Lending Club Case Study

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Problem Statement

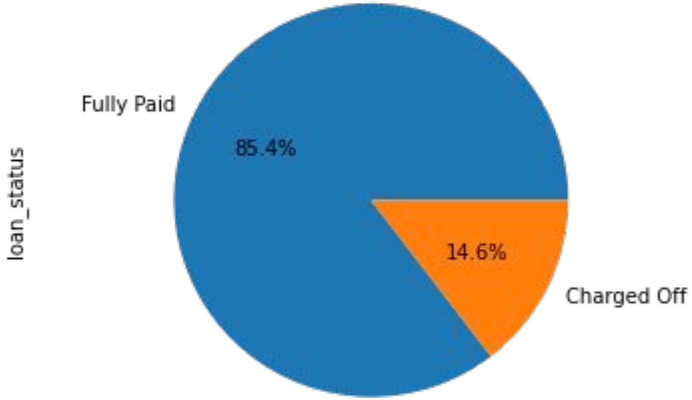
Bank has to decide patterns from existing loan applicants

Two types of risks are associated with the bank’s decision:

1. If the applicant is likely to **repay the loan**, then not approving the loan results in a **loss of business to the company**
2. If the applicant is **not likely to repay the loan**, i.e. he/she is likely to default, then approving the loan may lead to a **financial loss** for the company

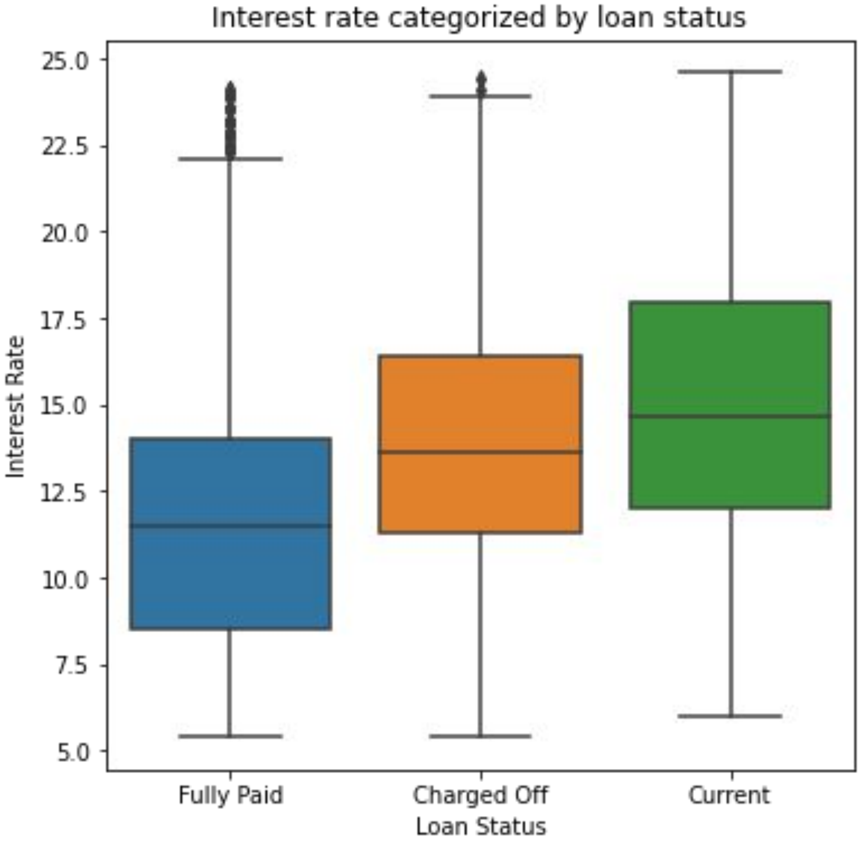
We will be using the EDA to understand how c**onsumer attributes** and **loan attributes** influence the tendency of default

Loan Status

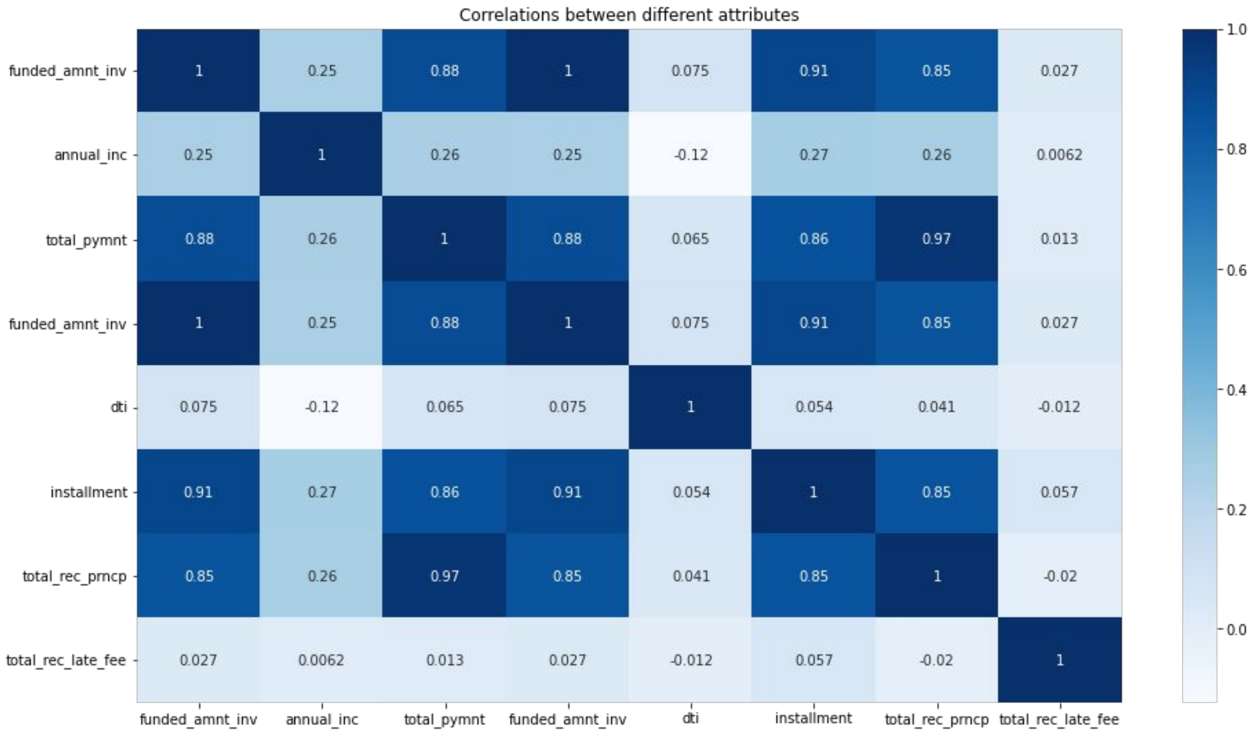


Interest Rate

- High Interest rate impacting the customer to pay off their loan.



Correlation between different factors



Observations

- Purpose of loan does not matter
- Customers more likely to default if their interest rate is high at time of borrowing
- Customer also more like to default if they choose the term as 60 months.