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# **LENDING LOAN CASE STUDY**

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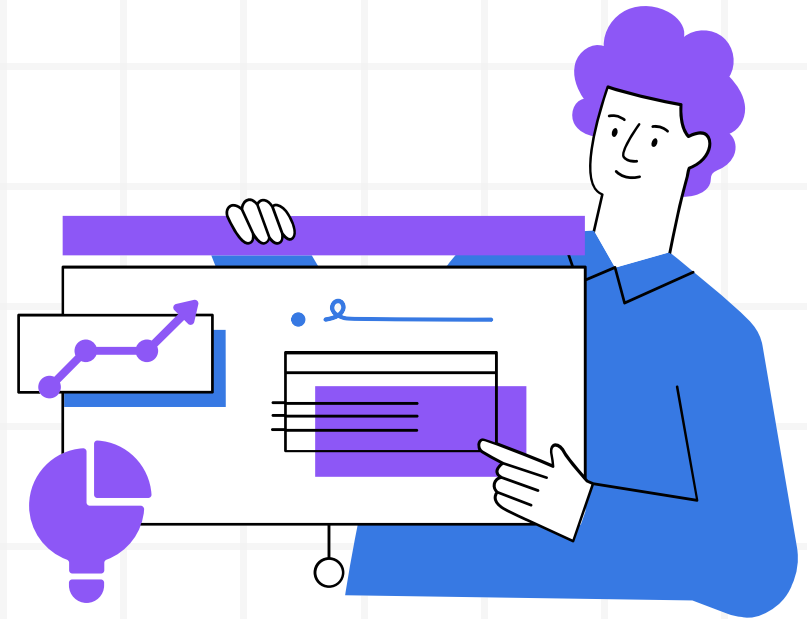
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# PROBLEM STATEMENT



We are a consumer finance company which specialises in lending various types of loans to urban customers. When the company receives a loan application, the company has to make a decision for loan approval based on the applicant's profile. Analyse how consumer attributes and loan attributes influence the tendency of default

# BUSINESS OBJECTIVES

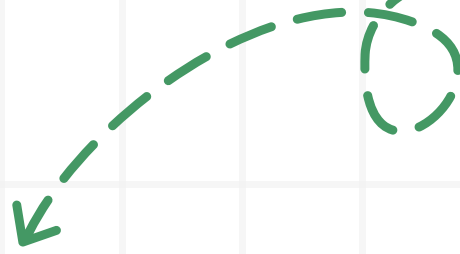
Identify pattern of loan defaulters

Identify risky loan applications

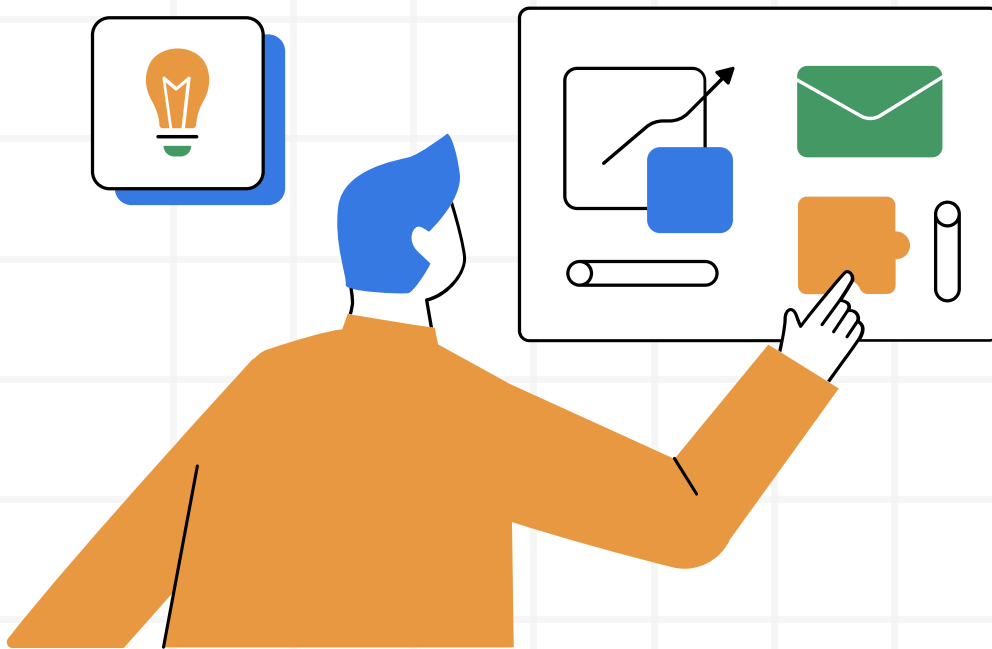
Reduce NPAs

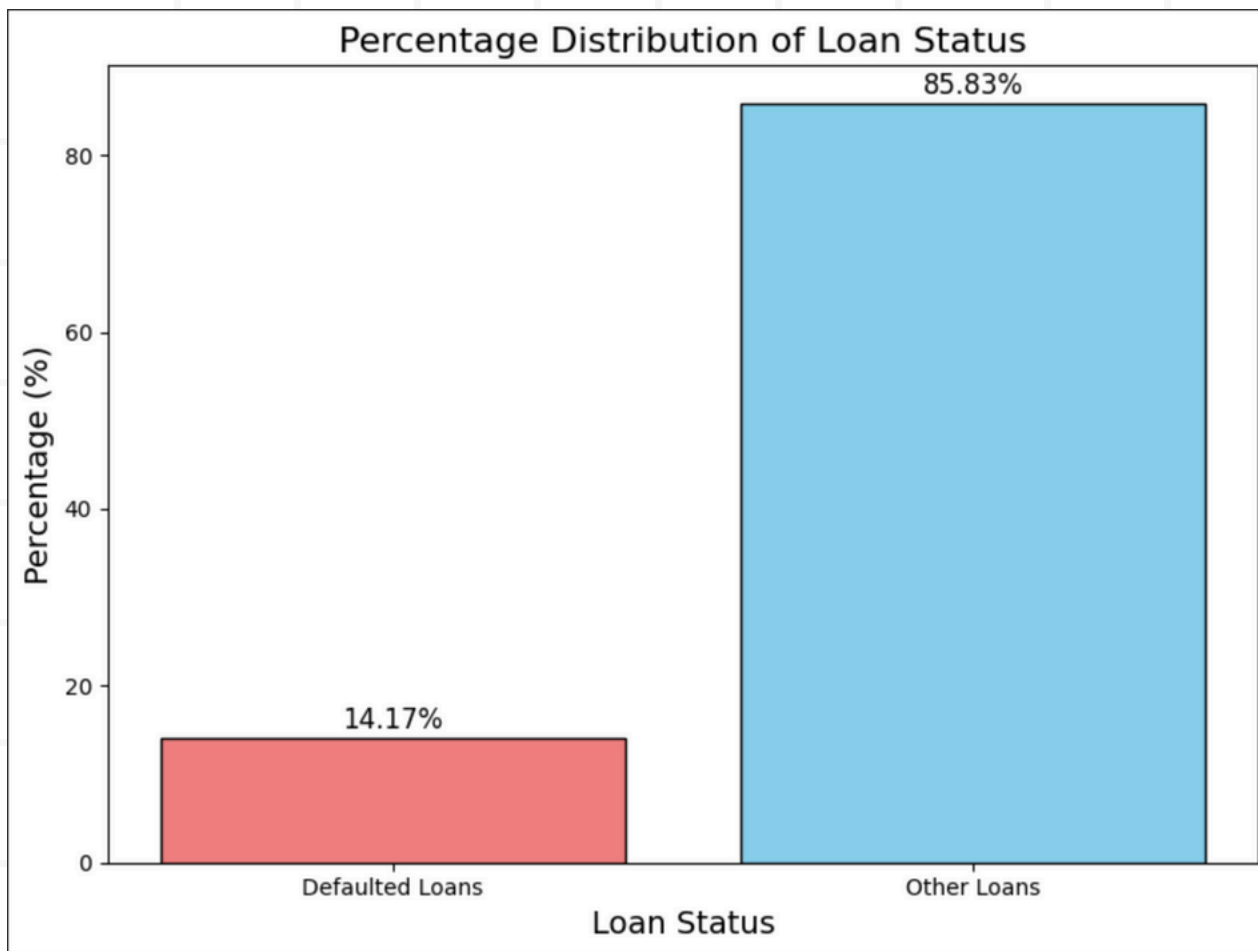
Reduce loss



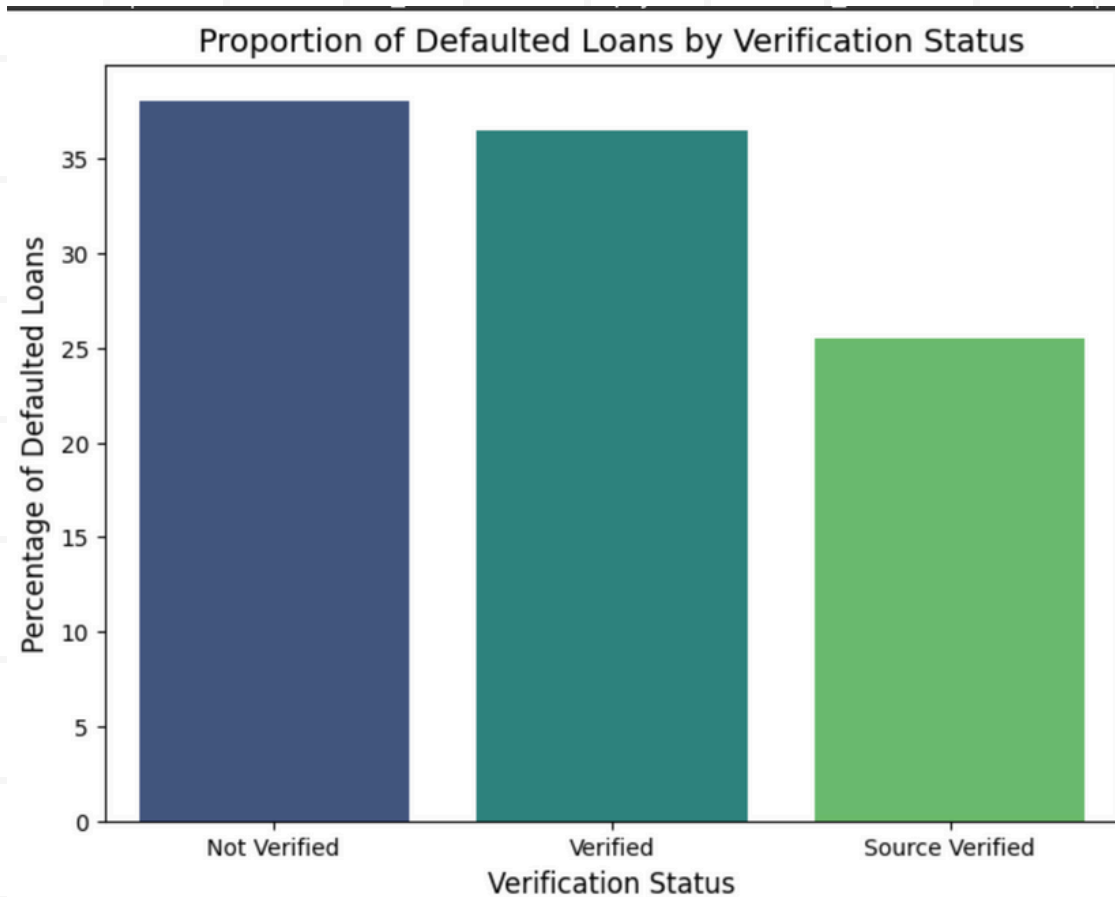


# UNIVARIATE ANALYSIS

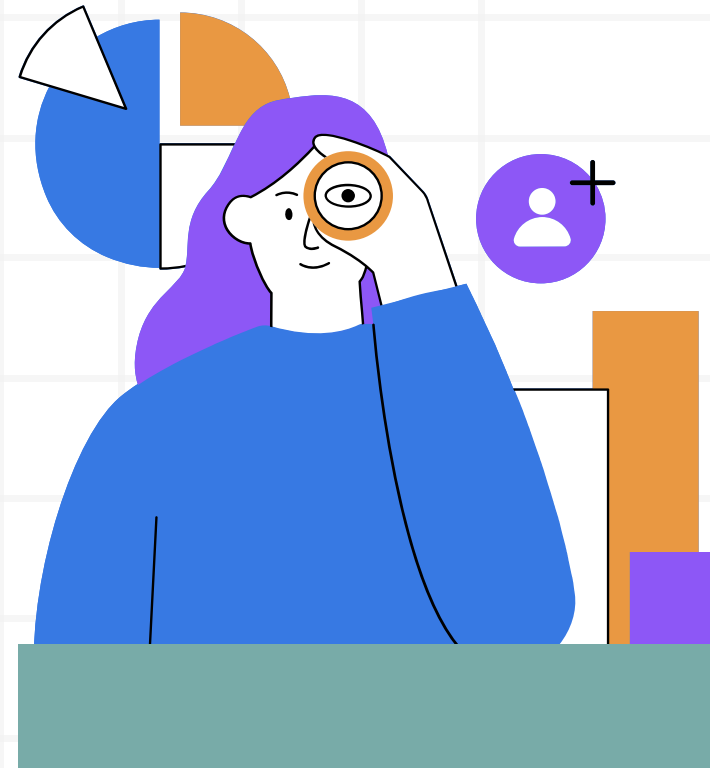


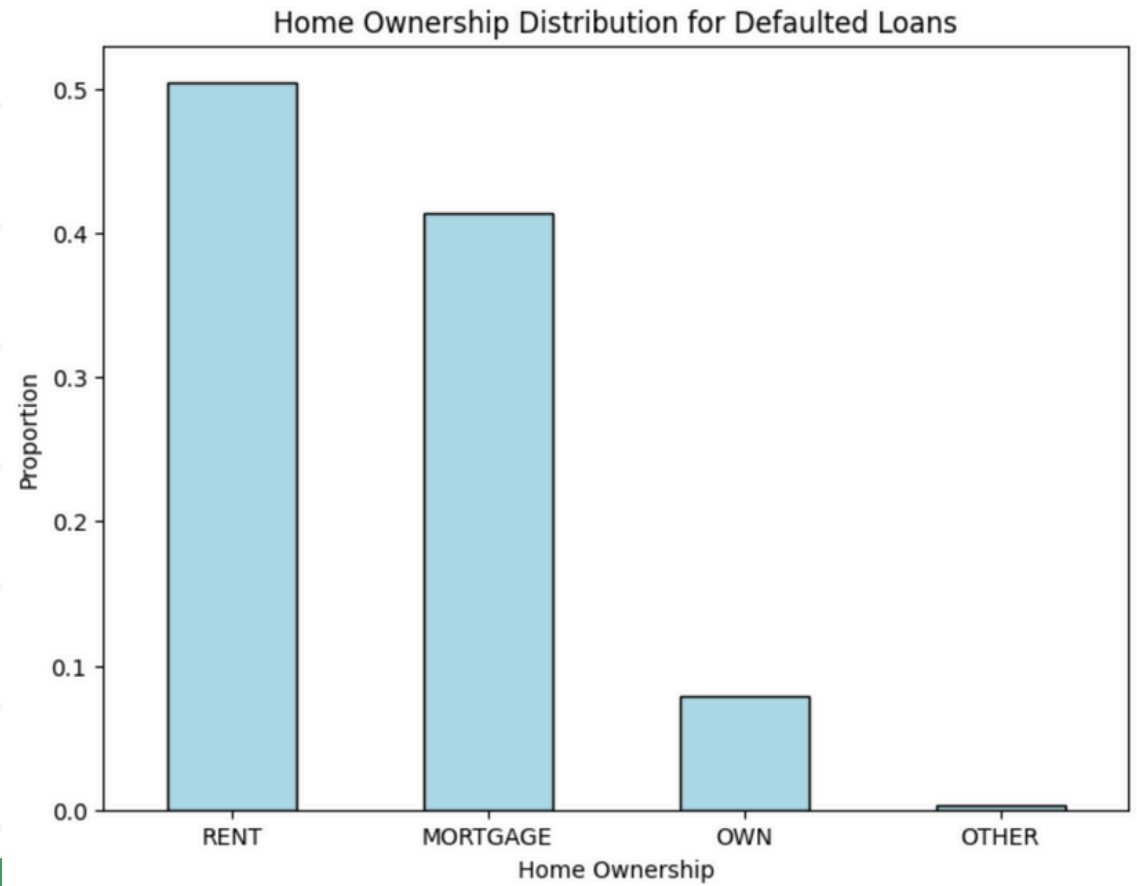
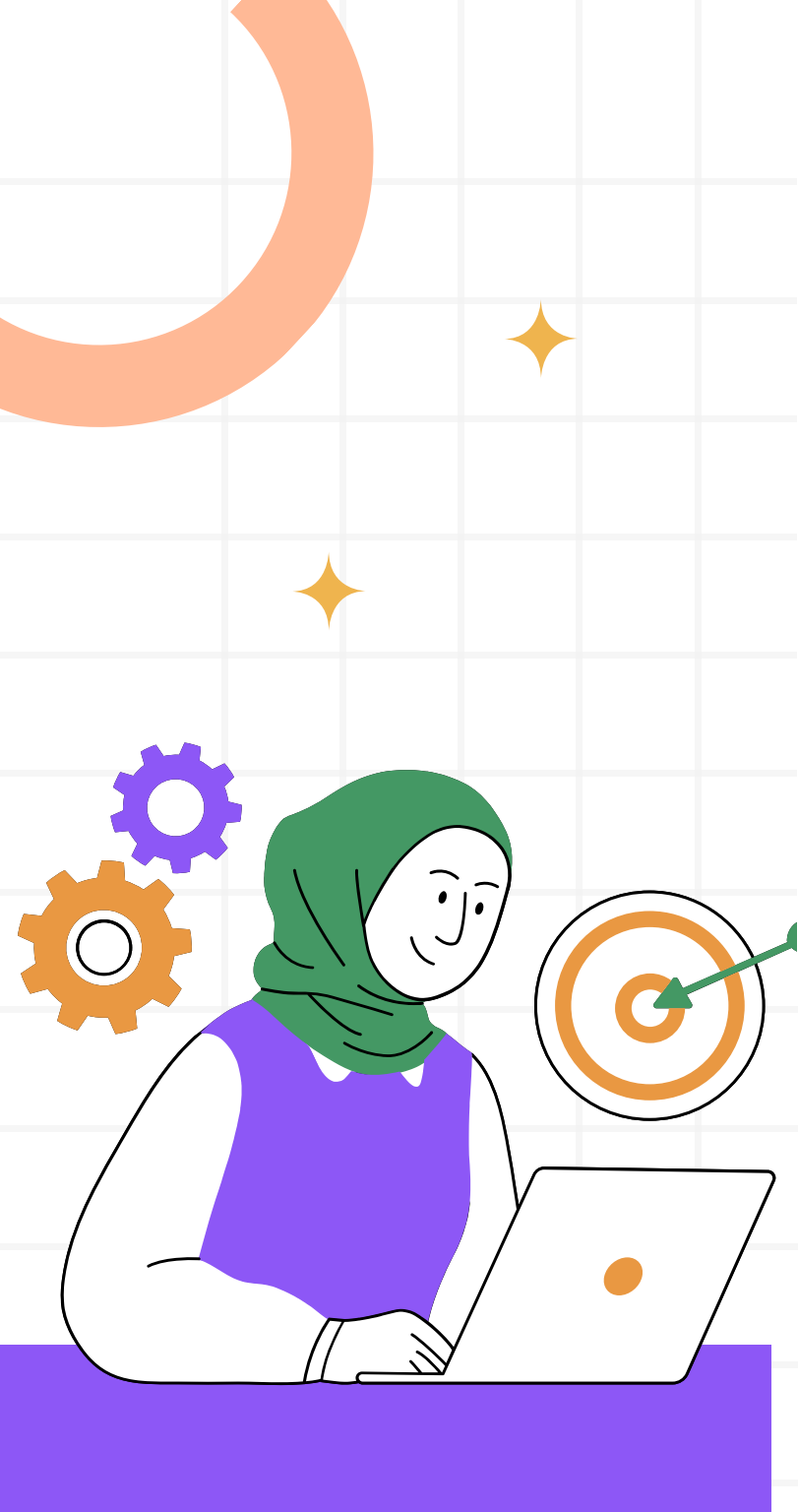


14.17% of total loans has defaulted and resulted in charge off



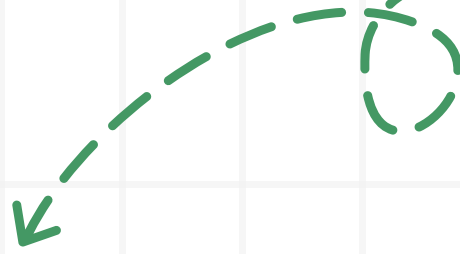
**MAJORITY OF THE LOANS  
WERE NOT VERIFIED**





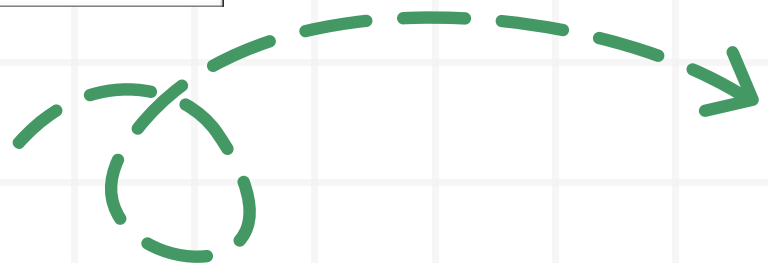
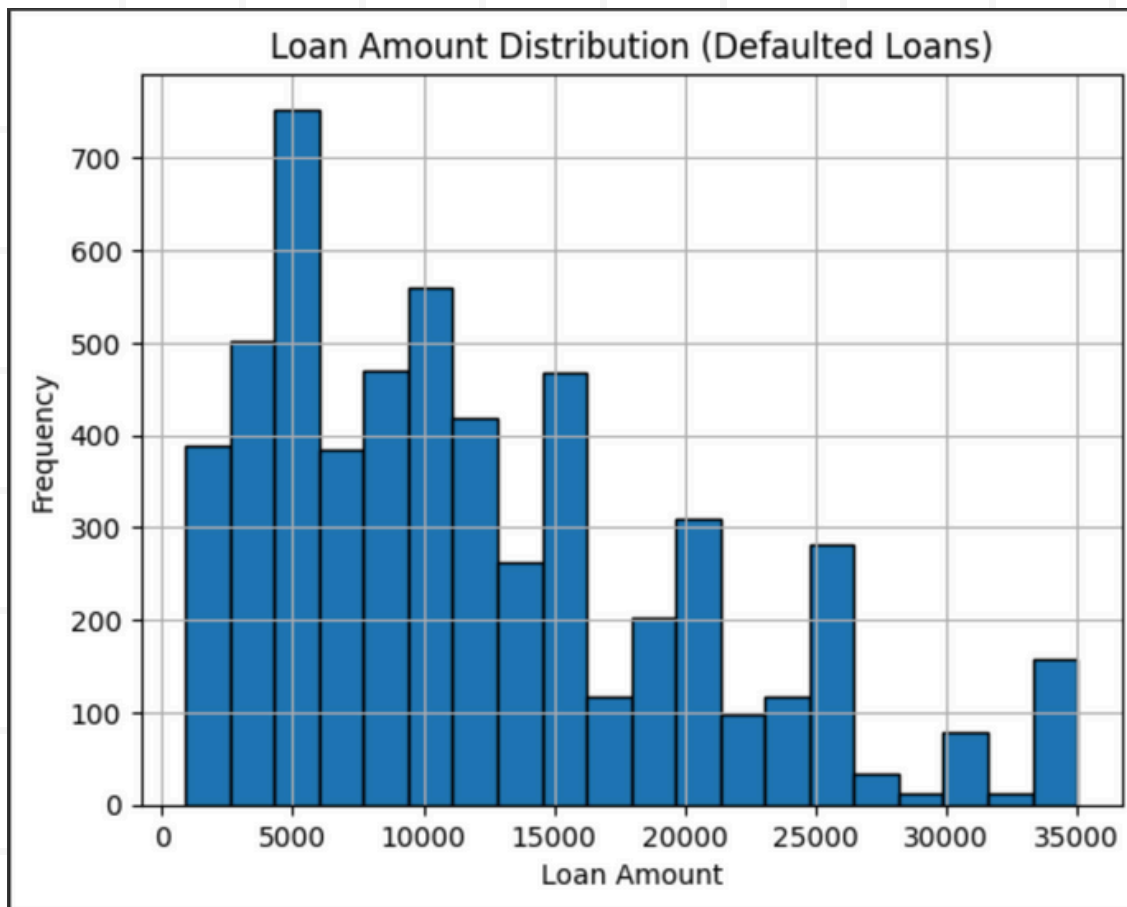
**PEOPLE WHO OWN THE  
HOUSE HAVE DEFAULTED  
THE LEAST**



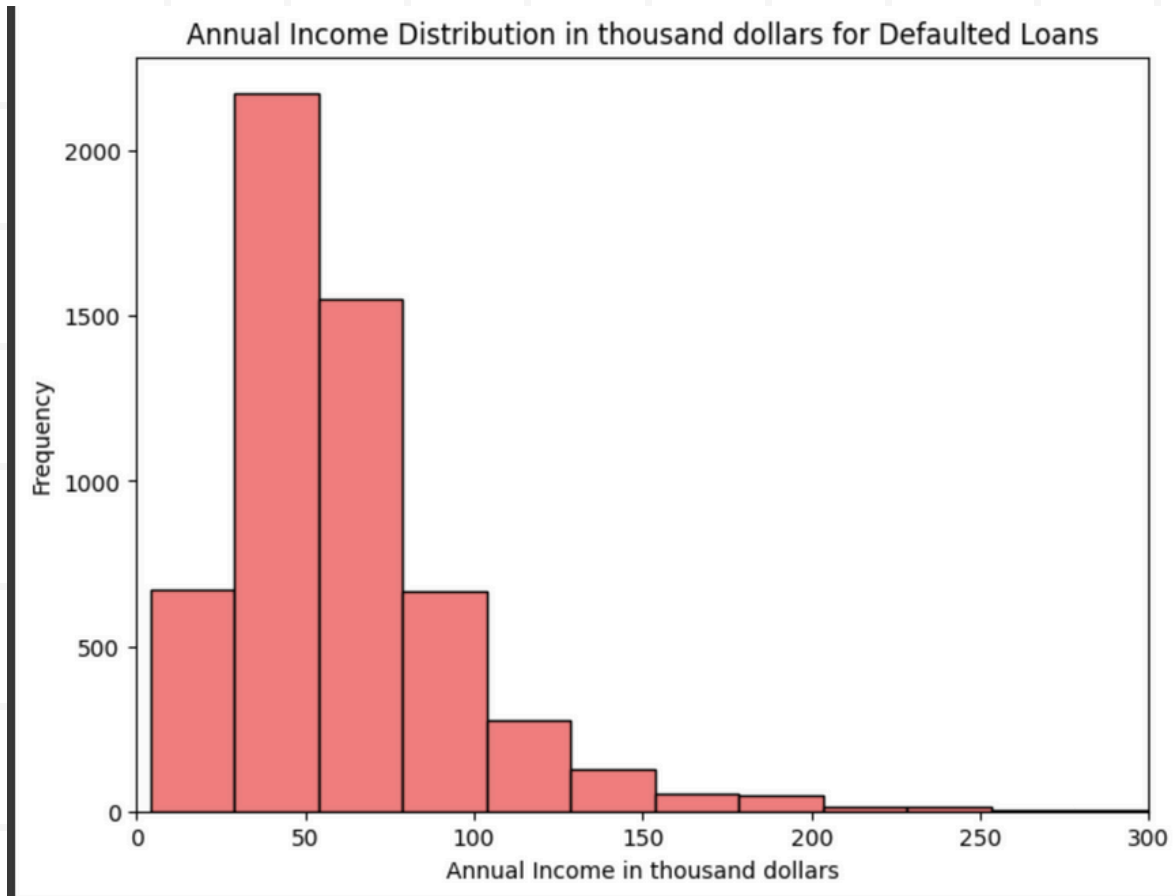


# BIVARIATE ANALYSIS

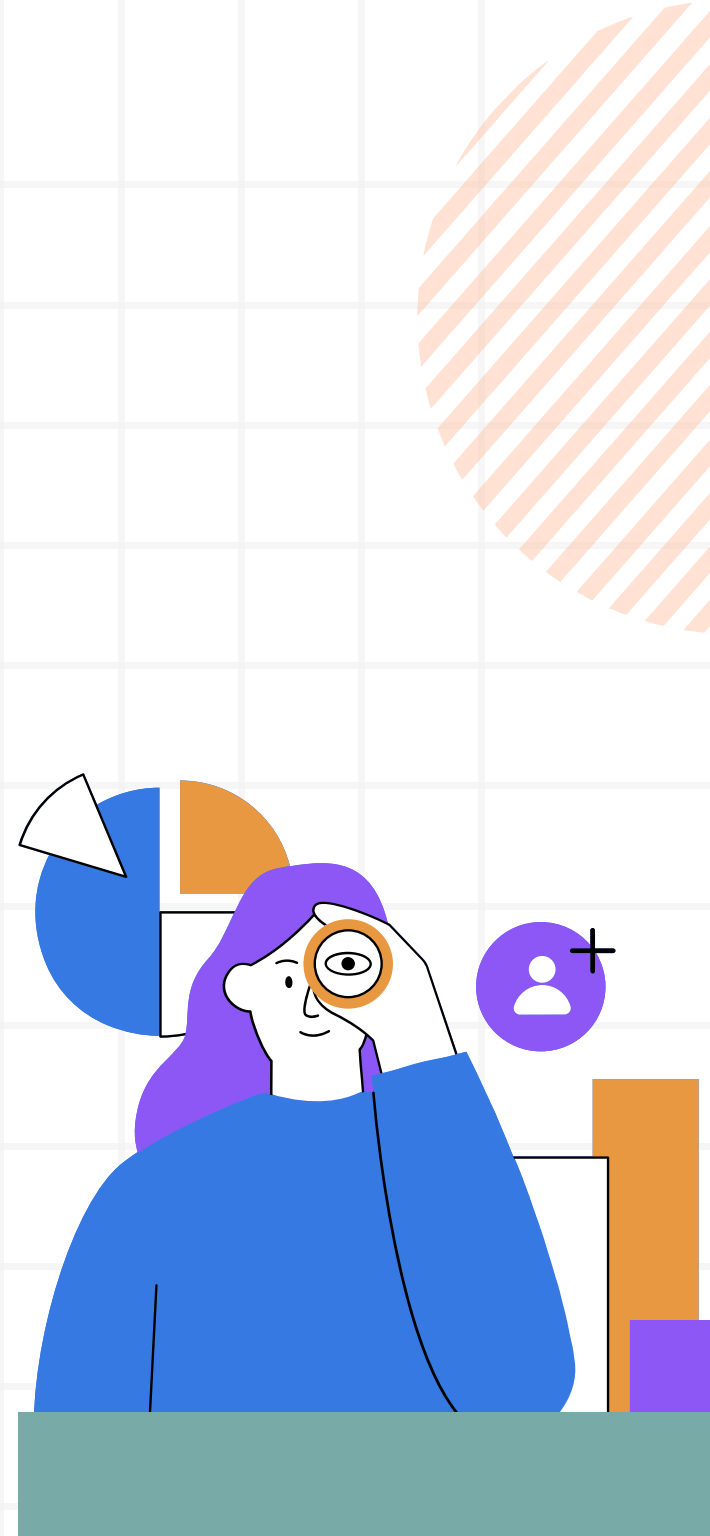




Loans between \$5,000–\$15,000 have  
the highest likelihood of default

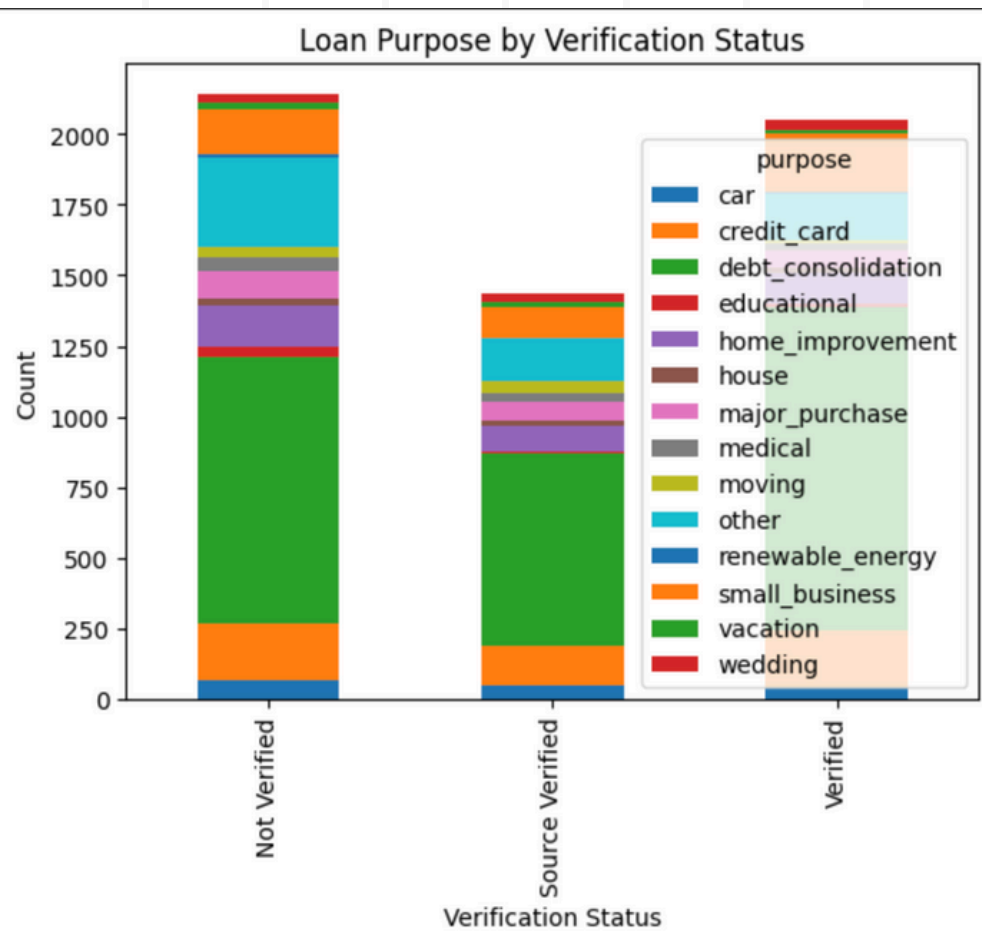


BORROWERS WITH AN ANNUAL  
INCOME  $\leq$  \$50,000 SHOW A  
HIGHER LIKELIHOOD OF  
DEFAULTING ON THEIR LOANS





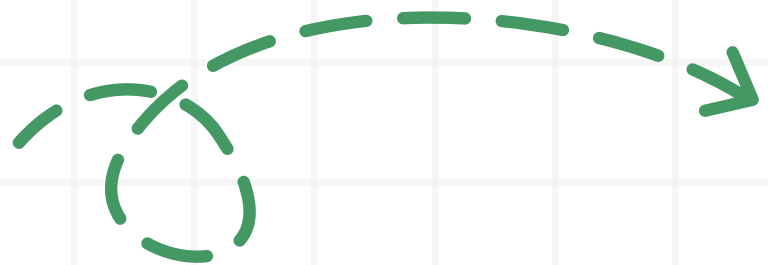
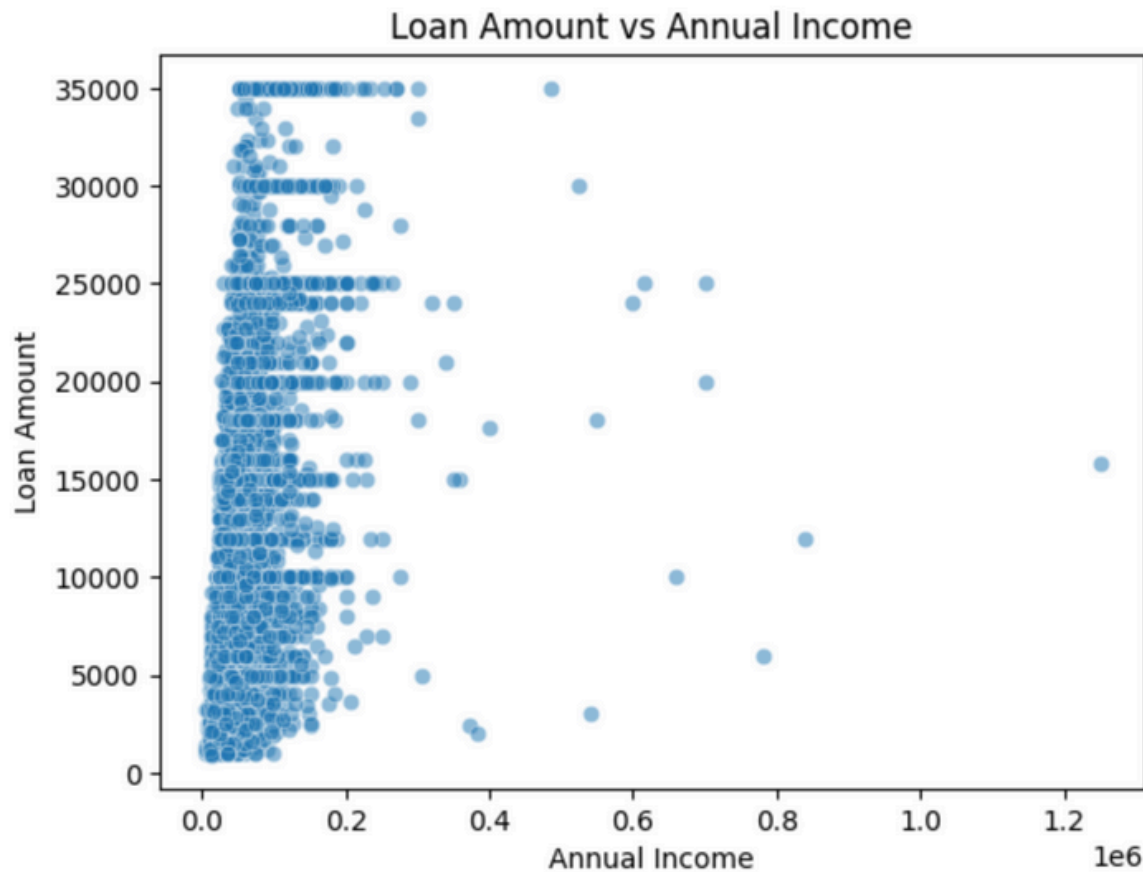
DEBT CONSOLIDATION IS  
THE MOST POPULAR LOAN  
PURPOSE



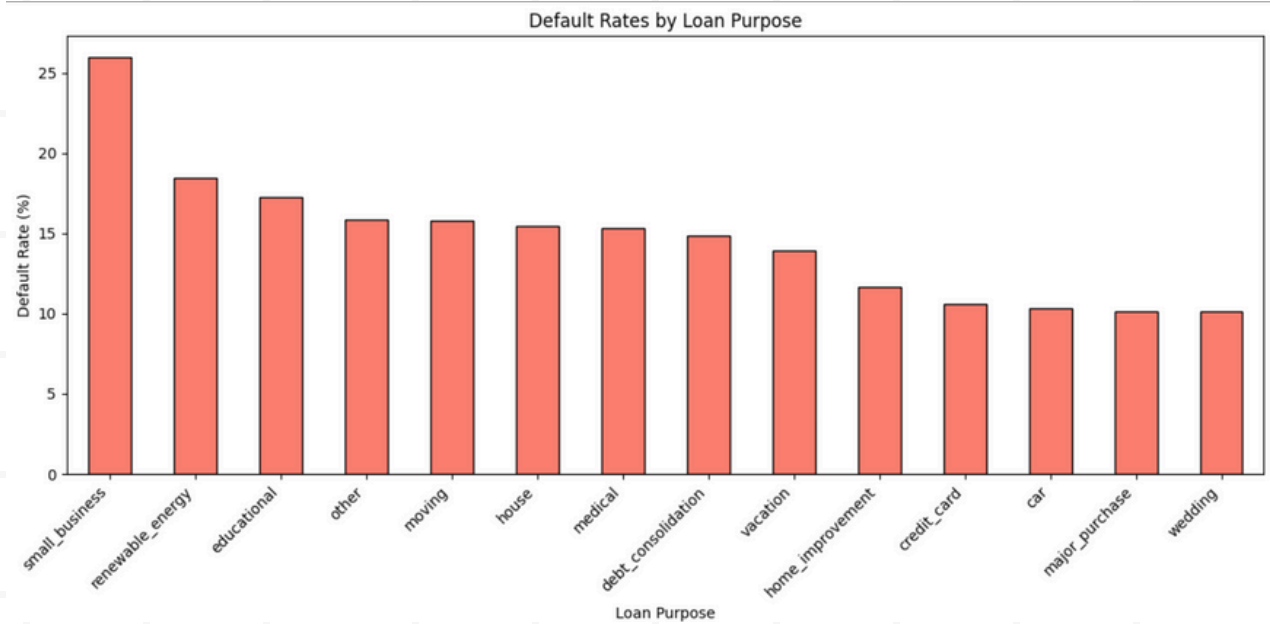
VACATION IS THE MAJOR REASON FOR LOAN ACROSS ALL VERIFICATION STATUSES

WEDDING IS THE TOP MOST REASON FOR WHICH PEOPLE ARE TAKING LOANS

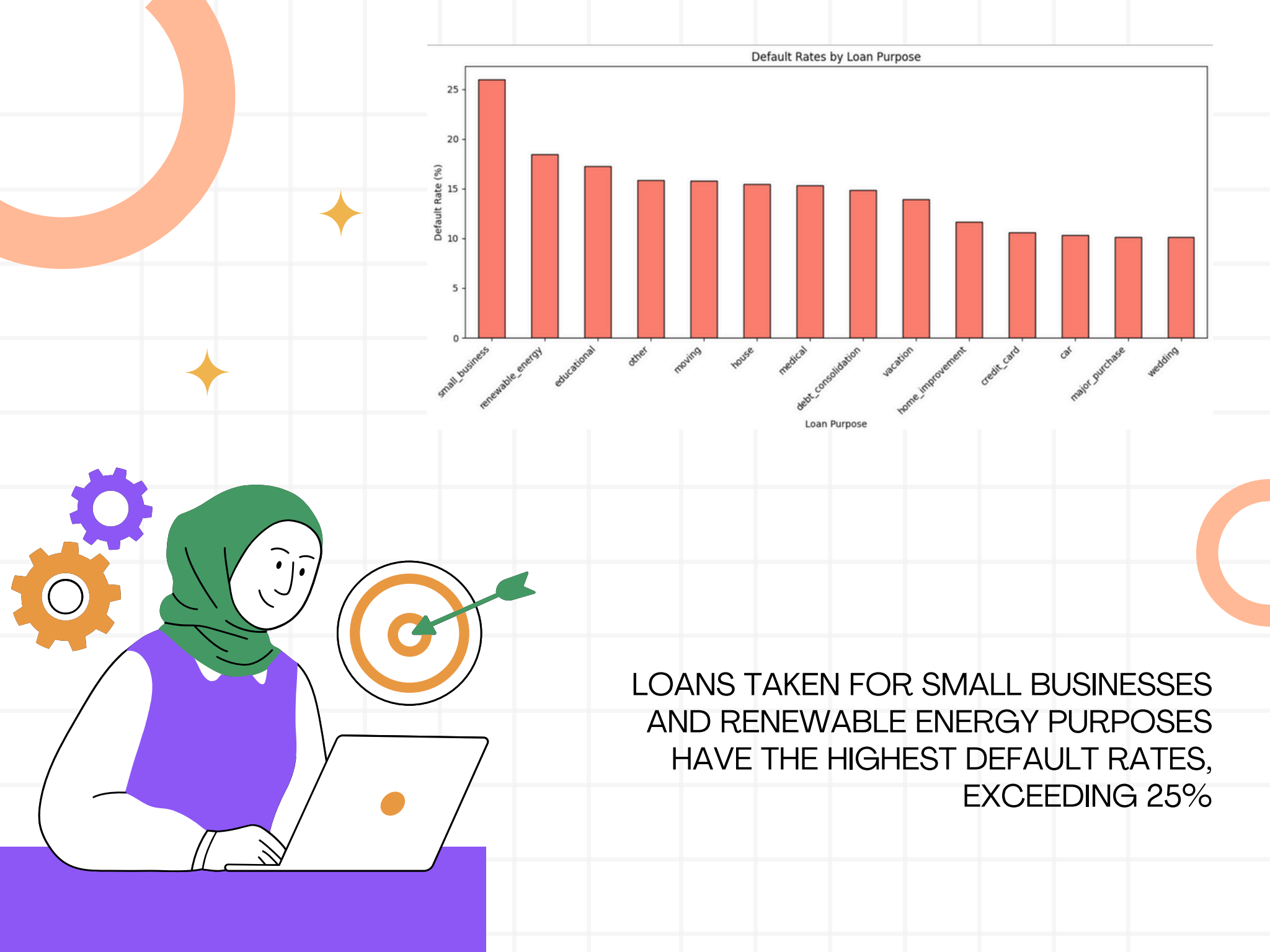




People with lesser annual income are more likely to default on loans




LOANS TAKEN FOR SMALL BUSINESSES  
AND RENEWABLE ENERGY PURPOSES  
HAVE THE HIGHEST DEFAULT RATES,  
EXCEEDING 25%





# CONCLUSION



If we look at all the factors which resulted in loan being defaulted, we have got the criteria to look at while approving any loan to filter out risky ones

