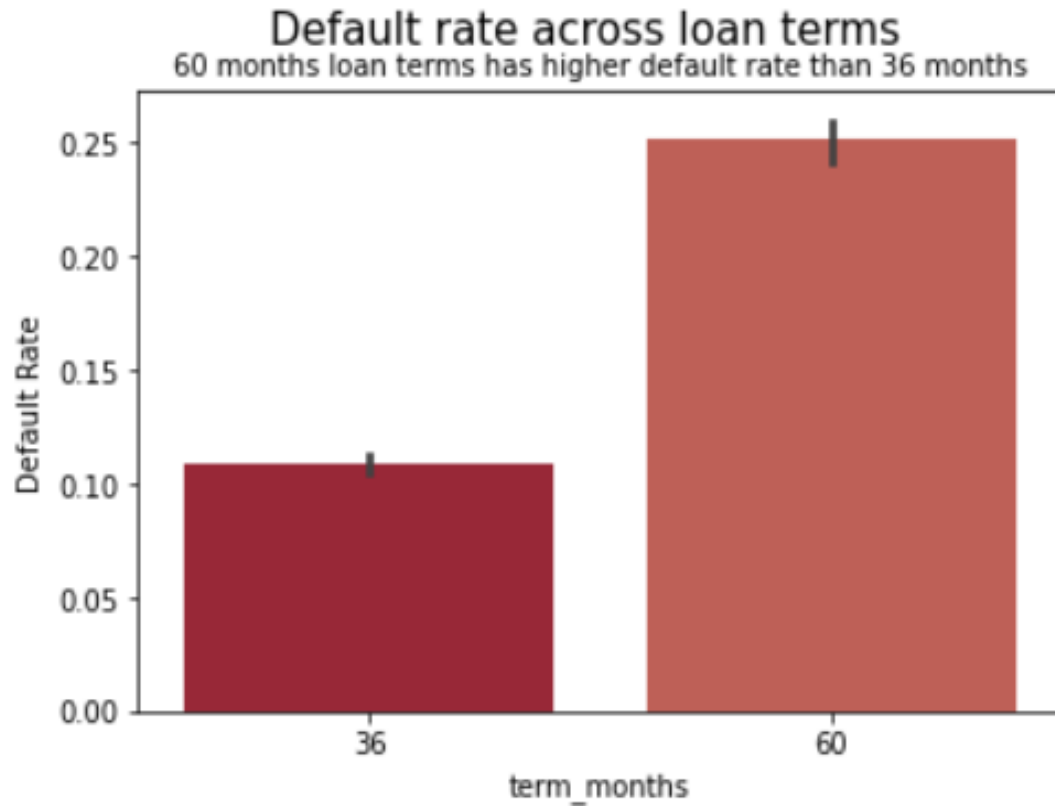# Higher quality of loan lead to lesser default rate

Default rate per grade

# Most of the borrowers paid off the loan when loan term in 36 months

Default per loan terms

The borrowers with higher public records of bankruptcies have higher tendency of defaulting the loan
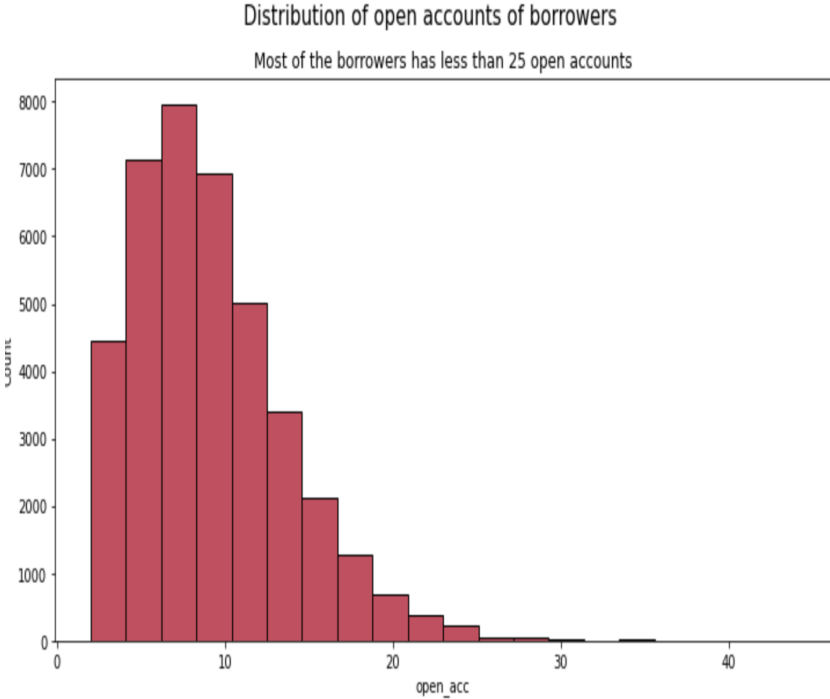
Default rate per bankruptcies

Default rate across the number of public records of bankruptcies
Borrowers with public records of bankruptcies tend to have higher default rate
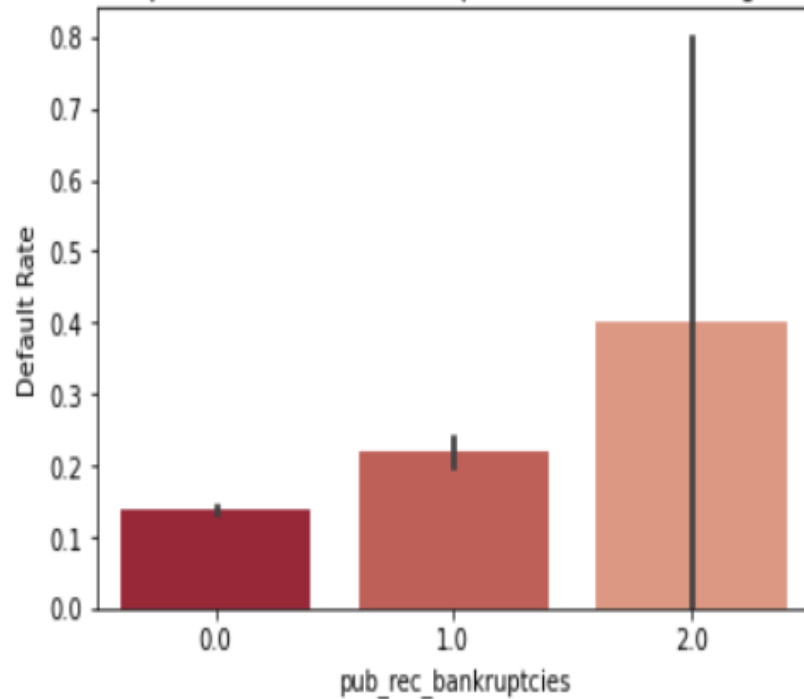
There is not enough data to conclude that borrowers with more than 30 accounts tend to have higher default rate.

Distribution of open accounts of borrowers

Default rate vs account