



# LENDING CASE STUDY

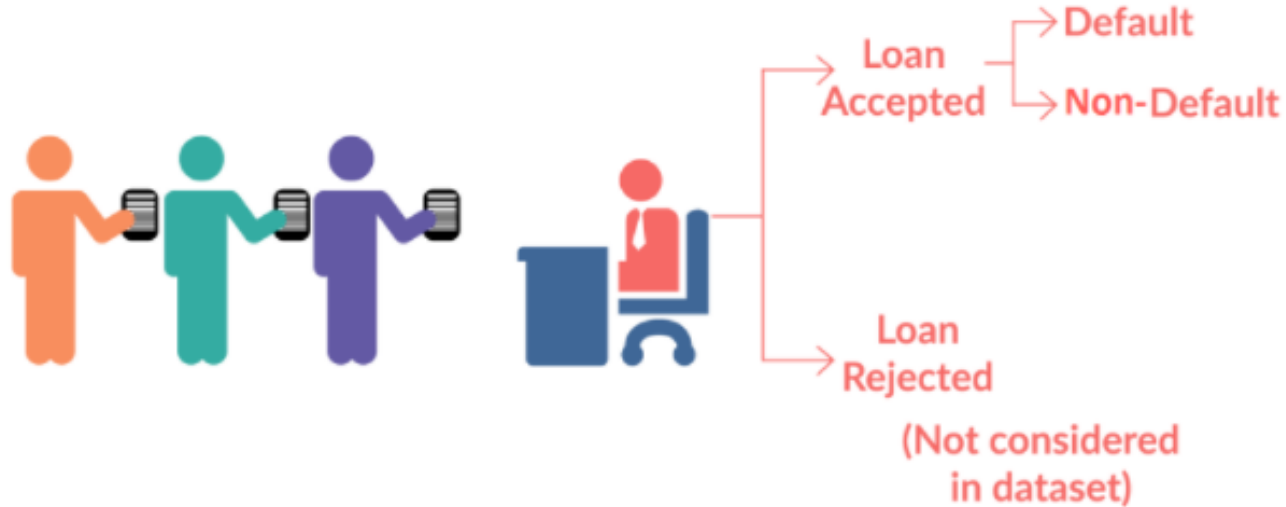
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C36 Batch

# PROBLEM STATEMENT

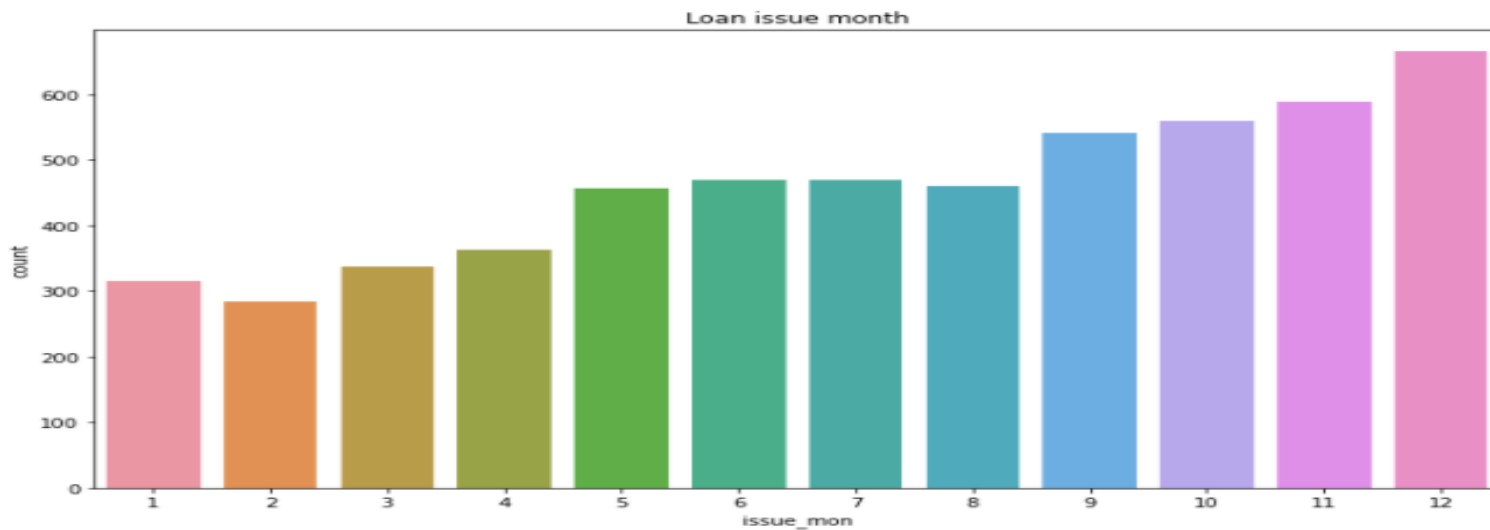
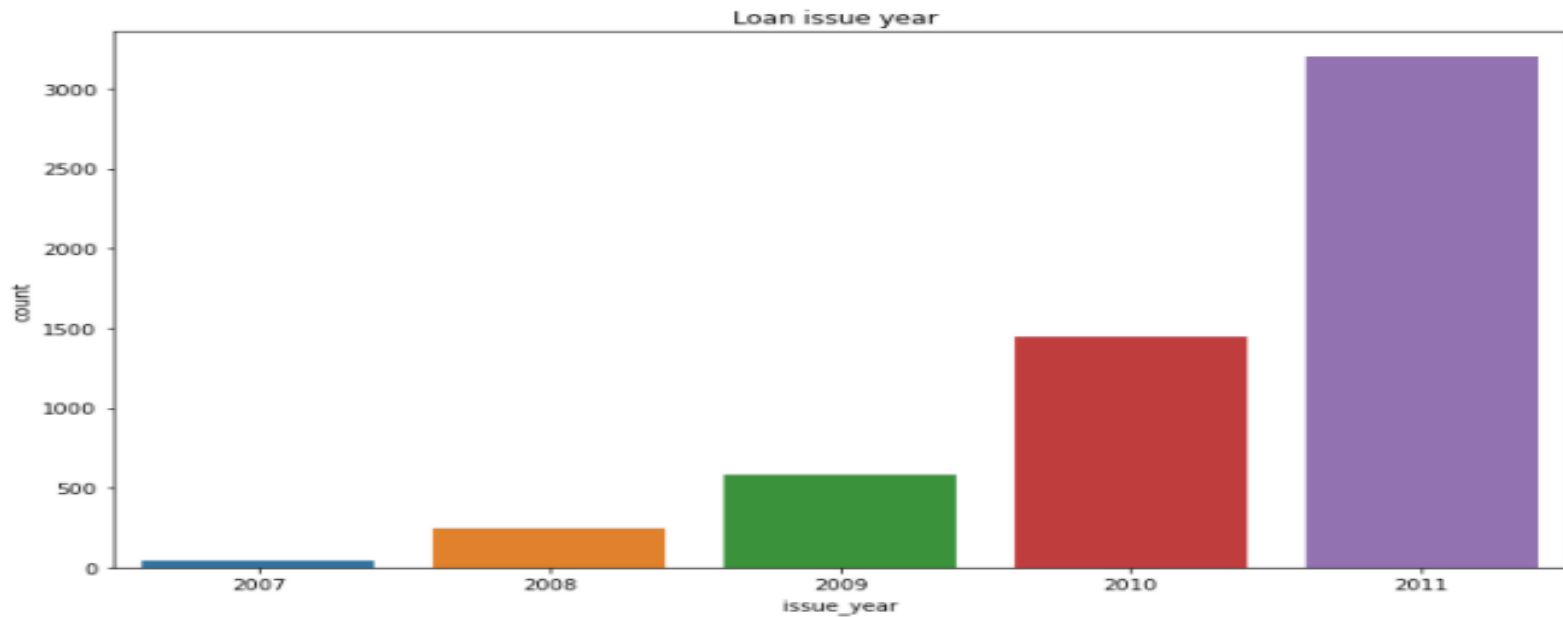
- To Understand the **driving factors** behind loan default, i.e. the variables which are strong indicators of default.

## LOAN DATASET



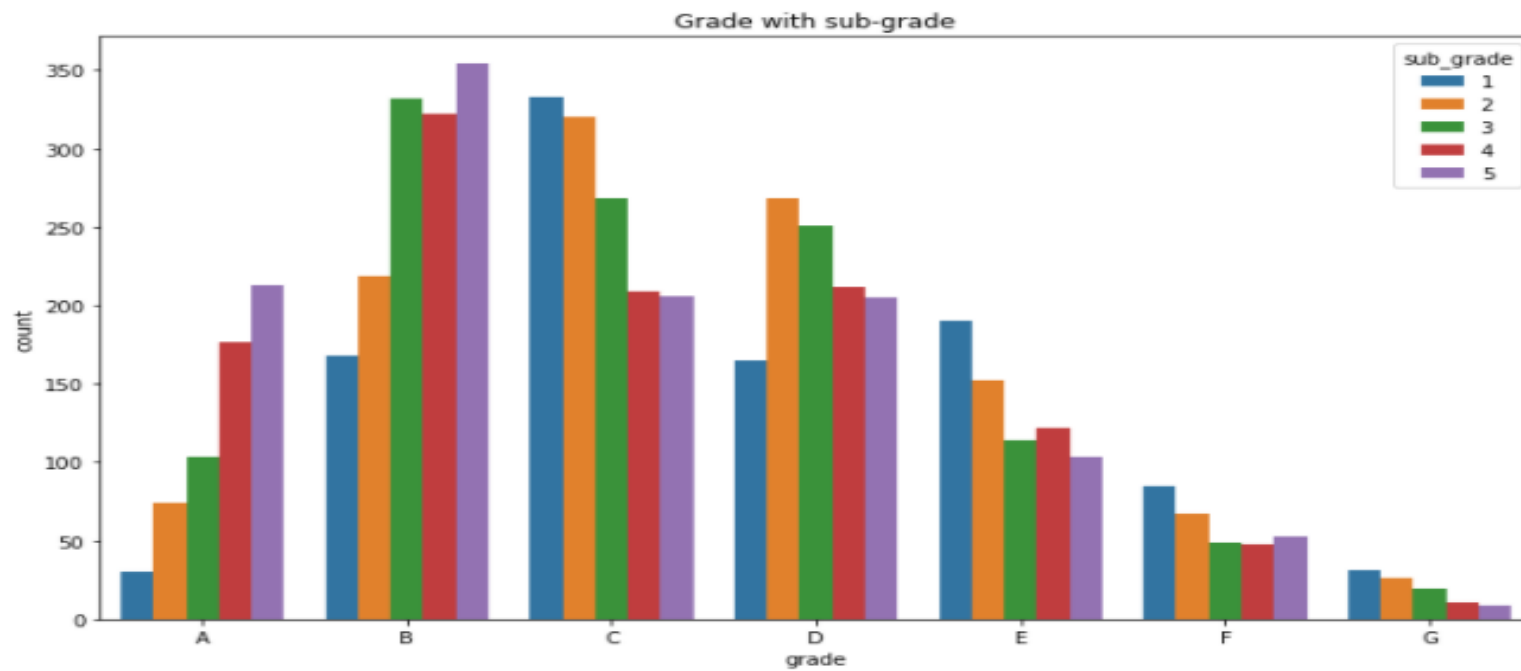
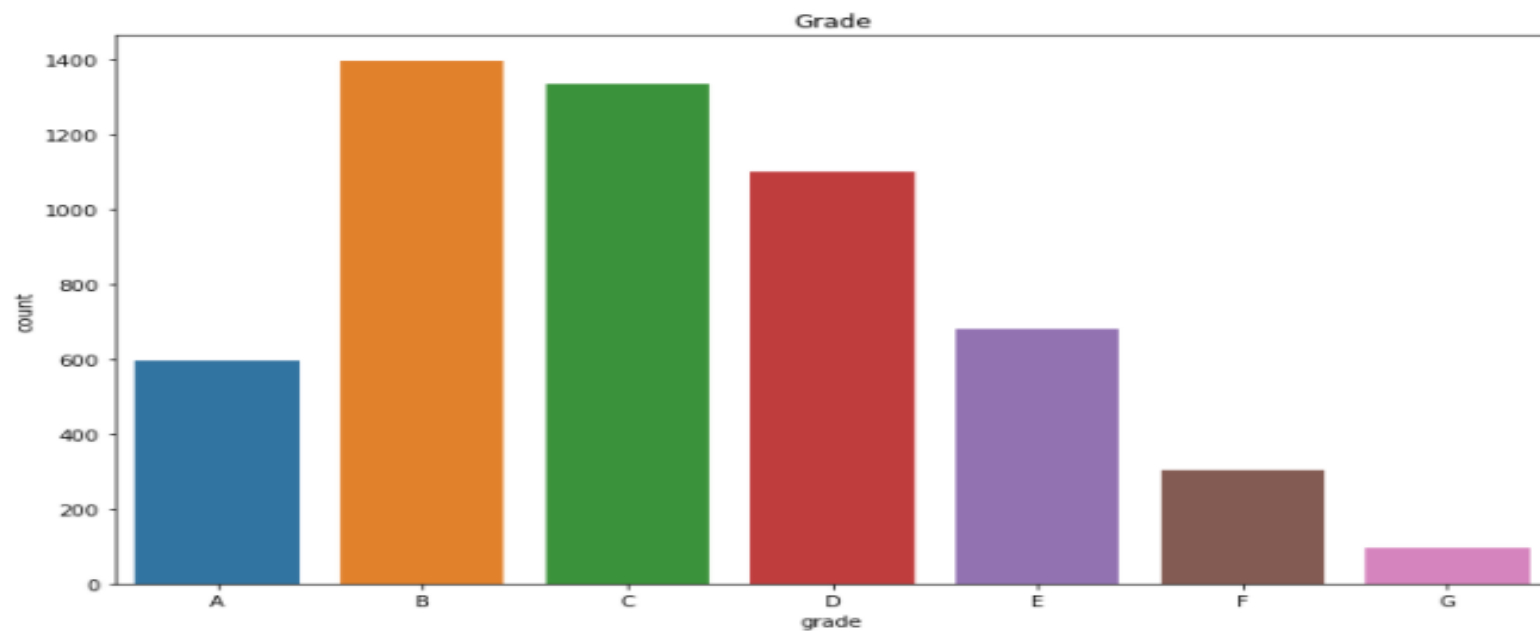
# ANALYSIS



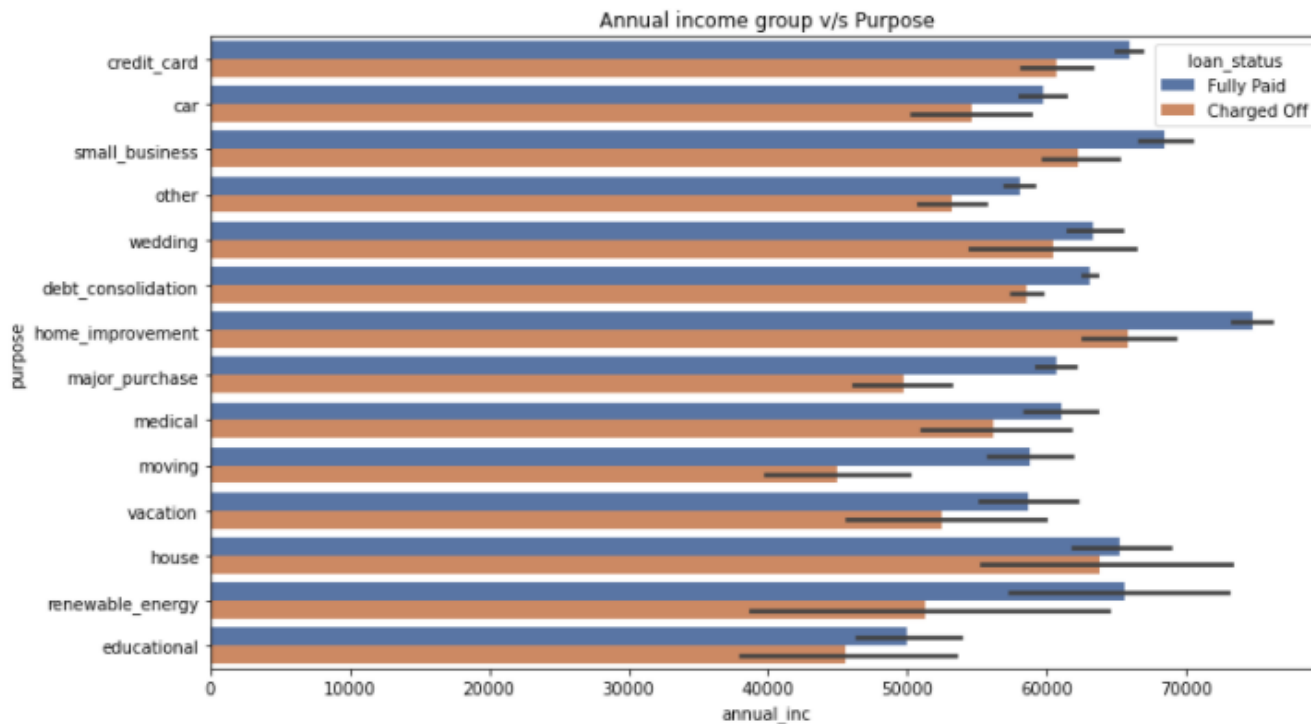
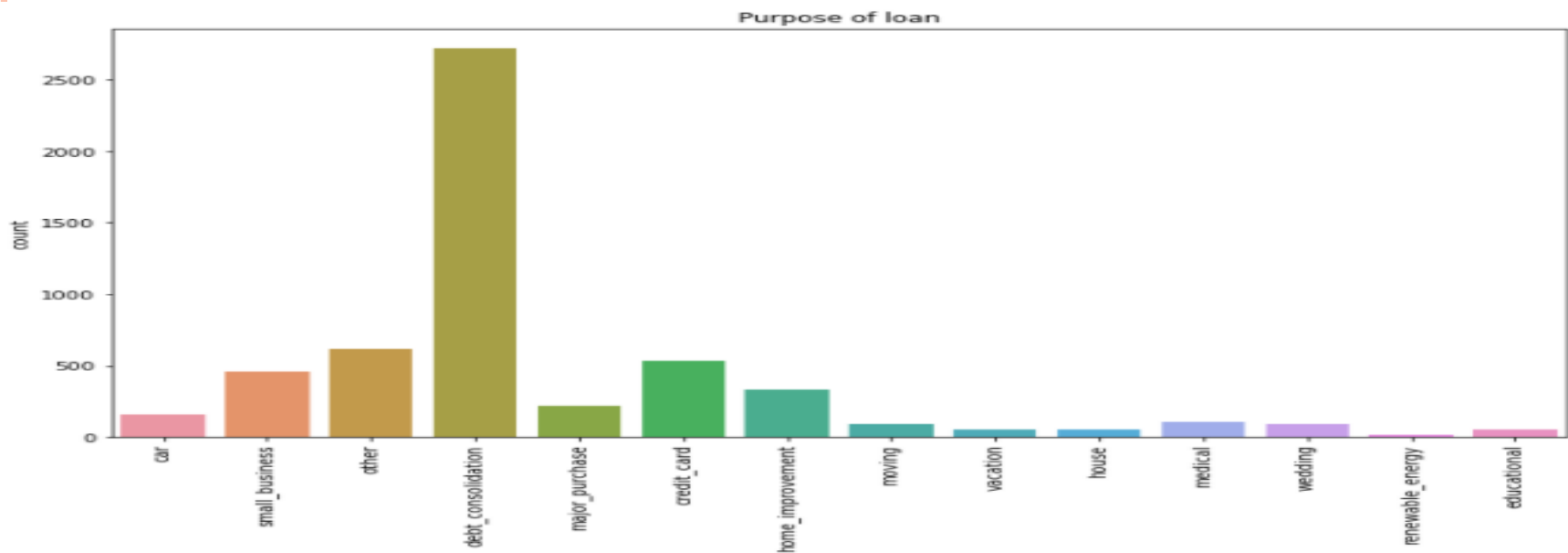


Though Company has expanded over the years but people who took loan in 2011 and in Dec month have defaulted loan. We Observe that loan default has been increased year by year

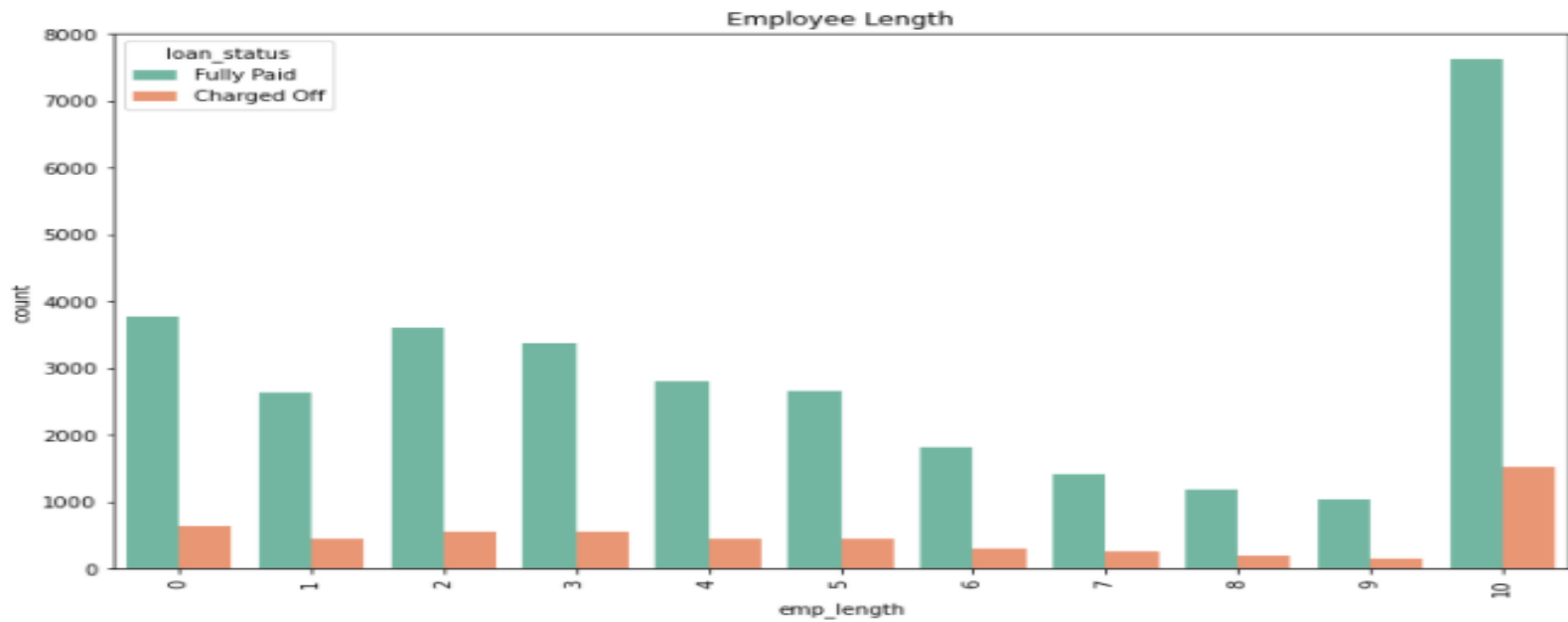




People having grade B ,sub grade B5 have more chance of defaulting loan.

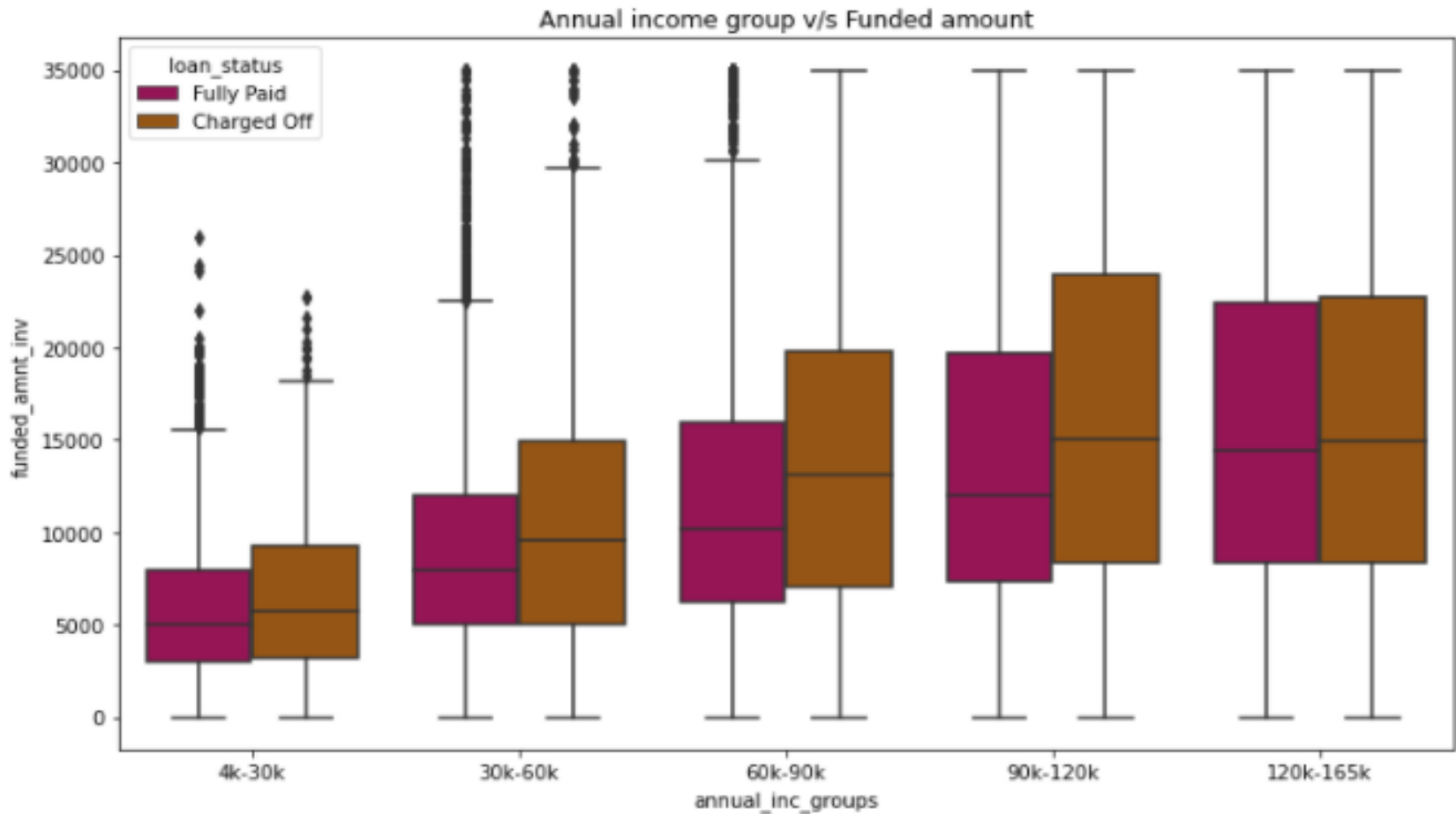


- People who borrowed money for debt consolidation are the ones who charged off loan more.
- Annual income between 60k to 70k With Purpose loan purpose default more



Employee who have funded loan amount 12k and are employed for 10 or more years have defaulted the loan more.

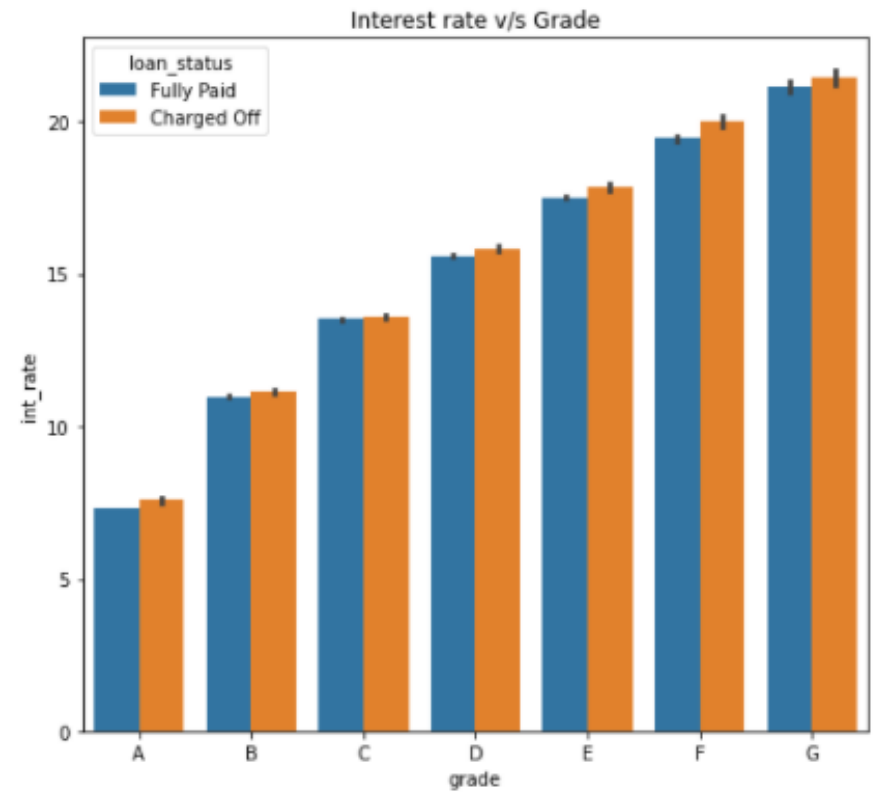
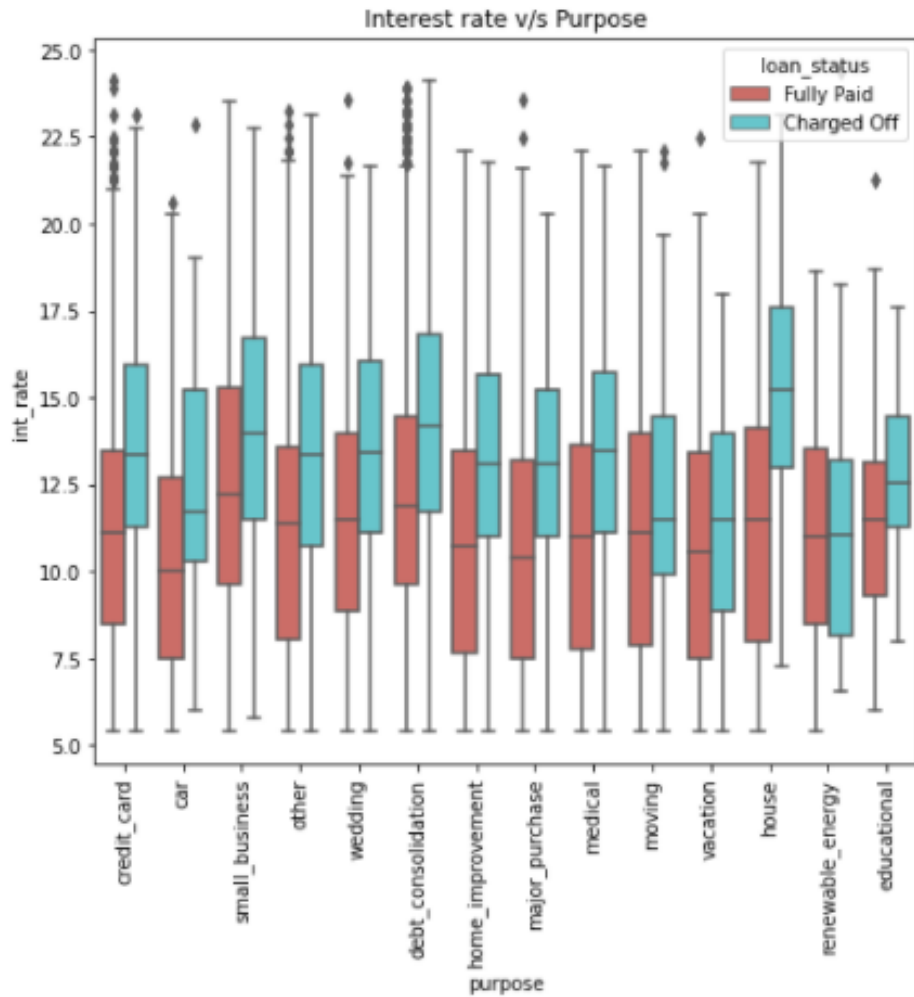




People having income group 90k-120k and loan provided by investor between 20k to 25k

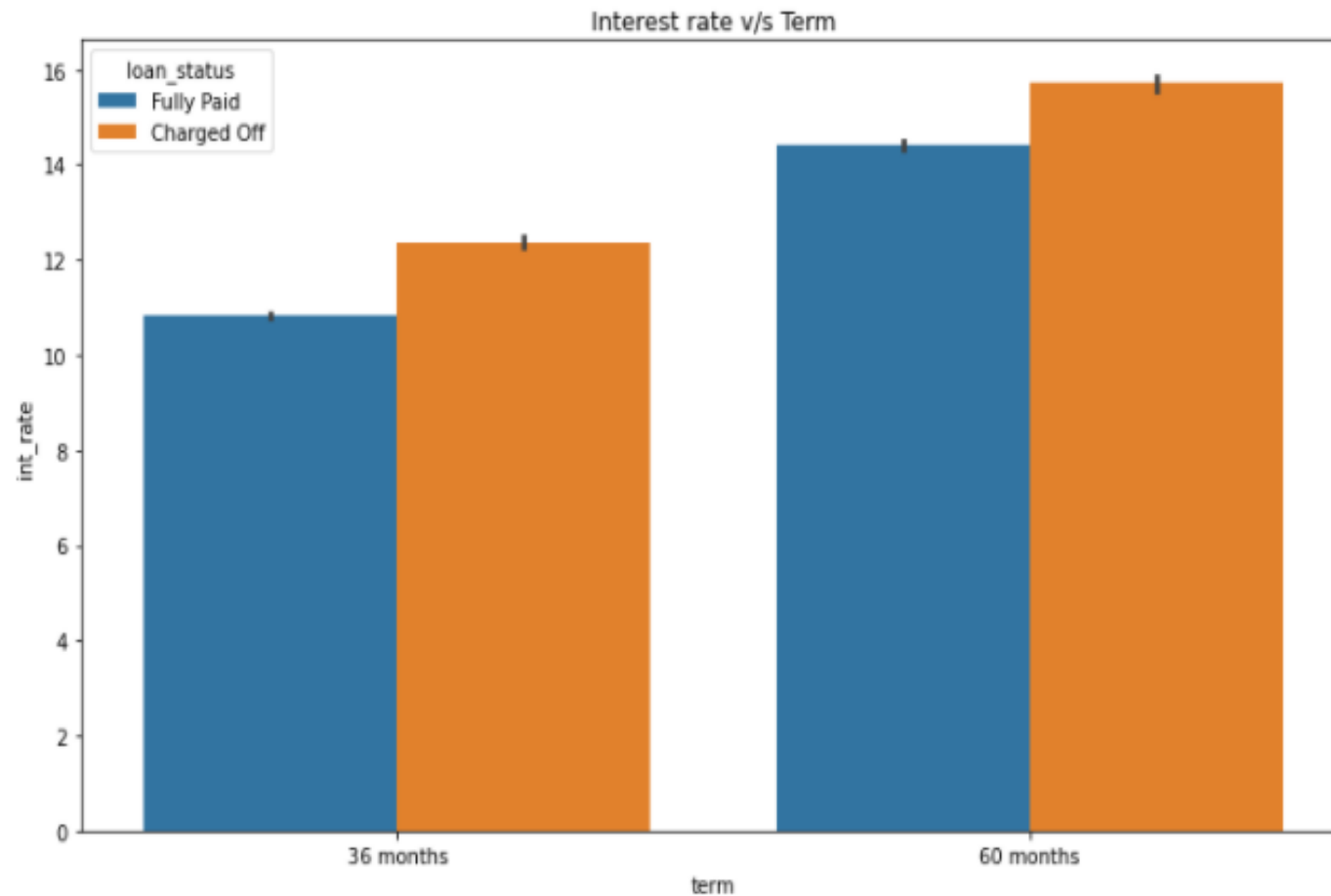






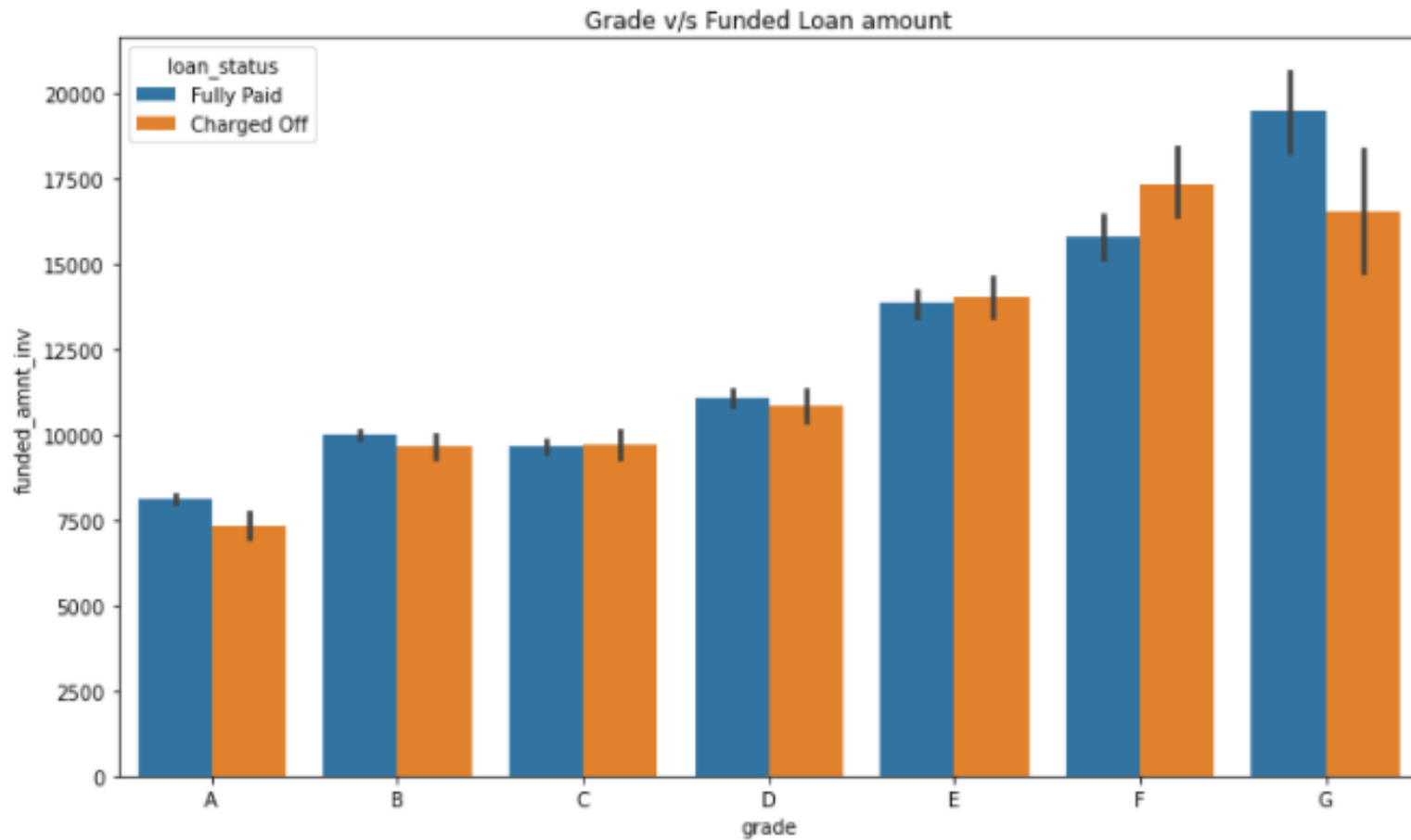
Interest rate increases with grade and interest rate for home is high





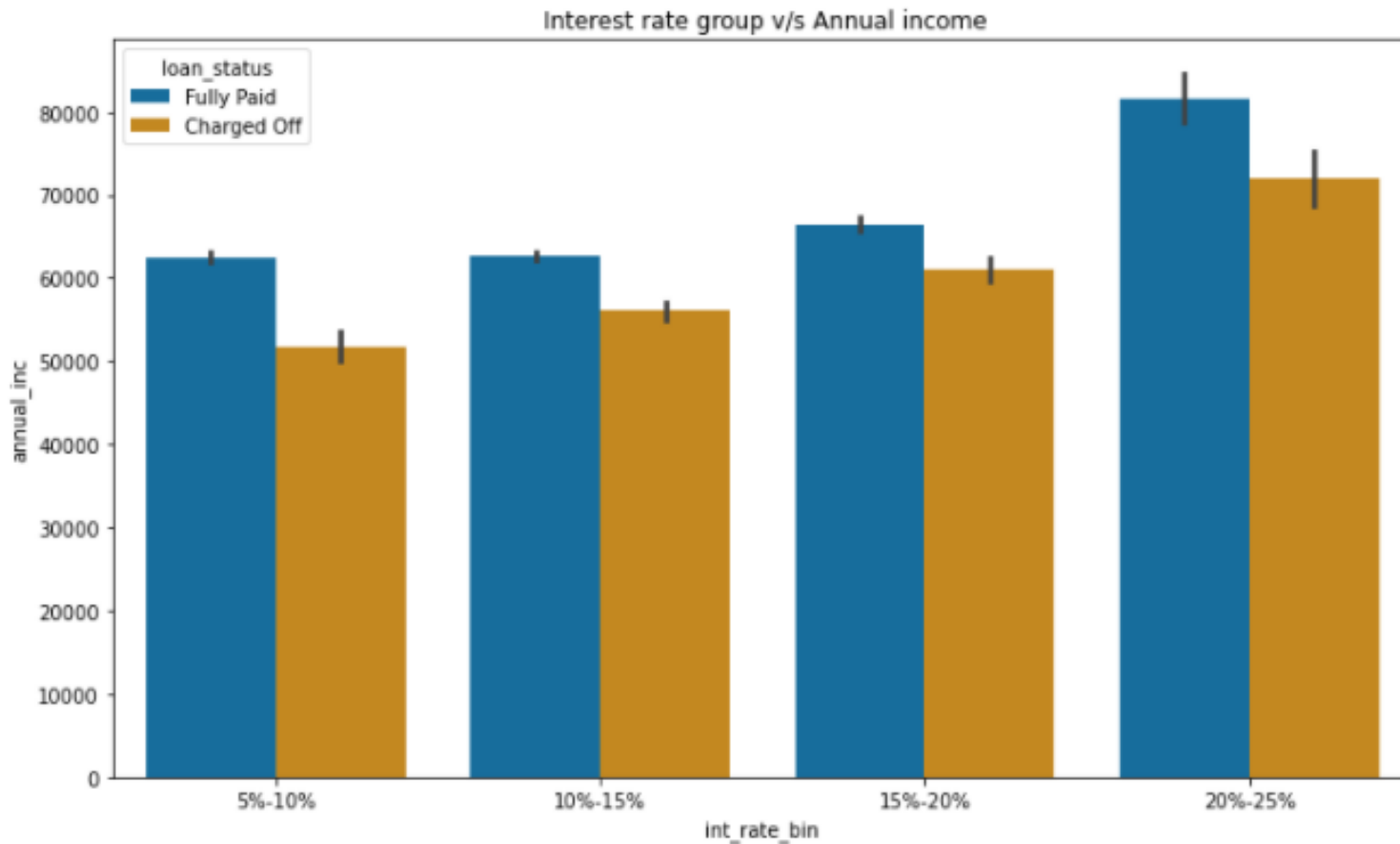
Interest rate is higher for 60 month term period also the loan default rate is high.





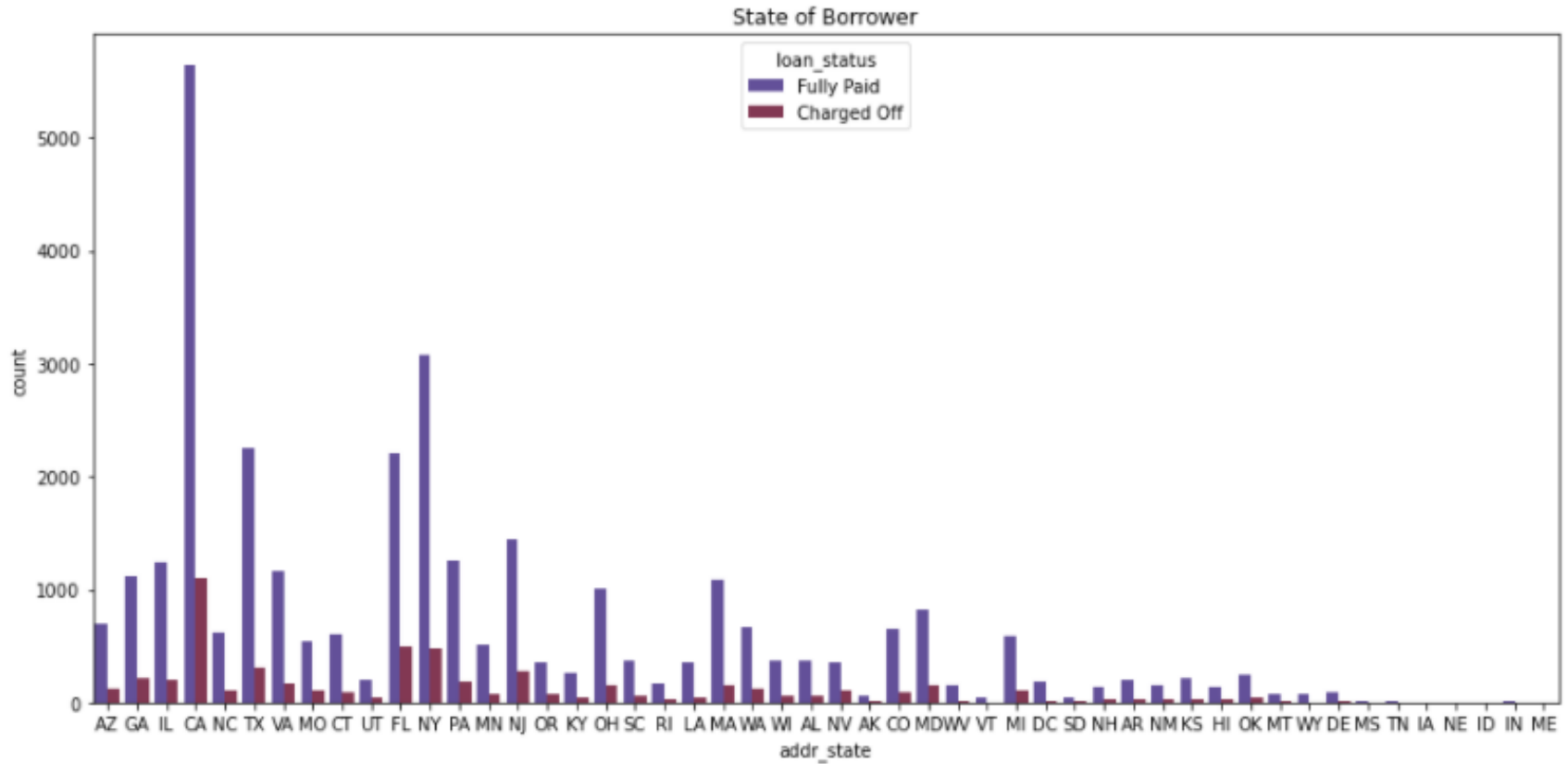
People having F grade and 17500 funded loan amount have defaulted loan more.





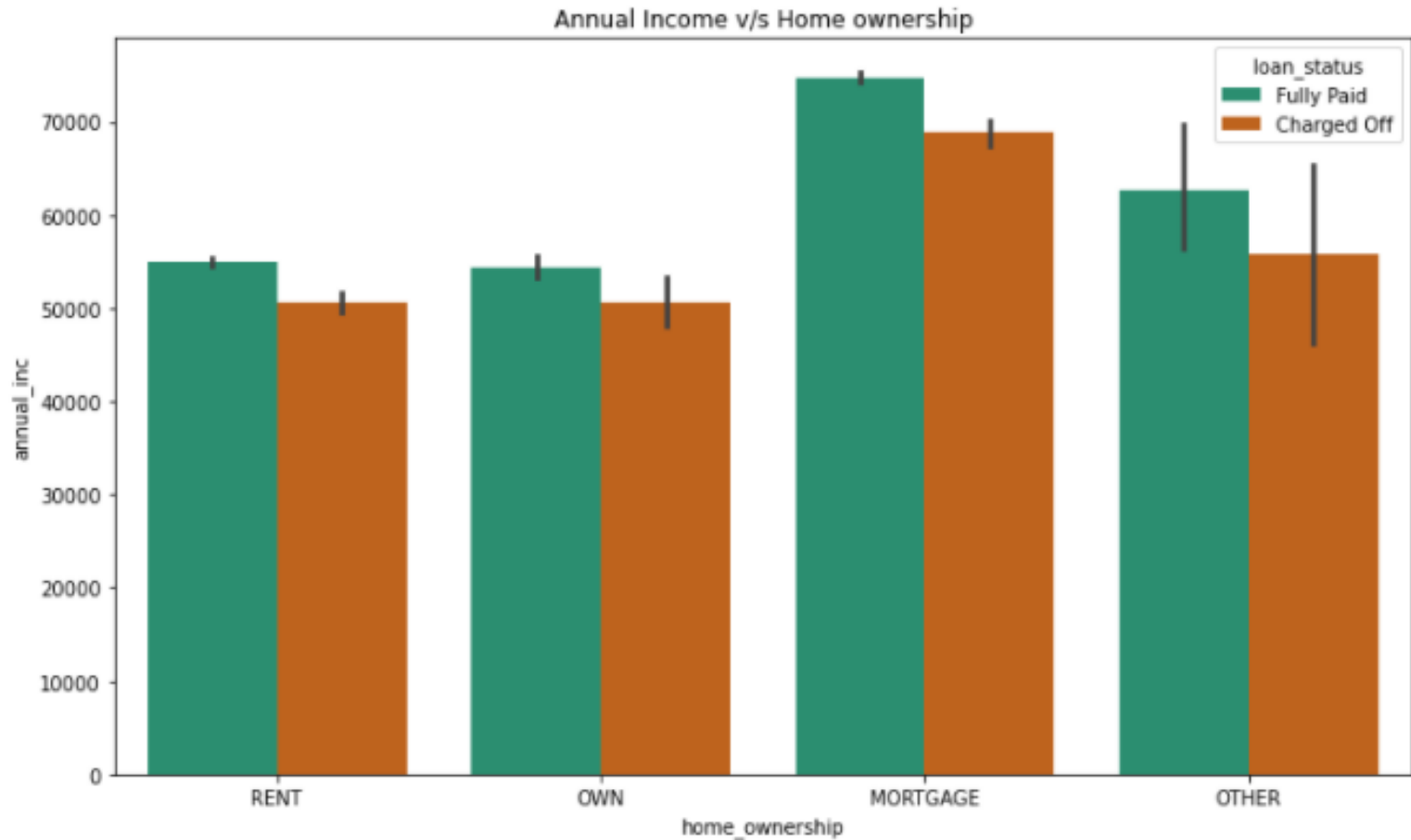
People having interest rate 20%-25% with annual income 70k to 80k have defaulted more.





From Above it can be concluded that people from "CA" state default loan more than other state.





People who have mortgaged home ownership and annual income 60k to 70k default more.



# RECOMMENDATION FOR REDUCING LOAN DEFAULT

- Lending Club could reduce the loan interest rate for 60 month term period.
- Club could check more info of the borrower if the grade is worse.
- Loan given for debt consolidation could be controlled.
- Loan given for borrower with 10+ employment year should be done carefully.
- Loan given to borrower in state of CA could be controlled.
- Borrower having home ownership mortgaged could be avoided to give large amount of loan.

