

The background is a solid blue gradient. Overlaid on this are numerous thin, white, curved lines that flow from the left side towards the right, creating a sense of movement and depth. These lines are more densely packed in some areas, forming a wave-like pattern that peaks towards the right side of the frame.

LENDING CLUB: CASE STUDY

BY NATARAJ NAIKAR

Lending club case study – Business Problem

1. Largest online loan marketplace, facilitating various types of loans
2. Study the LC provided data repository
3. Identify the risky loan applicants
4. Understand the driving factors behind the default loans

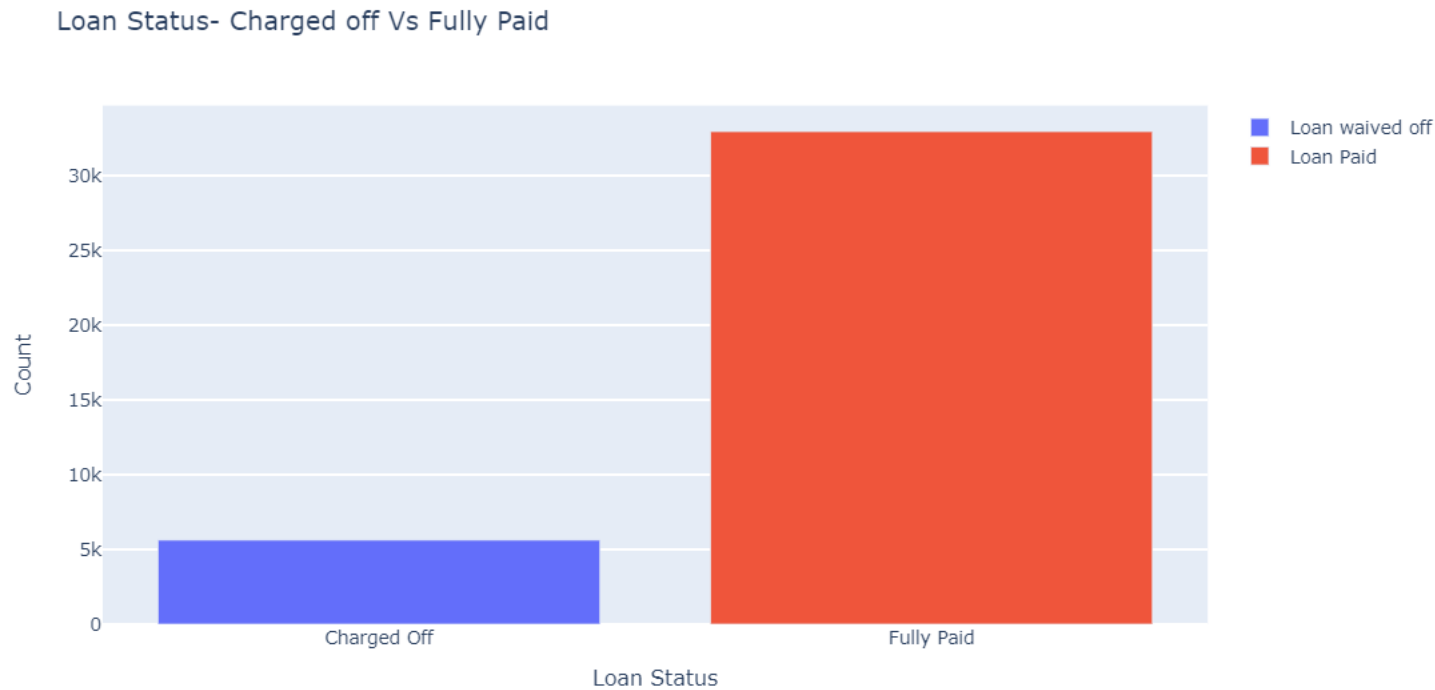
Lending club case study – why?

1. Identify the risky applicants in the early stage of the process
2. Minimize the credit loss to the company
3. Provide the method to identify the risky applicants

Lending club case study –EDA to analyze the data set

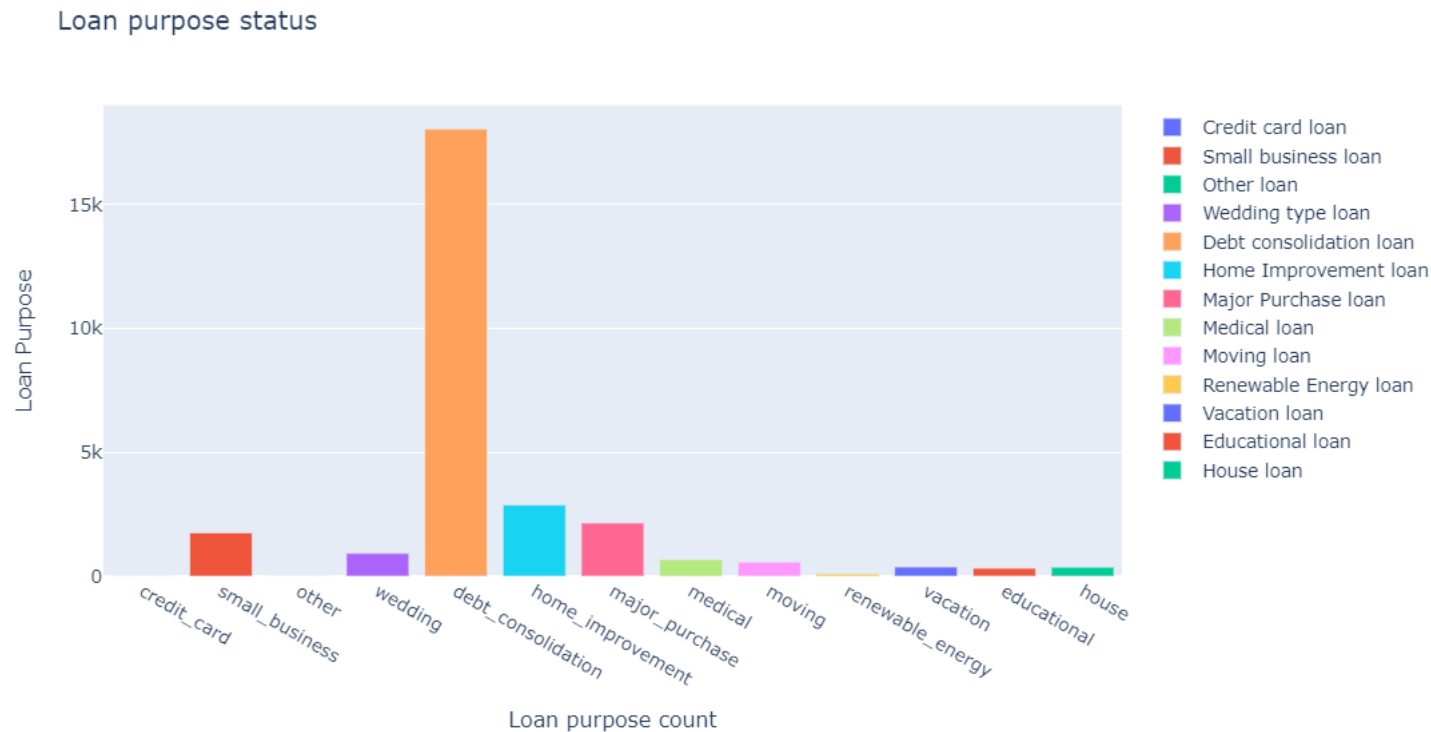
- Cleaned the data – removed not required and redundant columns
- Meaningful column names
- Analyzed the outliers
- Applied EDA to produce graphical output

Lending club case study – Over all Loan status



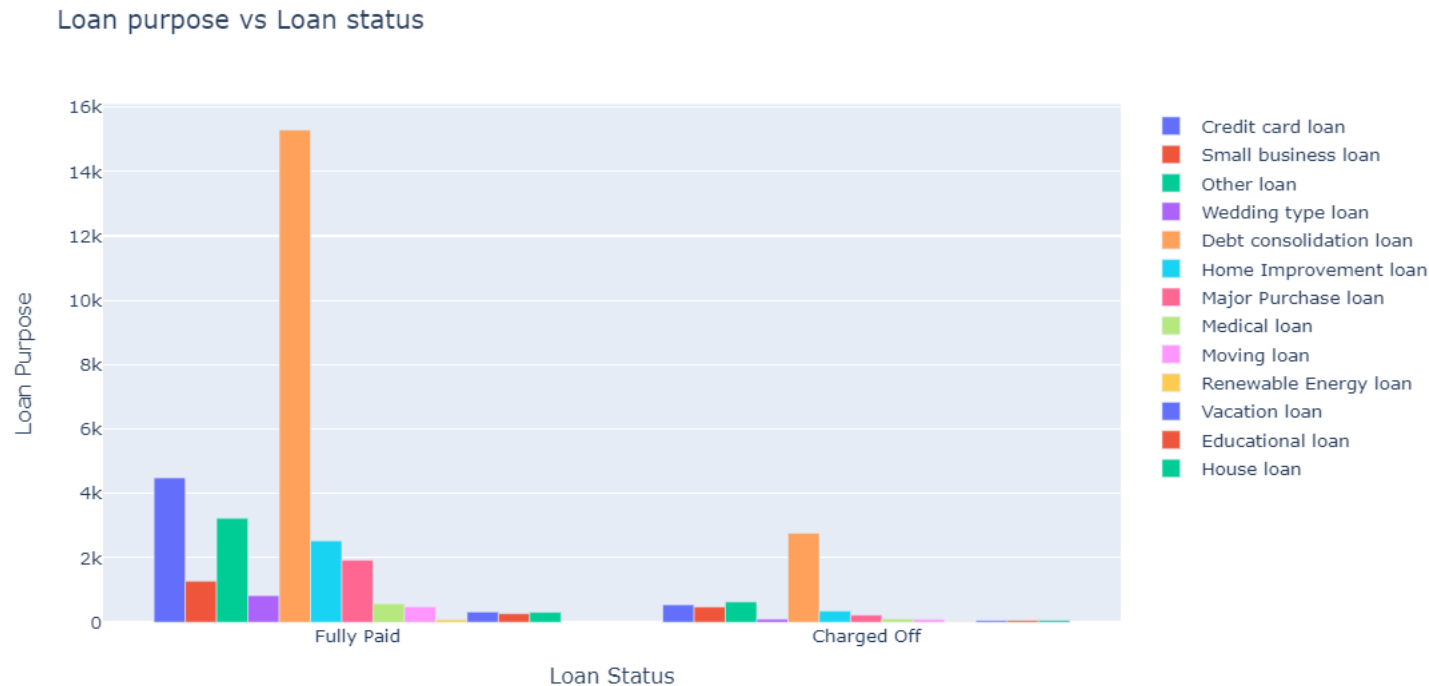
- Number of loans: 38578
- Number of Fully paid loans
- Number of Charged off loans

Lending club case study – Borrowers Loan Purpose ranks



- Debt Consolidation – 1st rank
- Home improvement – 2nd rank
- Major purchase – 3rd rank

Lending club case study – Purpose and Status

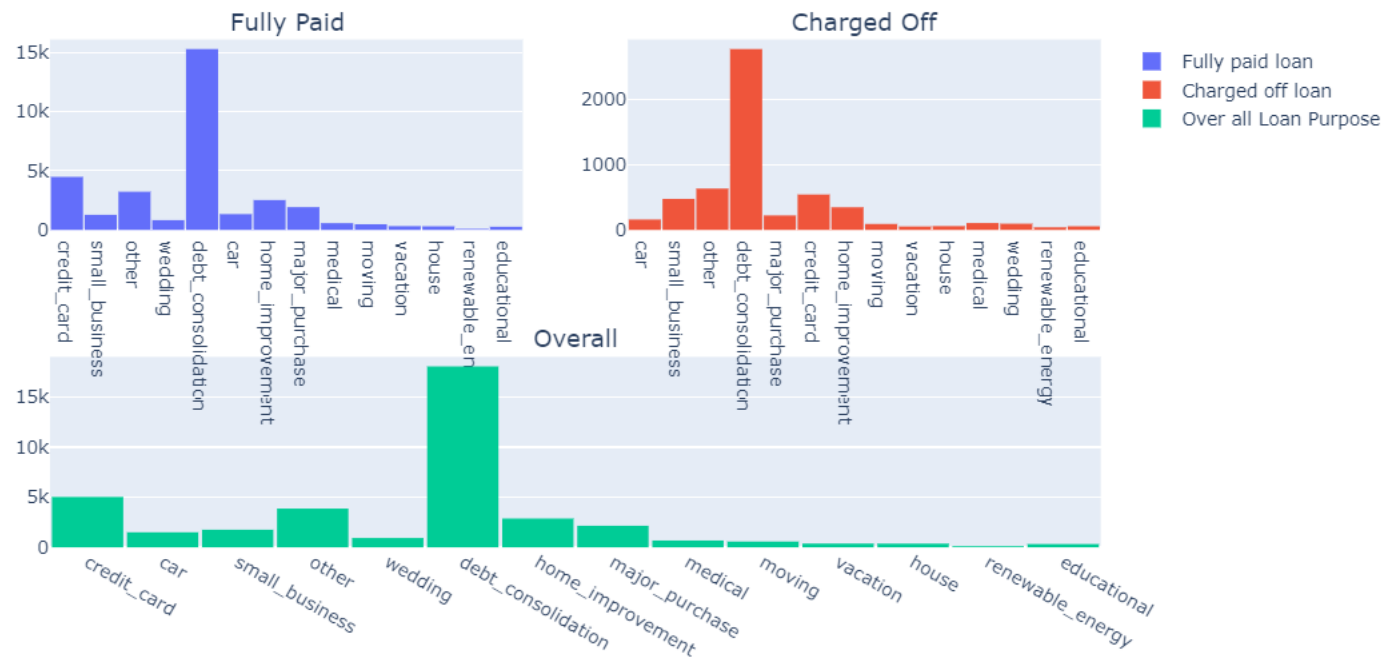


Charged off loans

- Debt Consolidation loan – 1st rank
- Other loan – 2nd rank
- Credit card loan – 3rd rank

Lending club case study – Purpose and Status-Detail

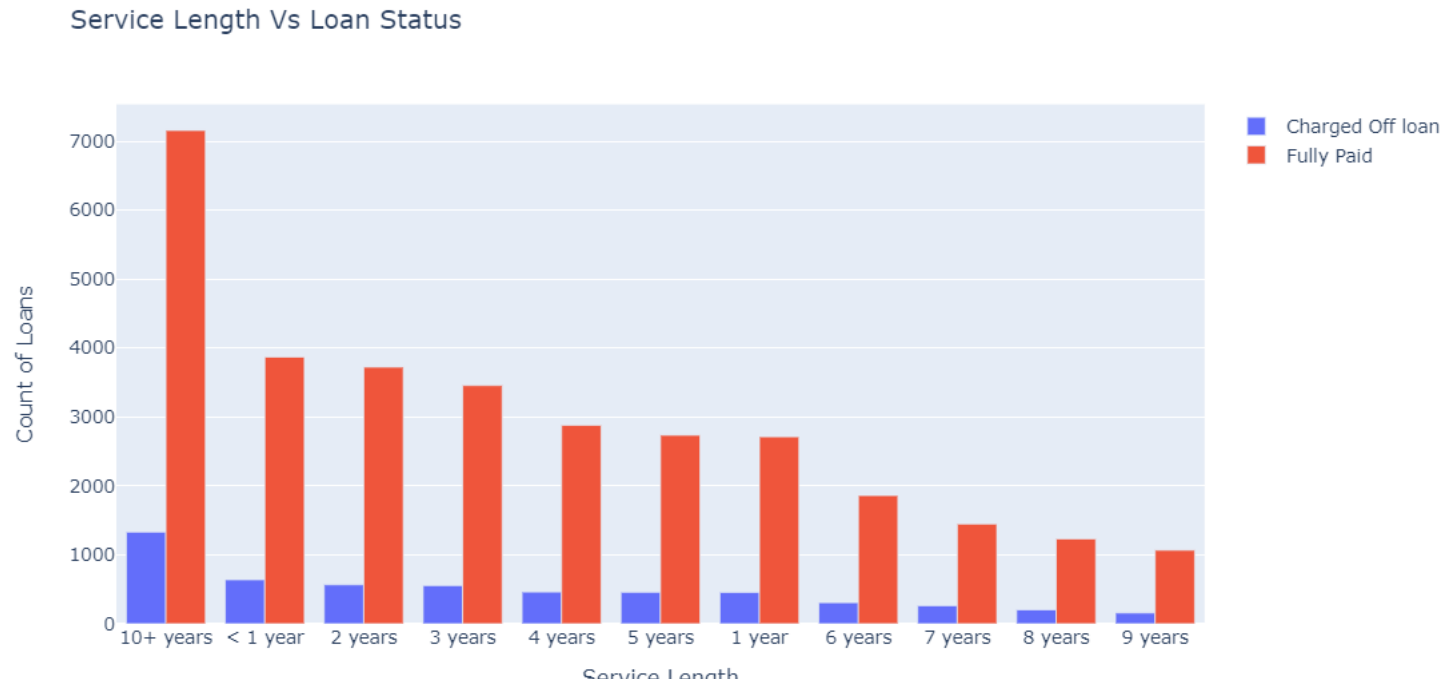
Loan Status



Charged off loans

- Debt Consolidation loan – 1st rank
- Other loan – 2nd rank
- Credit card loan – 3rd rank

Lending club case study – Service Length and Status

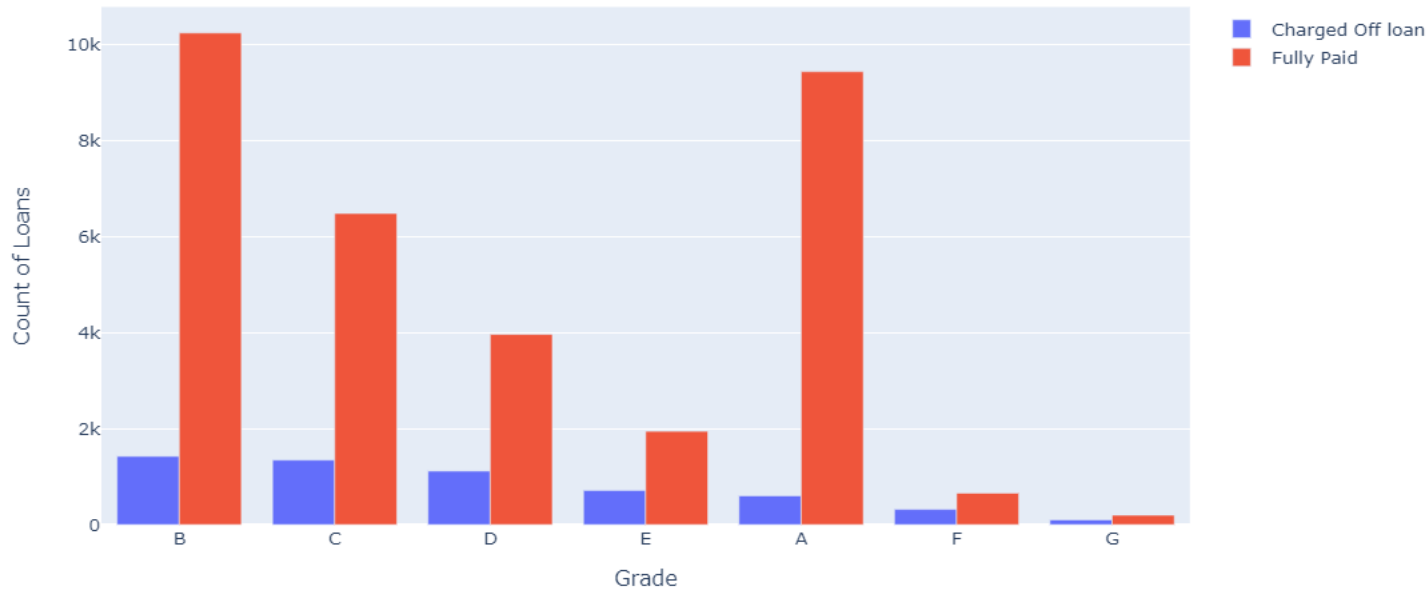


Charged off loans

- Contribution from experience: > 10 years
- Early stage in the carrier: < 5 years

Lending club case study – Grade and Status

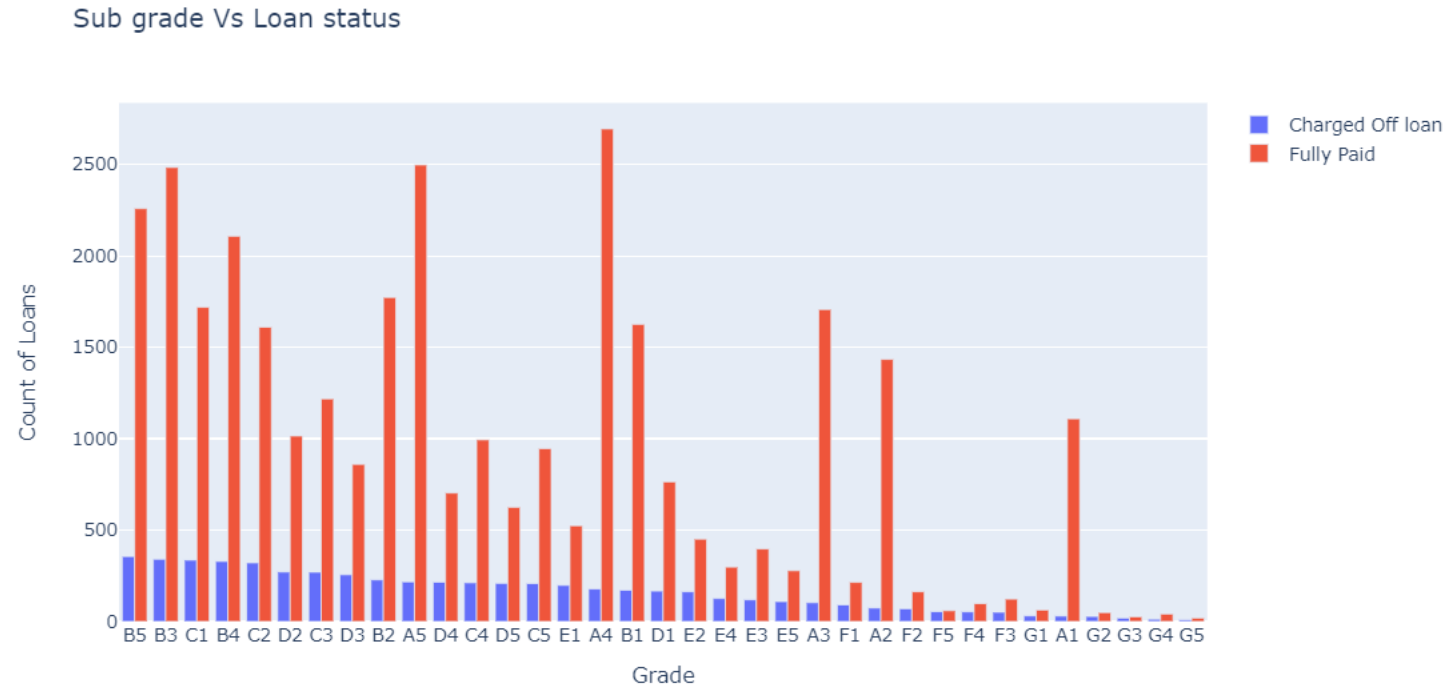
Barrowers Grade Vs Loan Status



Charged off loans

- Major contribution from Grade:
 - B
 - C
 - D

Lending club case study – Sub grade and Status

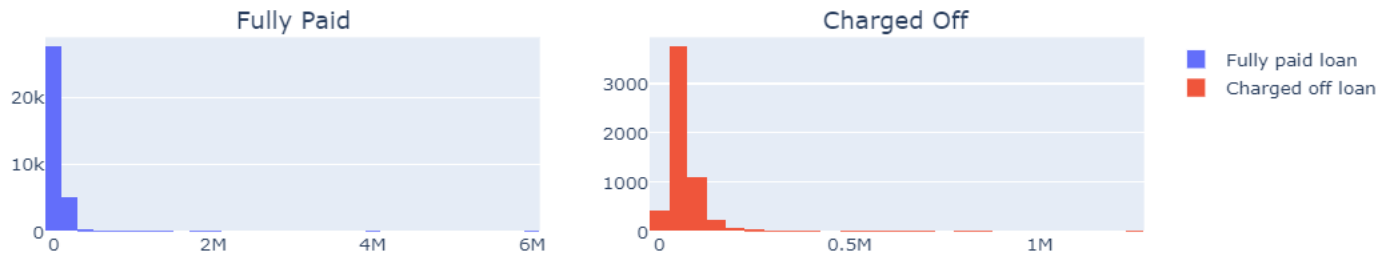


Charged off loans

- Major contribution from Grade:
 - B-B2,B3,B4,B5
 - C-C1,C2,C3,C4,C5
 - D-D2,D3,D4,D5

Lending club case study – CTC and Status

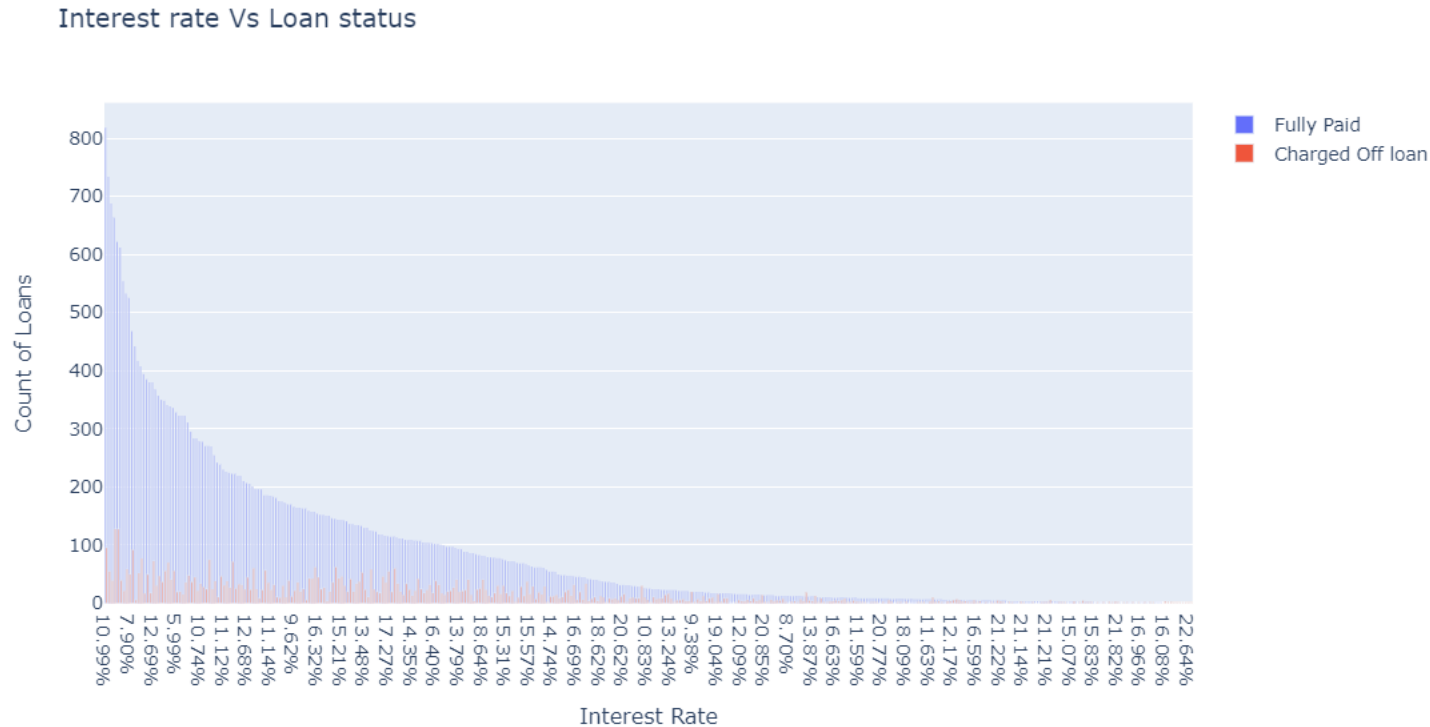
Loan Status



Charged off loans-??

- Major contribution from Grade:
 - B-B2,B3,B4,B5
 - C-C1,C2,C3,C4,C5
 - D-D2,D3,D4,D5

Lending club case study – Interest rate and Status

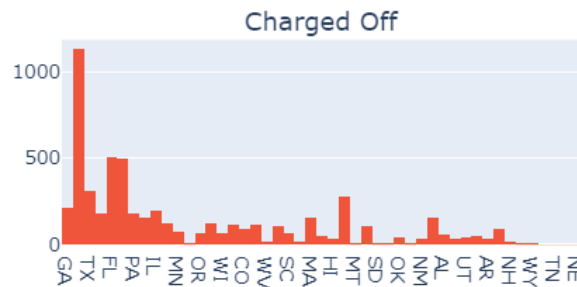
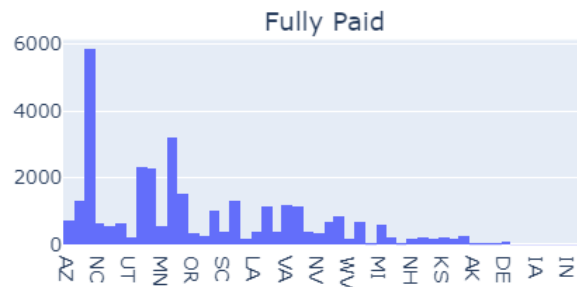


Charged off loans-??

- Major contribution from Grade:
 - B-B2,B3,B4,B5
 - C-C1,C2,C3,C4,C5
 - D-D2,D3,D4,D5

Lending club case study – State and Status

Loan Status



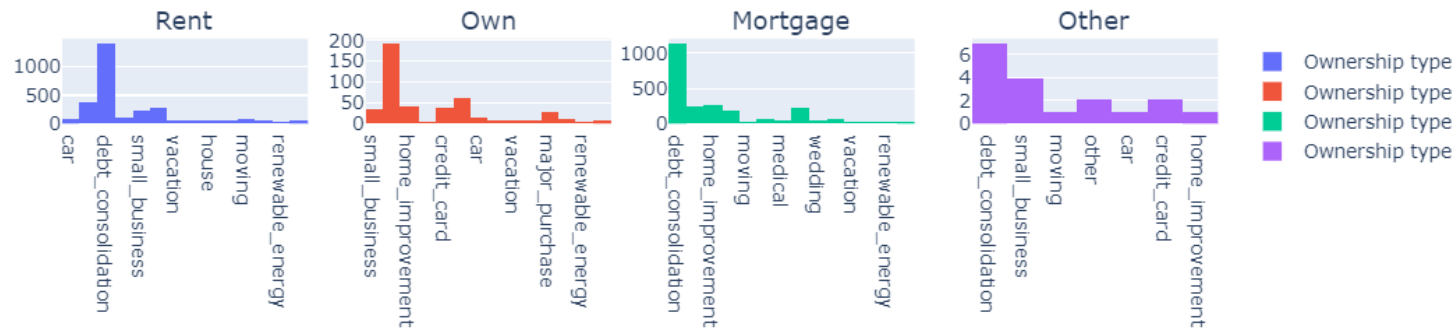
■ Fully paid loan
■ Charged off loan

Charged off loans-??

- Major contribution from State:
 - CA - California
 - FL - Florida
 - NY- Newyork

Lending club case study – Ownership type and Status

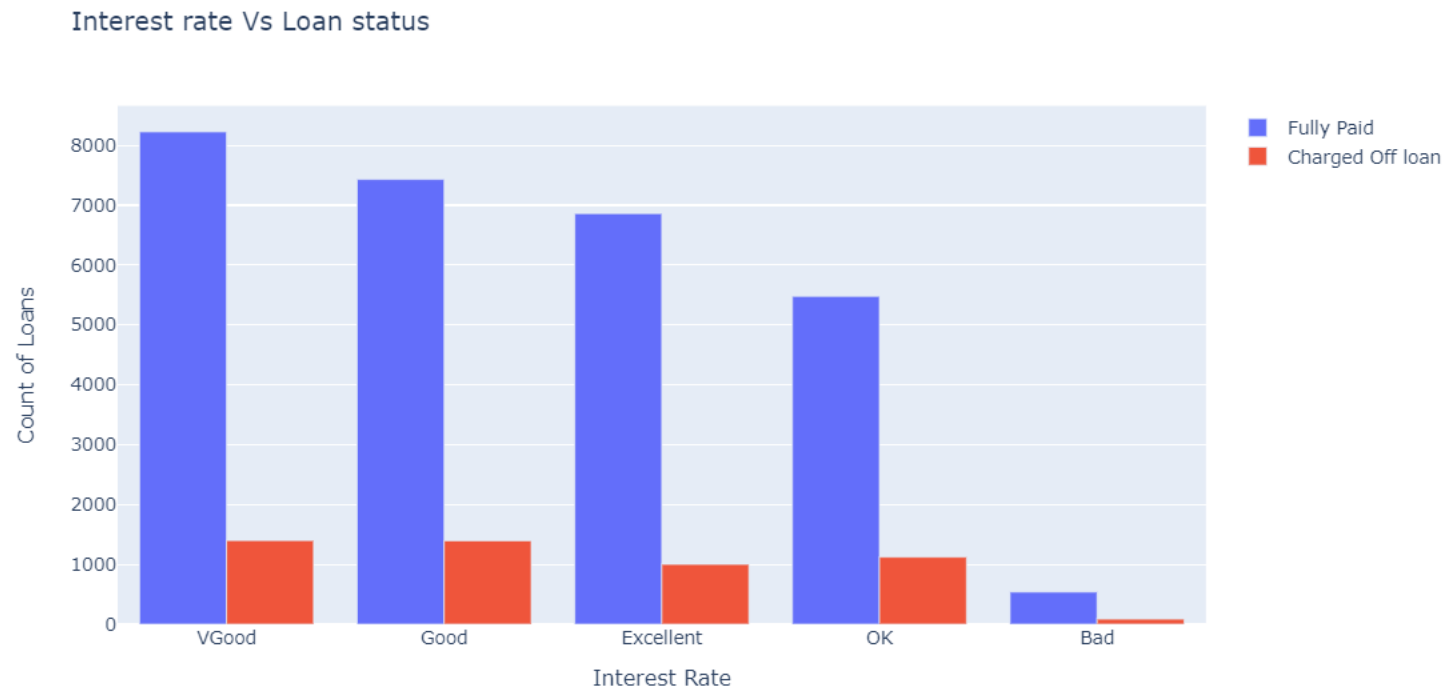
Loan Status



Charged off loans-??

- Ownership type:
 - Rent
 - Mortgage
 - Own

Lending club case study – Monthly payment debt ratio and Status



Charged off loans-??

- Debt ration:
 - VGood
 - Good
 - OK

Lending club case study –Recommendation

Lending club case study – Observations and recommendations

- Applicants in the good cities are more likely to default the loan
- Service range 0-5years and 10+years of experiences applicants are likely to default
- Applicant who seeks loan for Debt consolidations, small business, house improvements and for other reasons are likely to default
- Applicants who's monthly debt payment ration in 0-20 are likely default the loan
- Application with Grade: B,C and D are likely to default
- So above mentioned variables/points to be verified closely before sanction