Key Performance Indicators (KPIs)

1. **Total Loan Applications**:
    - Analyzed the total number of loan applications across different time periods.
    - Identified a monthly pattern with notable increases in loan applications in **October and November** of 2021.
2. **Total Funded Amount**:
    - The funded amount is the total sum disbursed as loans.
    - **Key Insight**: Good loans contributed significantly less to the total funded amount compared to bad loans. This indicates a need for better risk management in loan approvals.
3. **Total Amount Received**:
    - Measured the total repayments made by borrowers.
    - **Key Insight**: Good loans have a higher repayment rate relative to the amount funded, reflecting better financial health of borrowers.
4. **Average Interest Rate**:
    - **Mean Interest Rate**: 26.86%
    - The bank is offering loans at a relatively high average interest rate, which could affect repayment rates and customer satisfaction.
5. **Average Debt-to-Income Ratio (DTI)**:
    - **Mean DTI**: 13.33%
    - Monitoring DTI helps understand the financial health of borrowers. Borrowers with higher DTIs are more likely to default.

Good vs. Bad Loan Performance

- **Good Loans**:
    - **Good Loan Application Percentage**: 1.60%
    - **Funded Amount**: $10,368,900
    - **Total Received Amount**: $12,549,085
    - Good loans show better repayment behavior and are a lower risk to the bank.
- **Bad Loans**:
    - **Bad Loan Application Percentage**: 32.32%
    - **Funded Amount**: $166,838,400
    - **Total Received Amount**: $166,957,706

- A significant proportion of loans fall into the "bad" category, suggesting the need for tighter credit assessments and borrower profiling to reduce the number of high-risk loans.

Actionable Insights

6. **Increase Risk Management**: The high percentage of bad loans (32.32%) suggests a need to refine the loan approval process, perhaps by tightening credit score or DTI requirements.
7. **Focus on Regions with Strong Loan Performance**: Analyzing regional disparities could reveal opportunities to target areas where loans are more likely to succeed.
8. **Adjust Interest Rates for Long-Term Viability**: The average interest rate of 26.86% is high. Offering more competitive rates may improve loan repayment and customer retention.
9. **Target Loan Types with High Performance**: Loans with specific purposes, such as debt consolidation or home improvement, might perform better. Tailoring products to these categories could reduce defaults.