

# Lending Club Case Study

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# About – Lending Club Case Study

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- About

Lending Club is America's largest lending marketplace, connecting borrowers with investors since 2007. The borrowers can apply through an online platform where they are assigned an internal score. Their differentiated and sustainably-profitable business model allows borrowers to extend their capabilities to help even more members reach their financial goals.

- Business Objective

To identify variables which are strong indicators of default and potentially use the insights in approval/rejection decision making.

# Data Understanding

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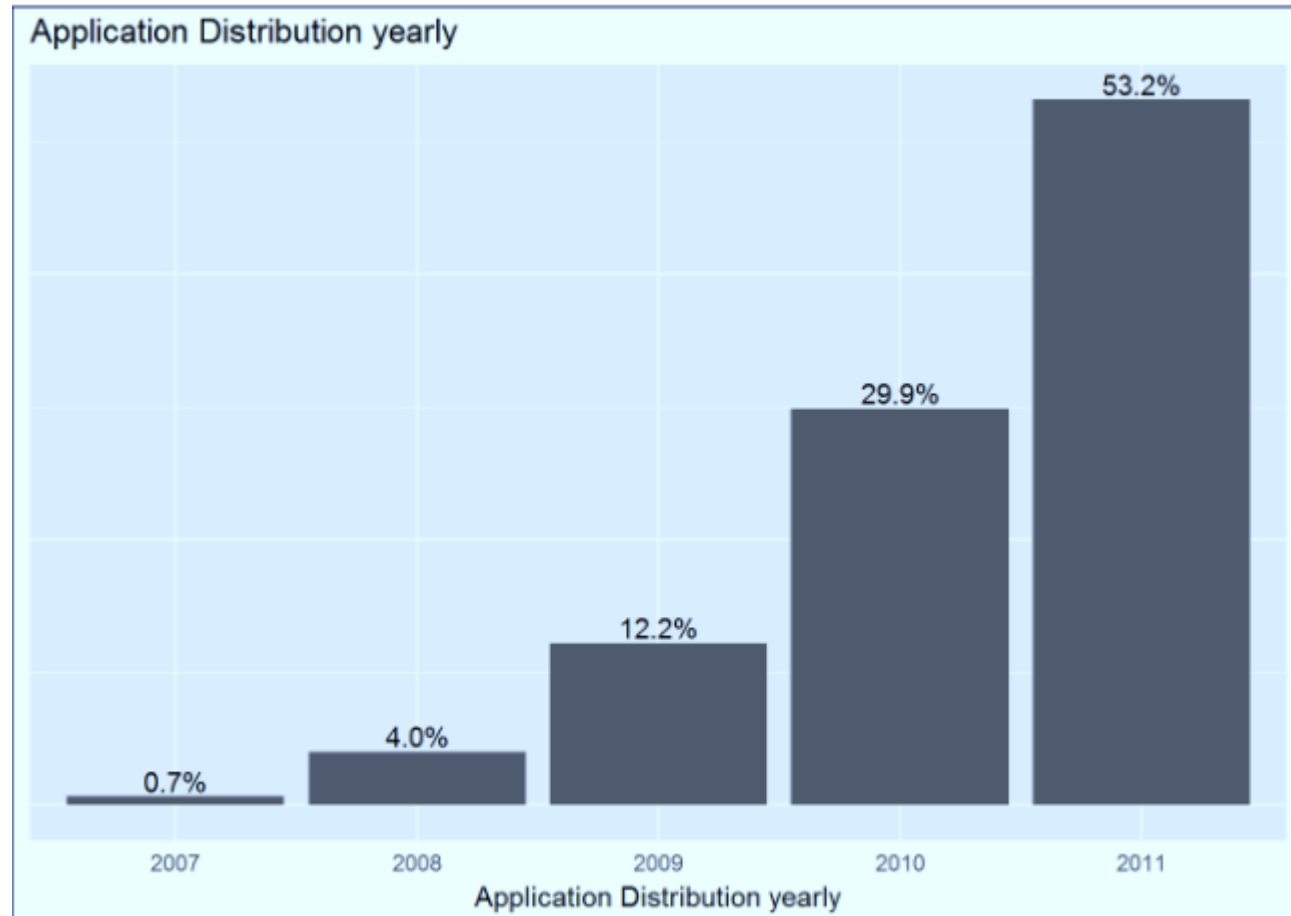
## Types of variables

1. Customer (applicant) demographic
2. Loan related information & characteristics
3. Customer behavior (if the loan is granted)

# 2007-2011: Statics

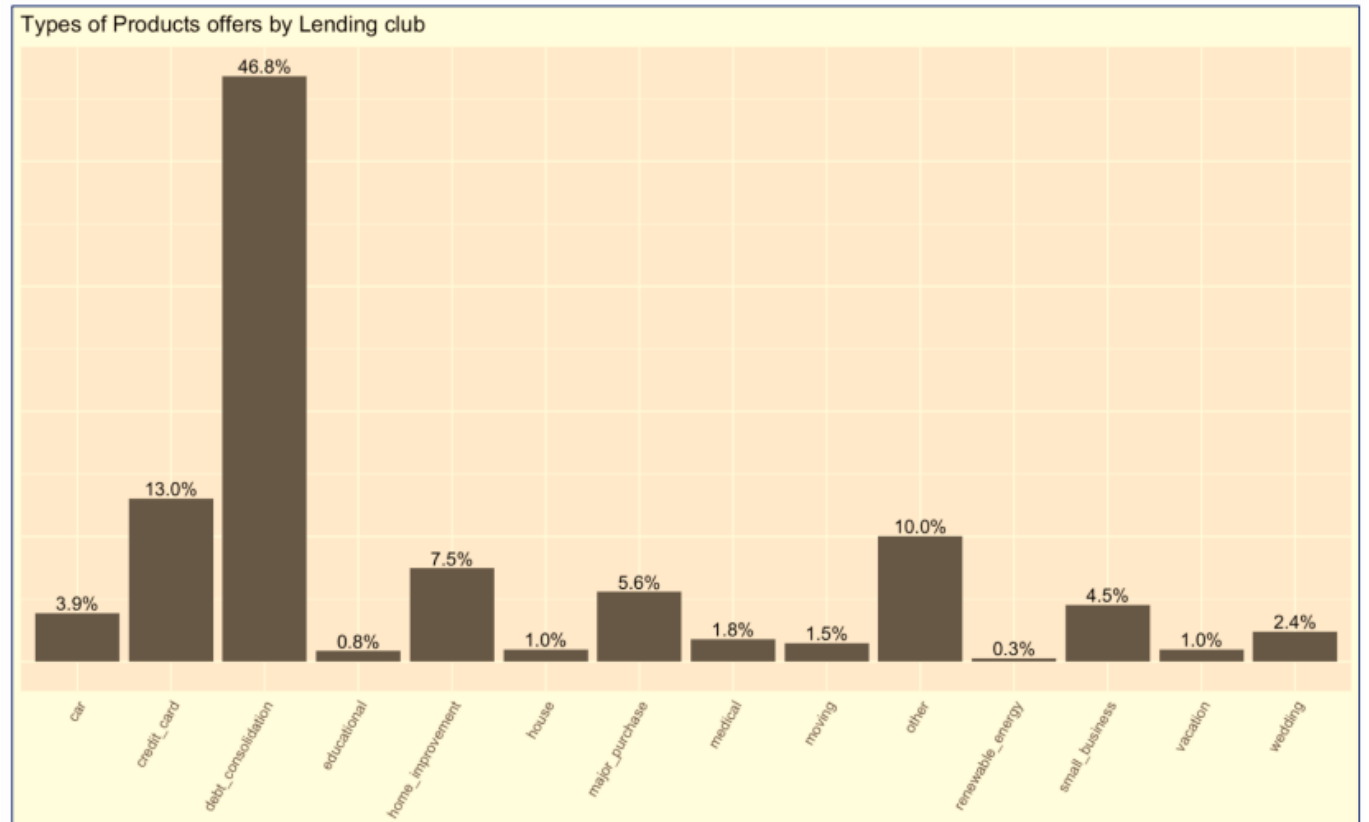
There's sudden increase in the number of applicants:

- 78% increment in the year 2011 as compared to 2010
- 145% increment in the year 2010 as compared to 2009



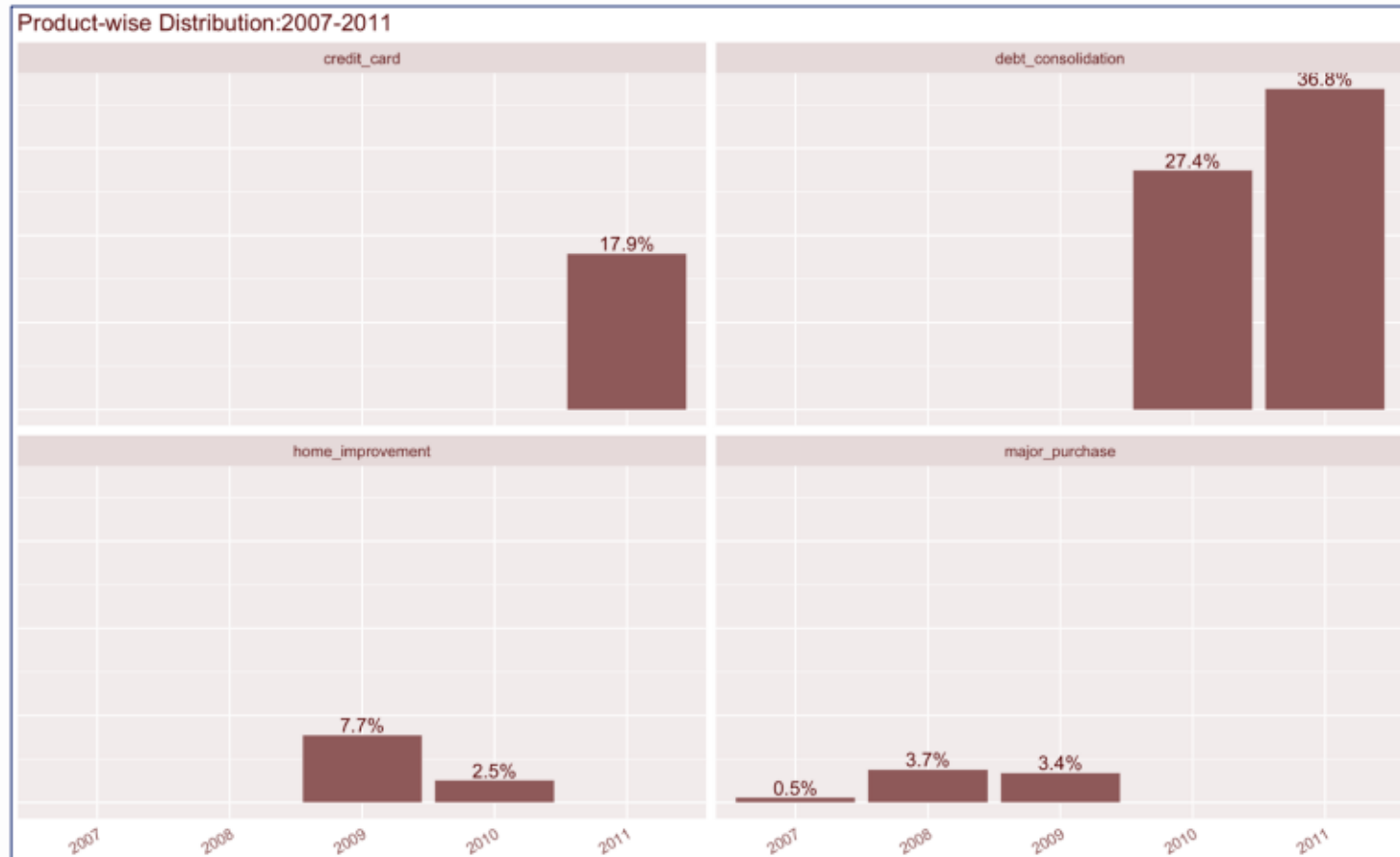
# Loan Purpose Distribution

Out of there all purposes loans, Debt Consolidation loan is the most popular among customers. It exceeds by 46.8% followed by 13% in the credit card loans and other methods.



# Top-4 Products over time:

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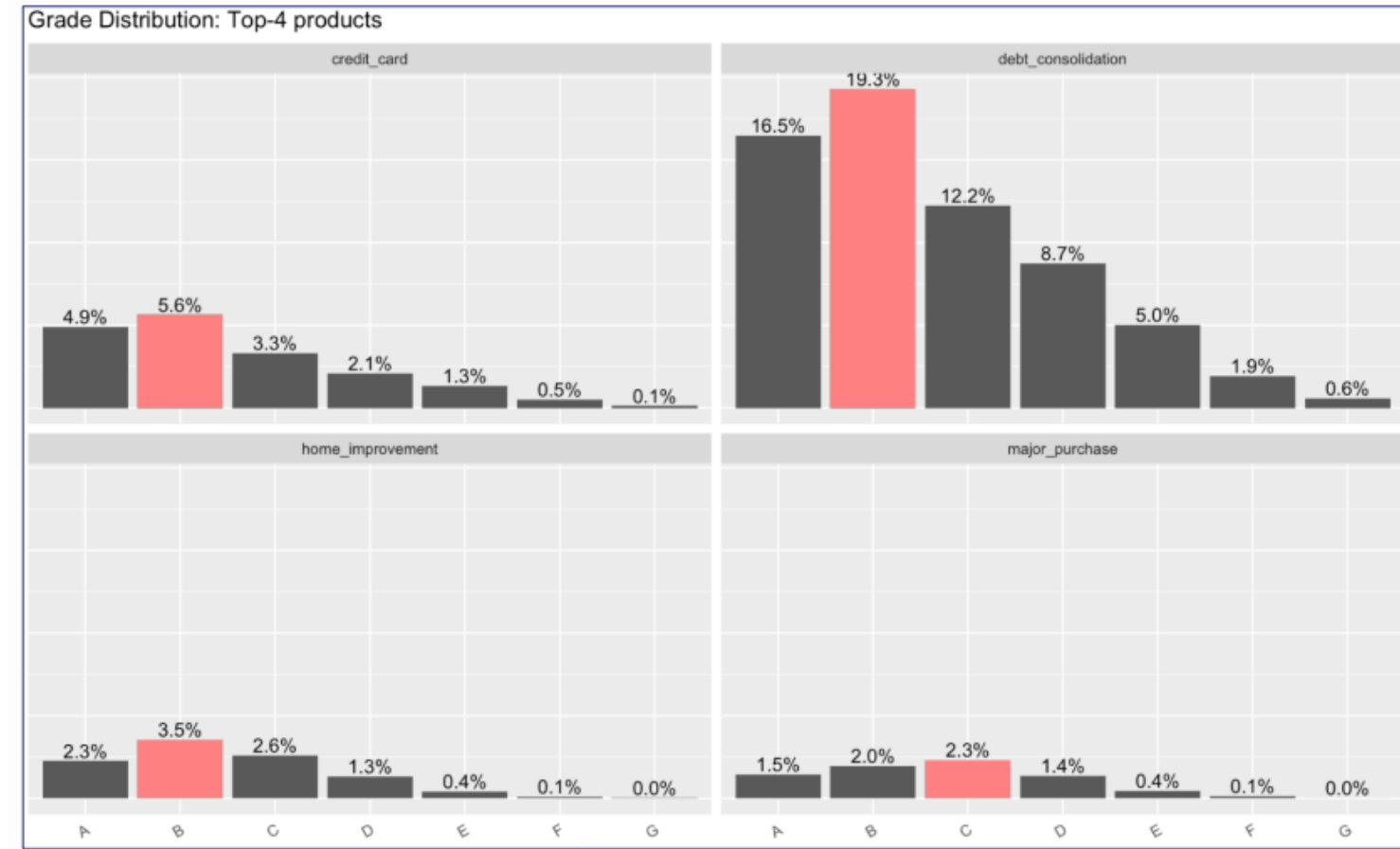


# Credit card, Debt Consolidation, Home Improvement & Major purchase

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- Lending Club study focused on major purchase loans in 2007 & 2008.
- They started focusing home improvement loans in 2009.
- Lending loan for debt consolidation incremented in 2010.
- Credit Card loans got introduced in 2011.

# Grade Distribution in top-4 products

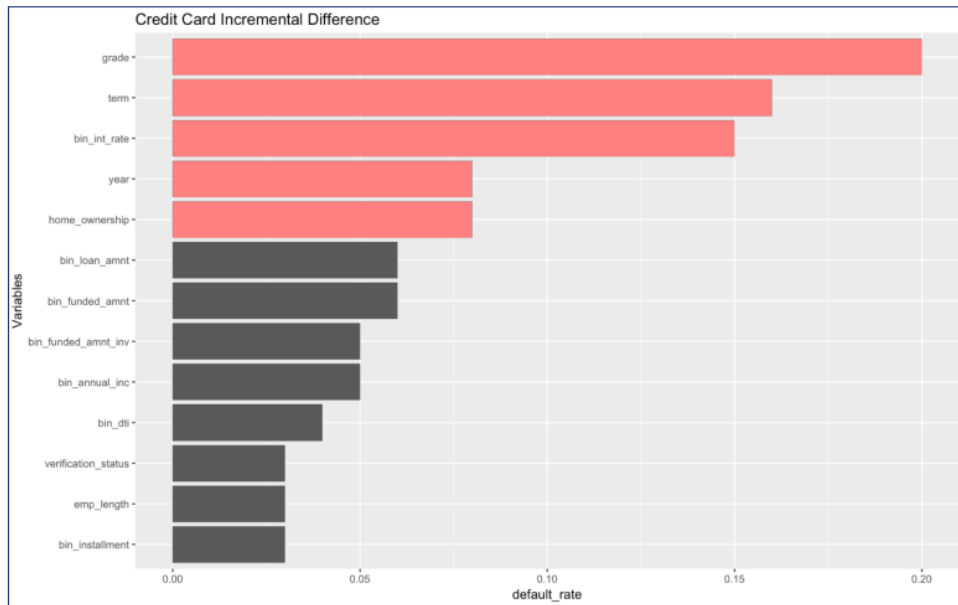




# Essential factors

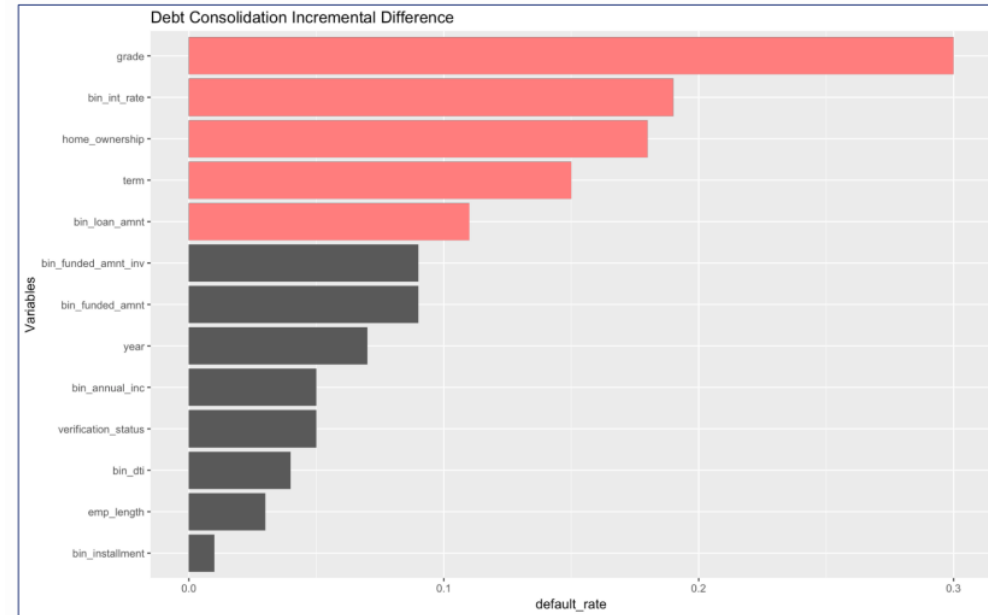
## Credit Card:

Grade, Term, Bin Interest rate, Year, Home ownership



## Debt Consolidation:

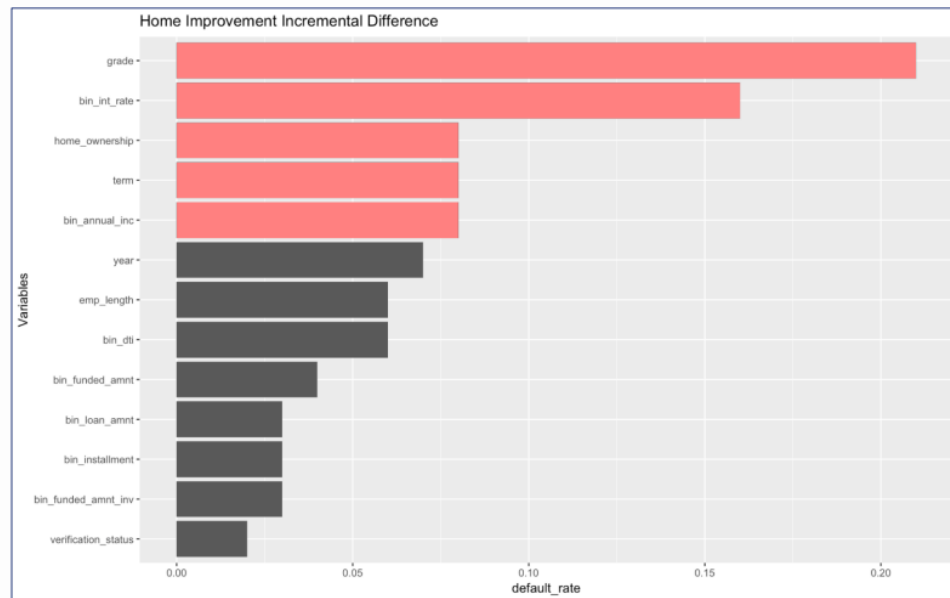
Grade, Bin Interest rate, Home ownership, Bin loan amount



# Essential factors

## Home Improvement:

Grade, Term, Bin Interest rate, Home ownership, Bin Annual Income



## Major Purchase:

Grade, Bin Interest rate, Term, Home ownership, Year

