



Lending Club Case Study

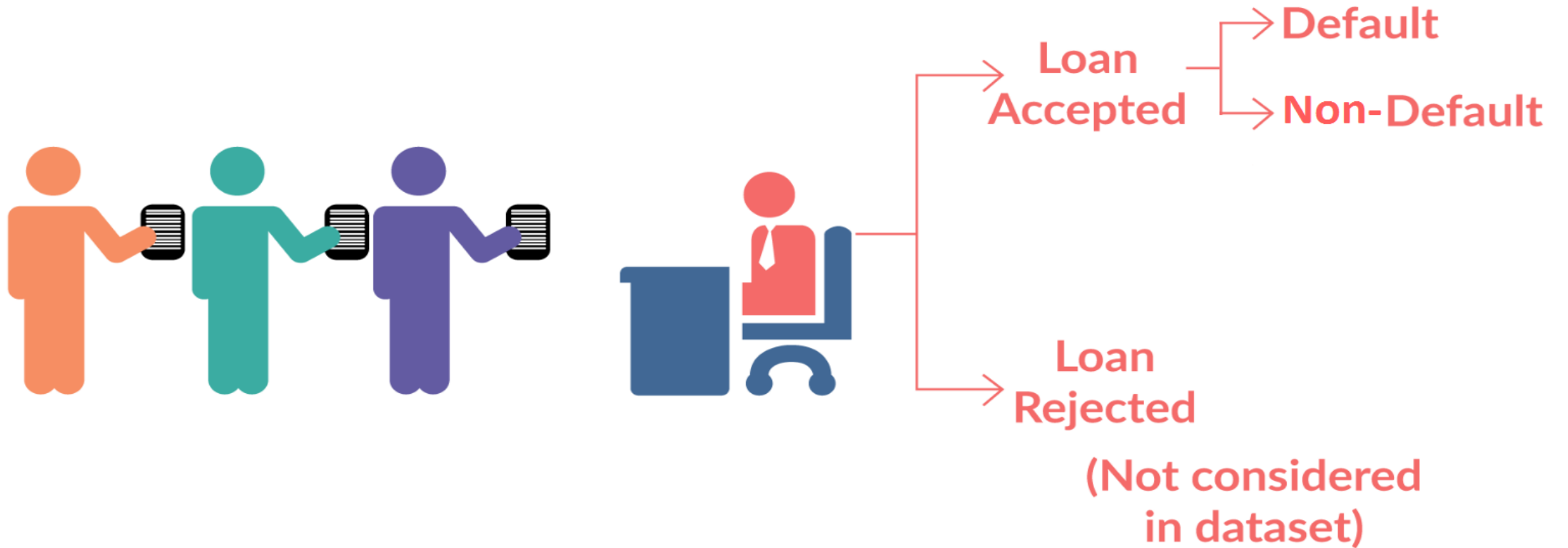
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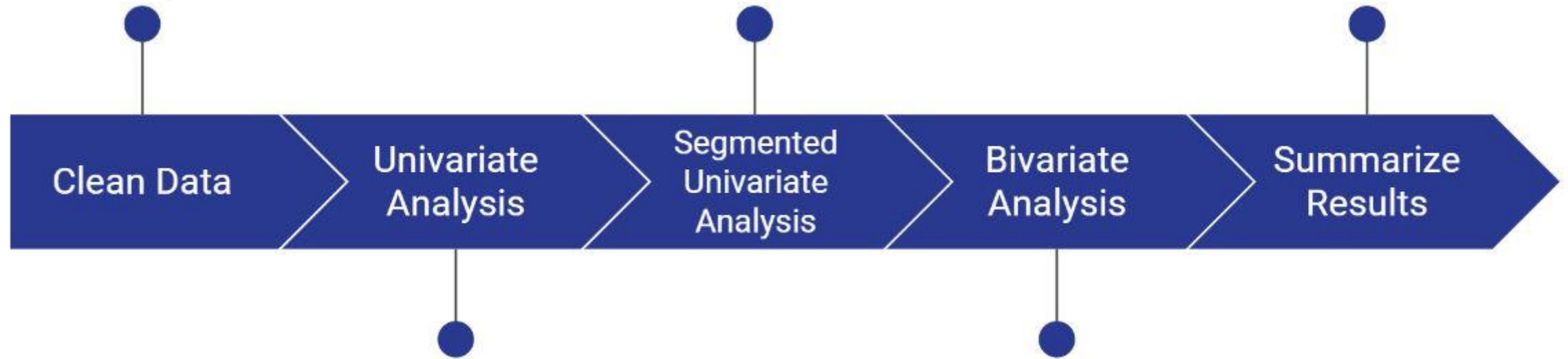
Problem Statement

- ▶ A consumer finance company which is one of the largest market place specializing in lending various types of loans to urban customers.
- To find the consumer attributes & loan attributes which influence the tendency of default.
- ▶ To Identify the driving factors & strong indicators of default.

LOAN DATASET

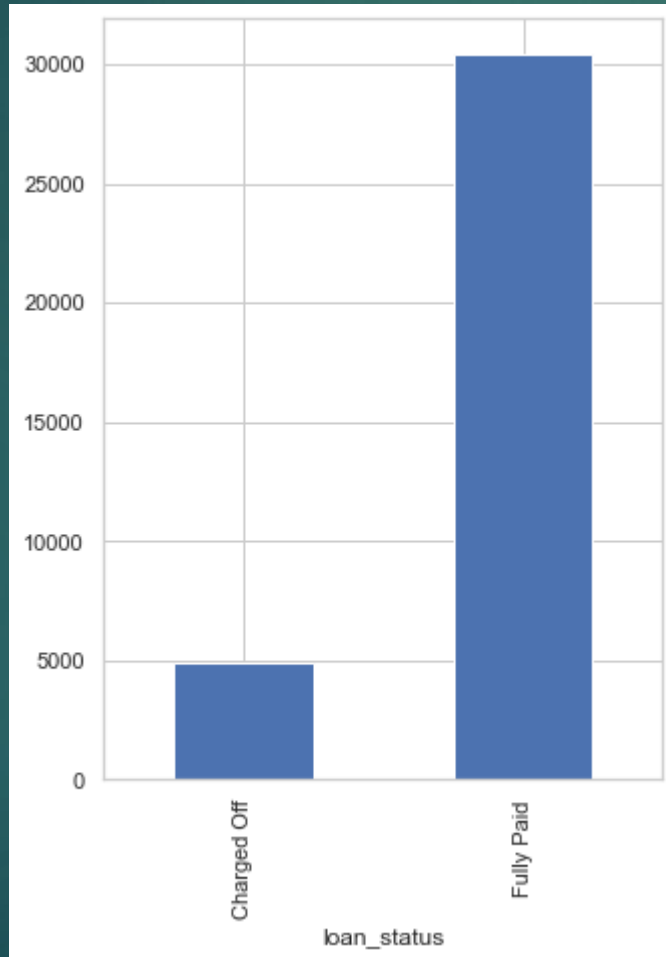


Approach to the Analysis

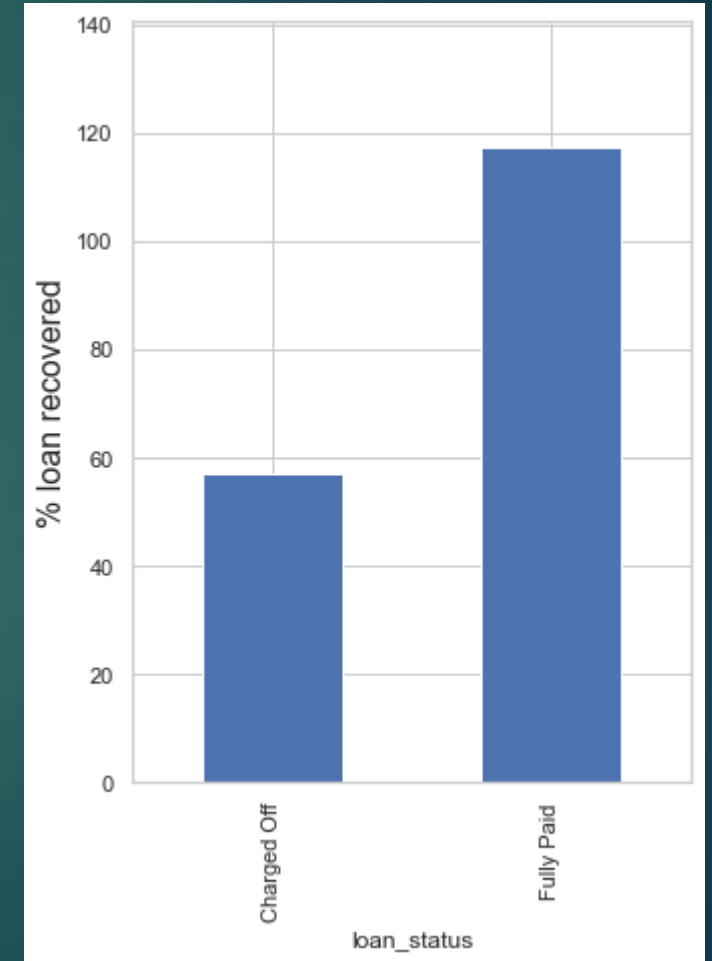


Status of the loans

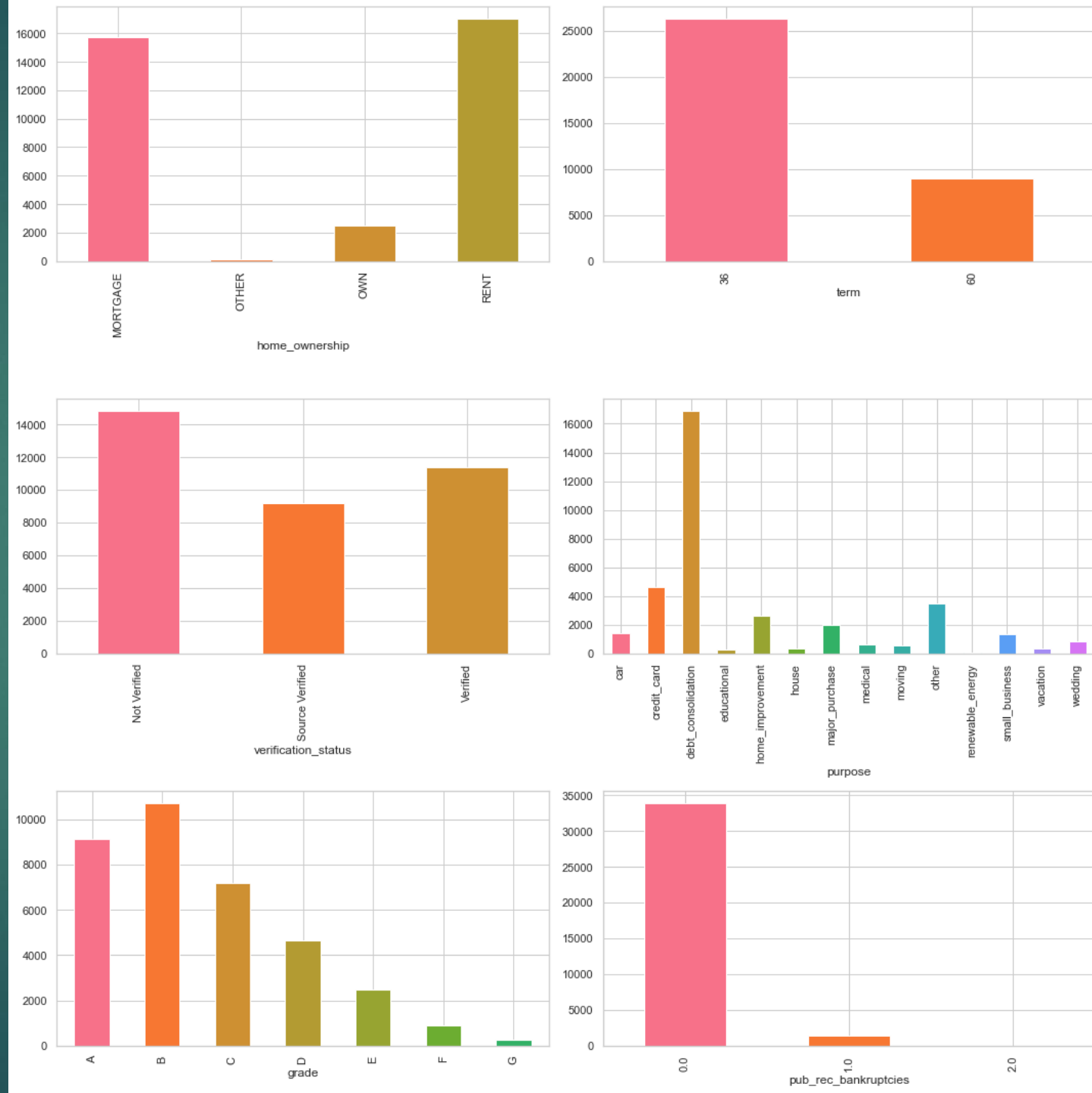
Around 1/6 th of the loan taken are defaulted

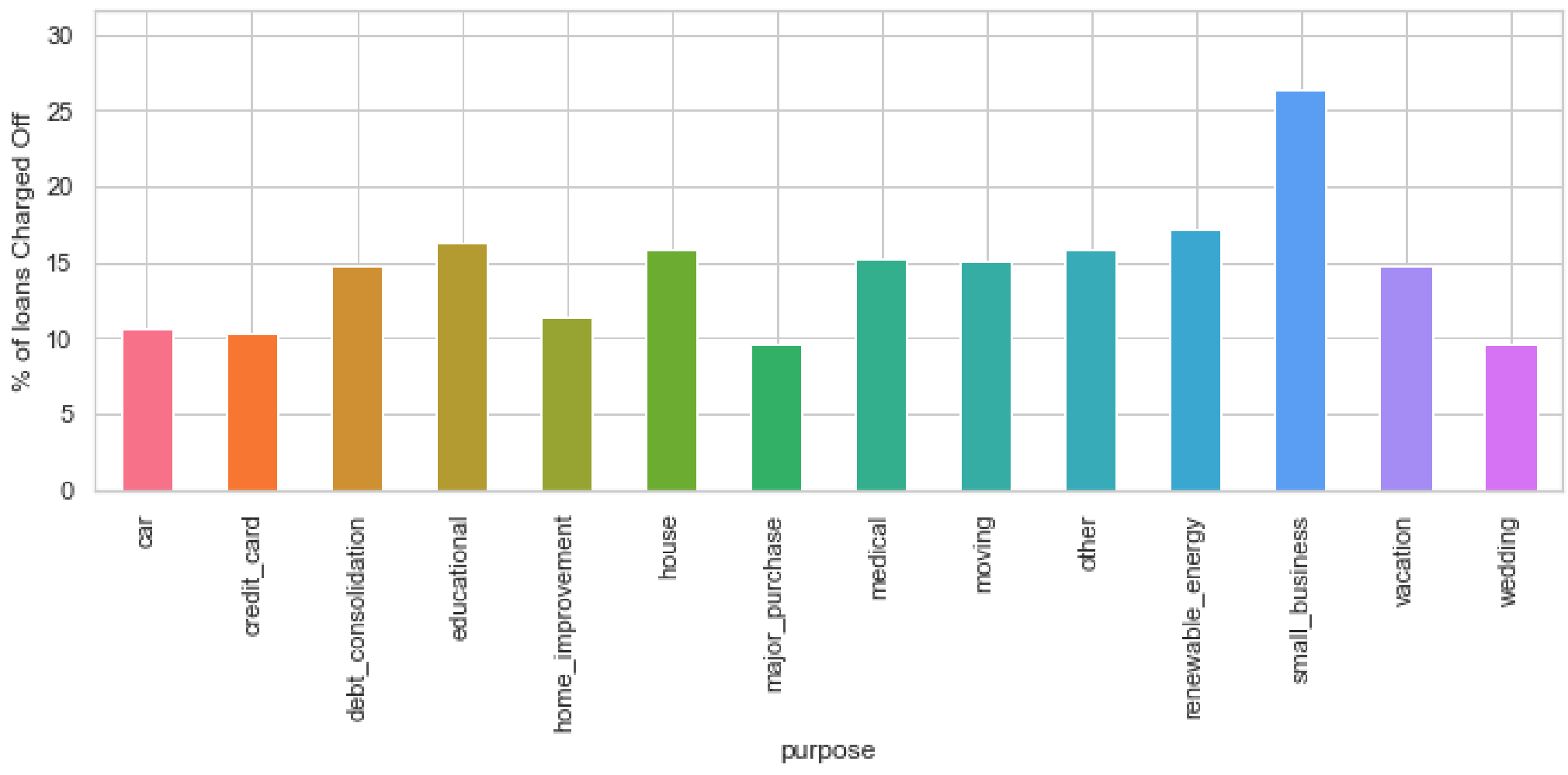


Only half the loans are recovered when the loan is defaulted.

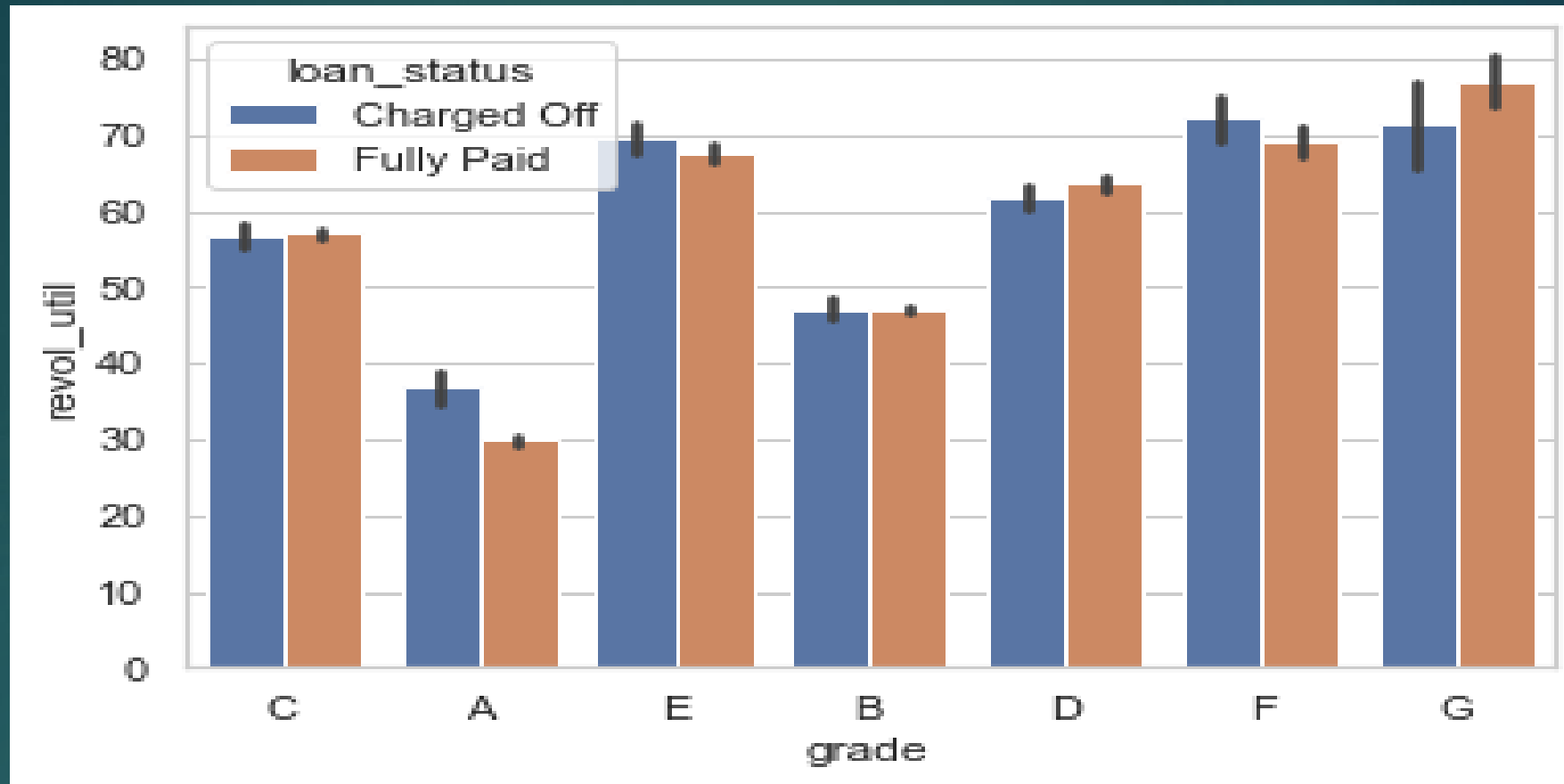


- Most loans are for 36 month term
- Very few loans are extended to people with prior record of bankruptcy
- Most approved loans are high grade

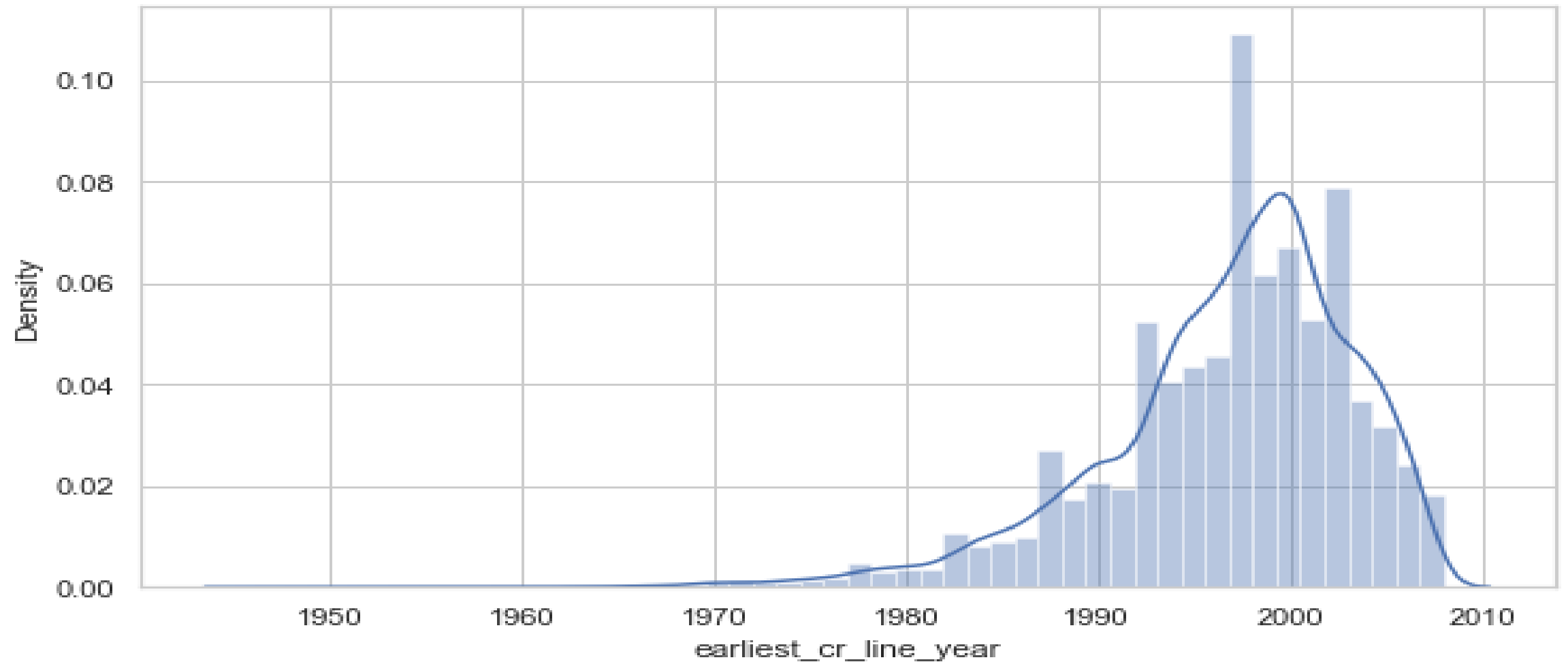




- **Most of the loans are issued for the small business.**
- **Next significant amount of loans are issues for renewable energy, Educational & debt consolidation.**



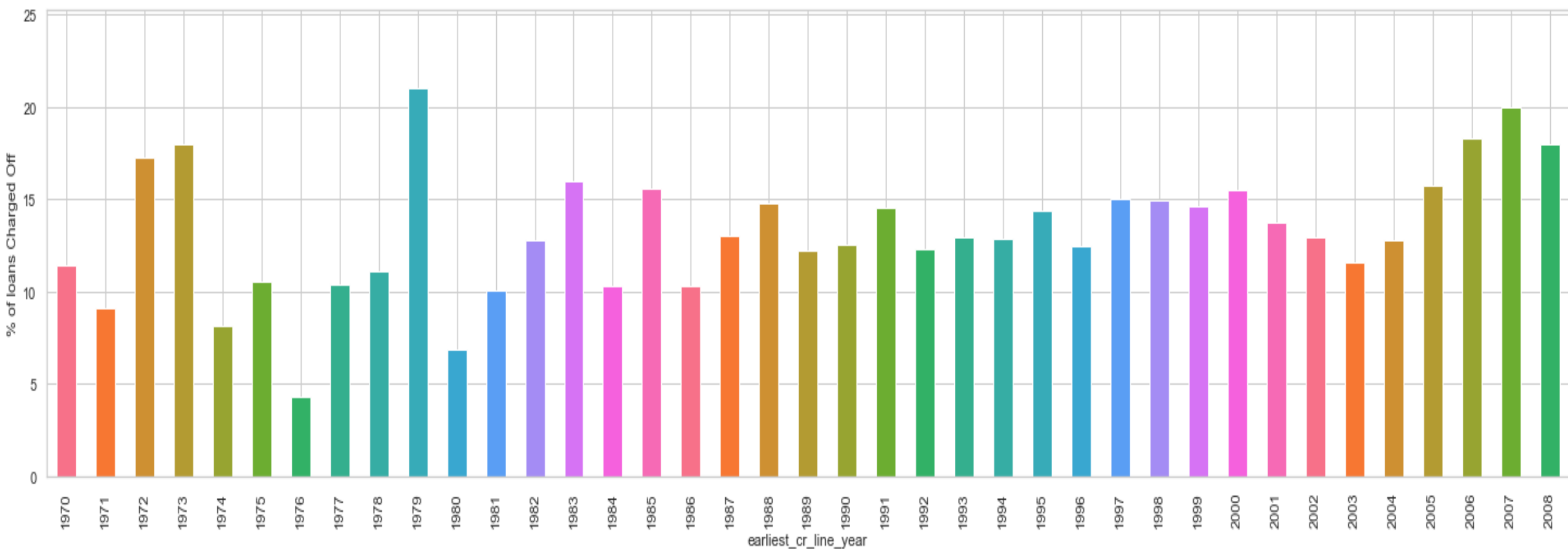
Higher loan amount are associated with higher grades.



Most of the analyzed loan applicants have 2000 as the year of earliest credit line.

Newer applicants are defaulting more often.

In []:



Newer Applicants are defaulting more often

Recommendations

- Reduce approving loans when amount/loan is greater than 30%.
- Stop approving high value loans when line utilization rate of greater than 75%
- Reduce approvals for small business loans.
- Stop approving high value loans to persons which bad record.

The End.