Lending Club Case Study

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Agenda

- Problem Statement

- Approach

- Results

Problem Statement

When it comes to credit risk & loan issuances it's imperative to understand the risk profile of the loan applicants. It is also important to look at their history & their current repaying capability to avoid defaults in the future. This analysis is a check on the client base for a credit health check with the available data.

Approach

Step 1 : EDA by finding the most correlated fields in the data

Step 2 : A Key variable is the funded amount – Hence its important to analyse what the funded amount depends on
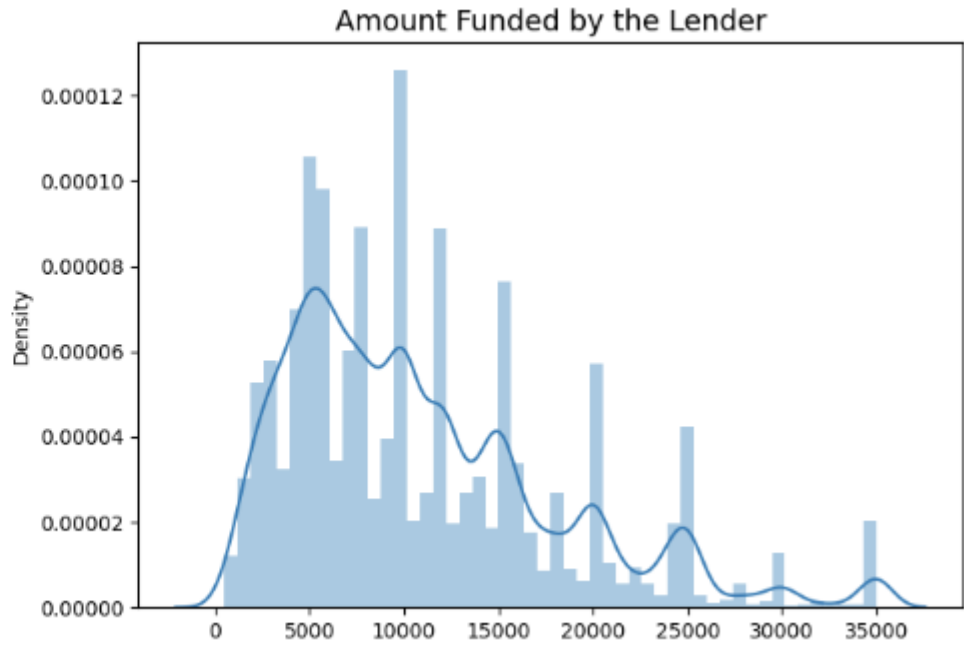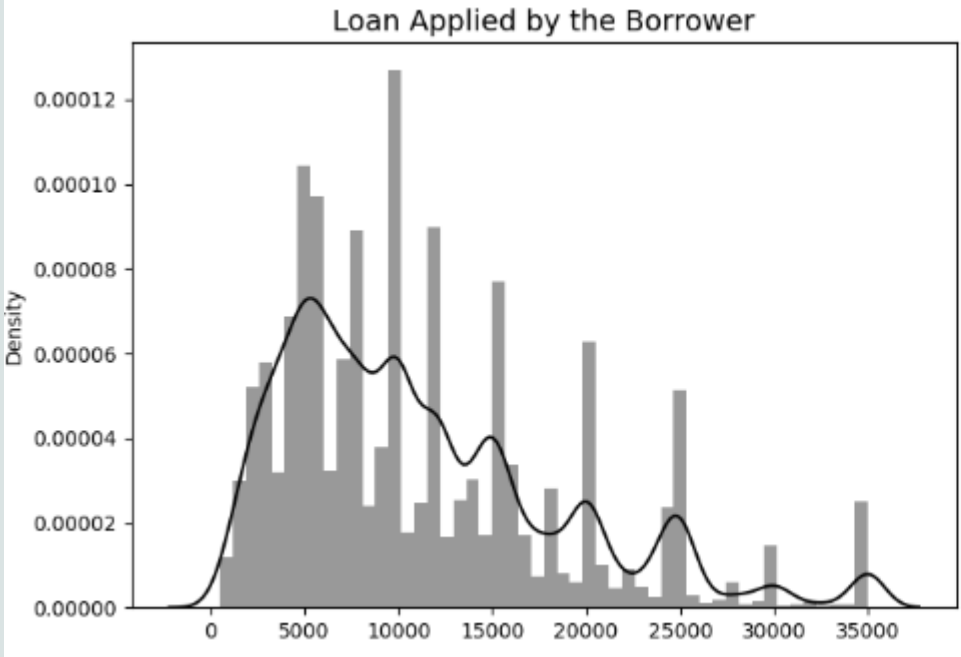
Step 3 : Negative Factors or early warnings available for credit defaults ?

Summary

- Loan Amount & Funded amount are highly correlated, which is a good sign in terms of credit outlooks

- The issued loan has a dependency on income in general, which makes sense, as higher the income > lesser the credit risk

- Bi-variate Analysis - As the number of delinquencies in the past 2 years go up, the loan amount issued also constantly goes down. These are inversely proportional as expected

Loan Applied by the Borrower

Amount Funded by the Lender

Thank you