CASE STUDY
LENDING CLUB

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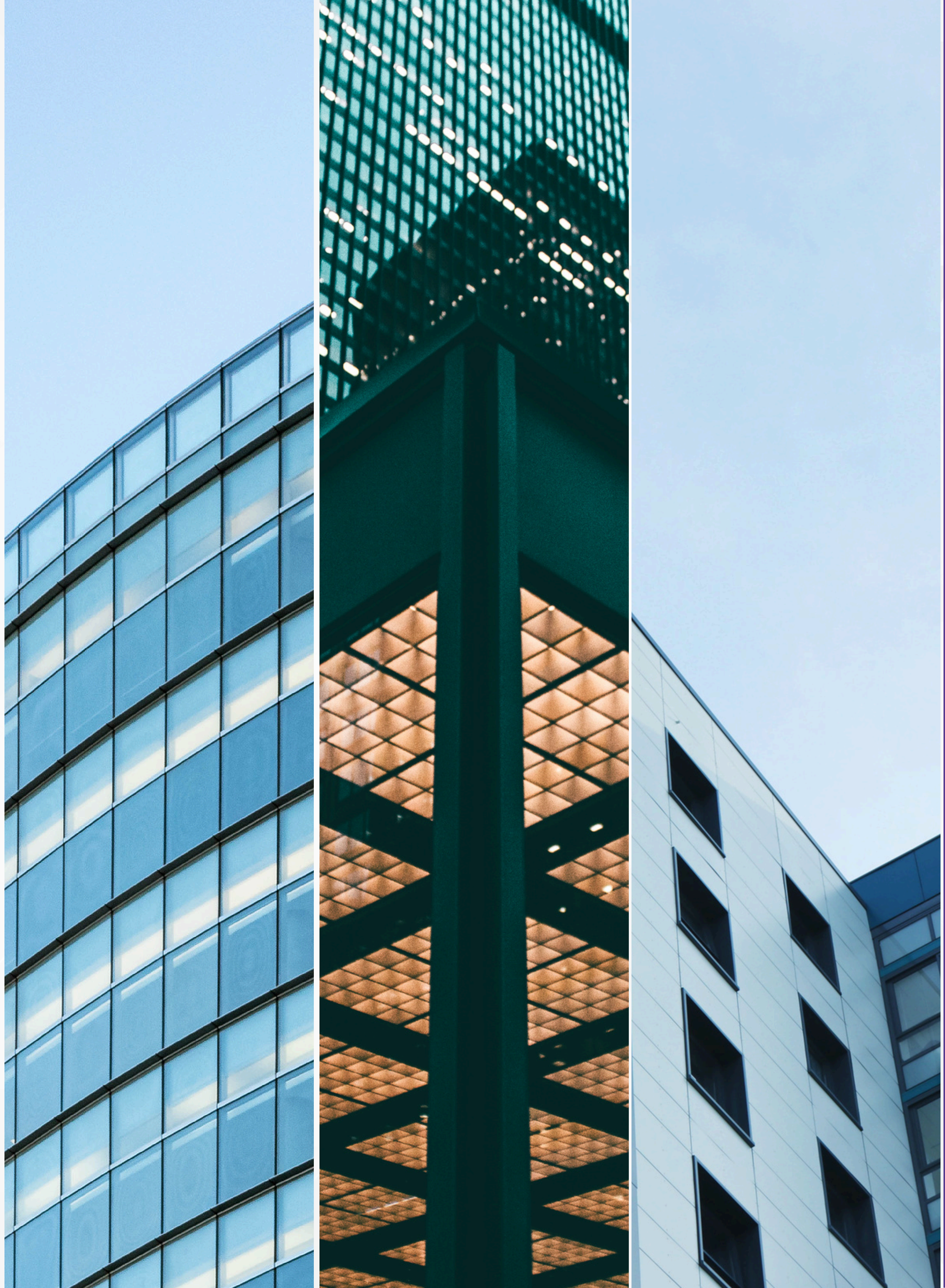
INTRODUCTION

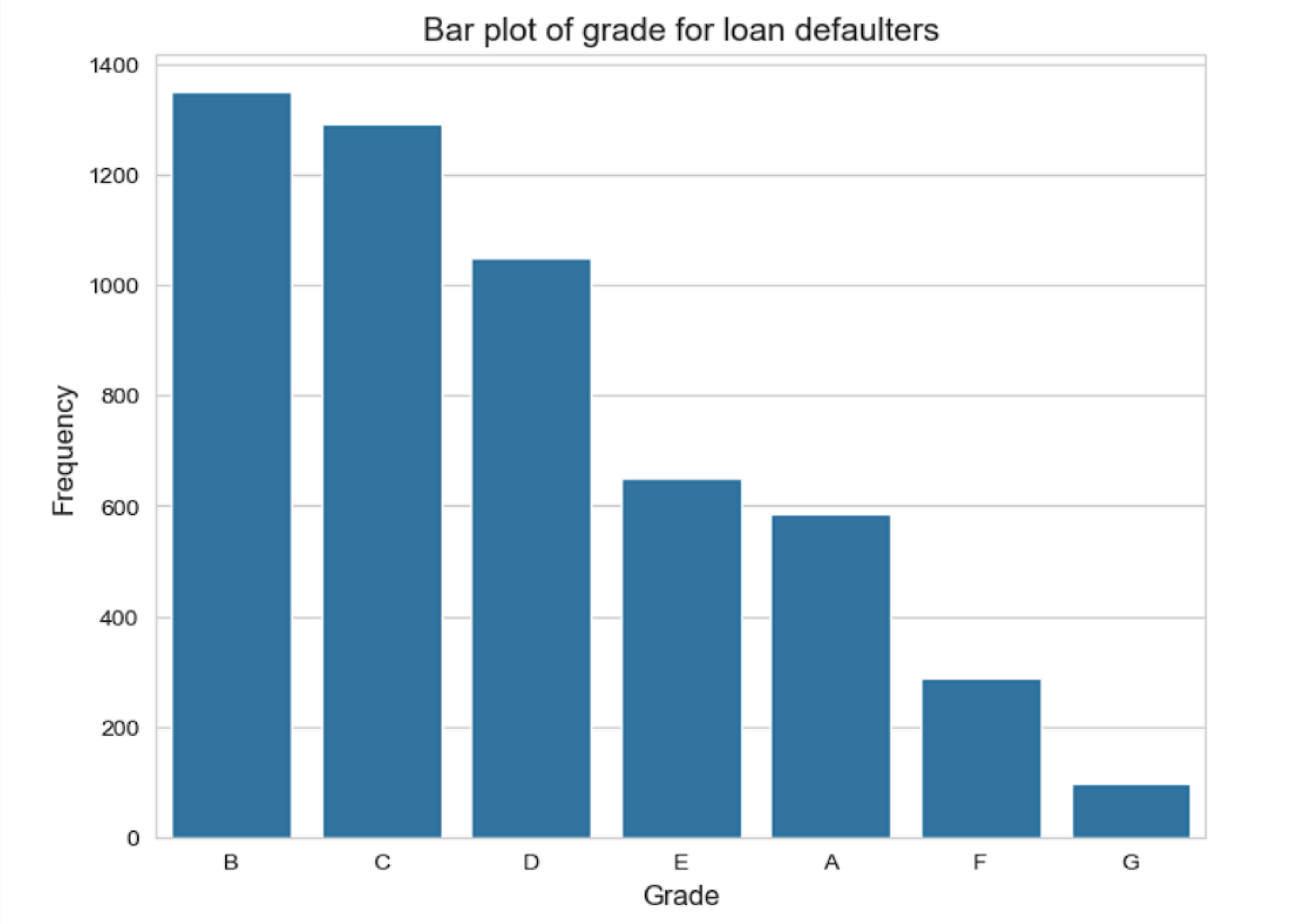
Welcome to the presentation on insights and inferences from our lending club case study analysis. Our goal is to uncover actionable insights that will inform strategic decisions and drive better outcomes.

In this presentation, we will cover:

- Key Insights
- Data-Driven Inferences

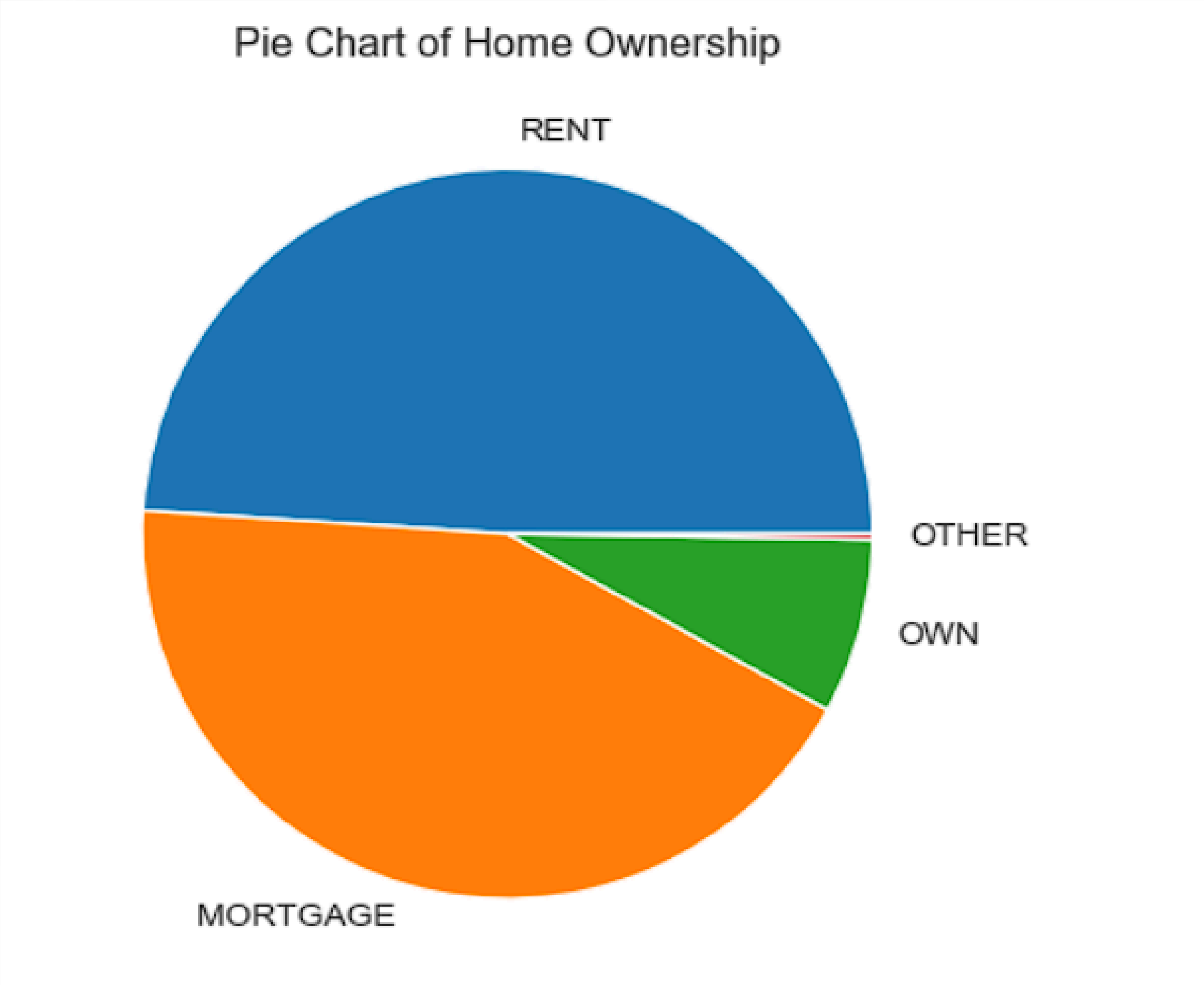
Let's dive into the details and explore the significant findings that emerged from this case study.





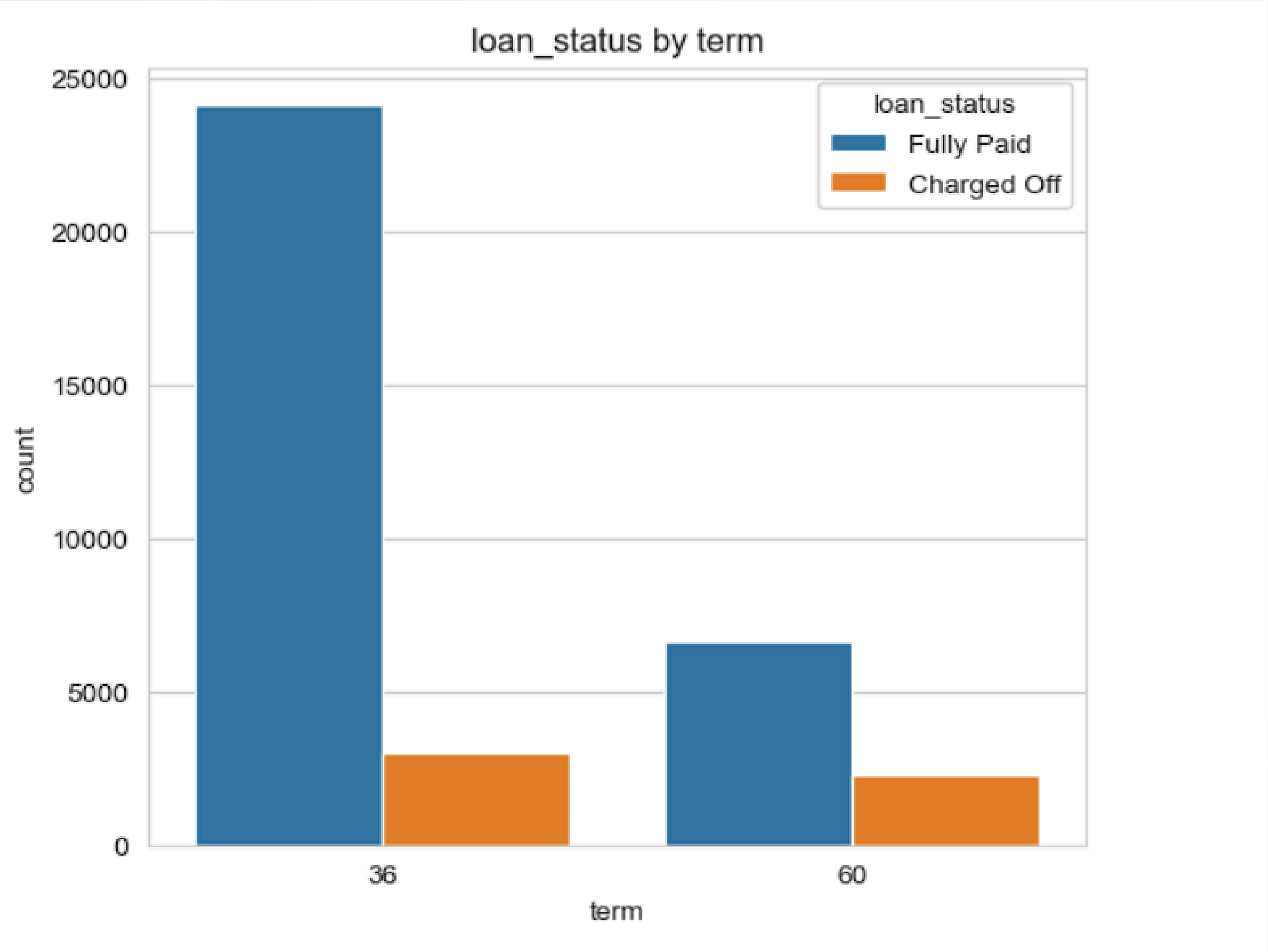
Grade B has the most loan defaulters while grade G has the least

INSIGHTS



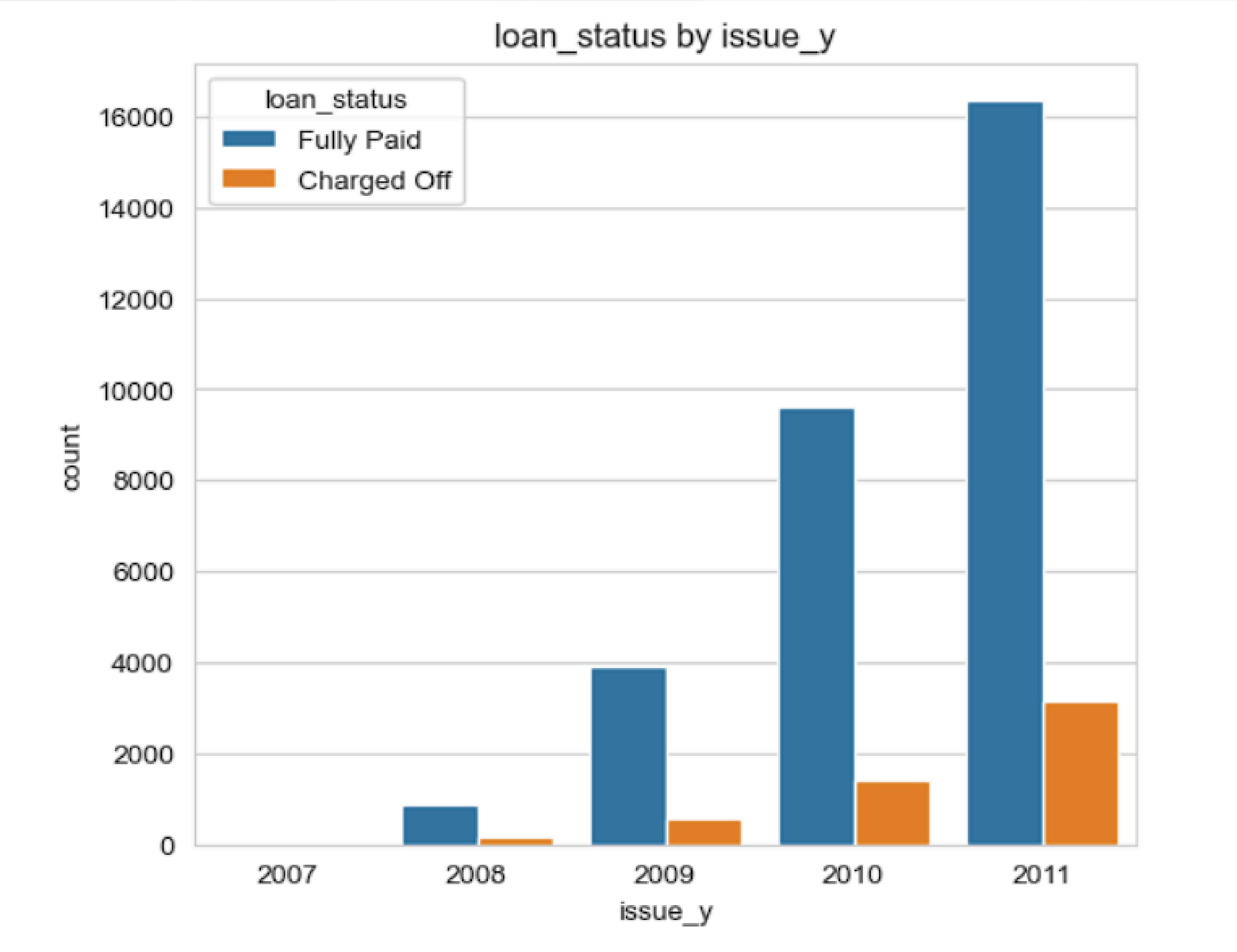
Most of the loan applicants live on rent or mortgage

INSIGHTS



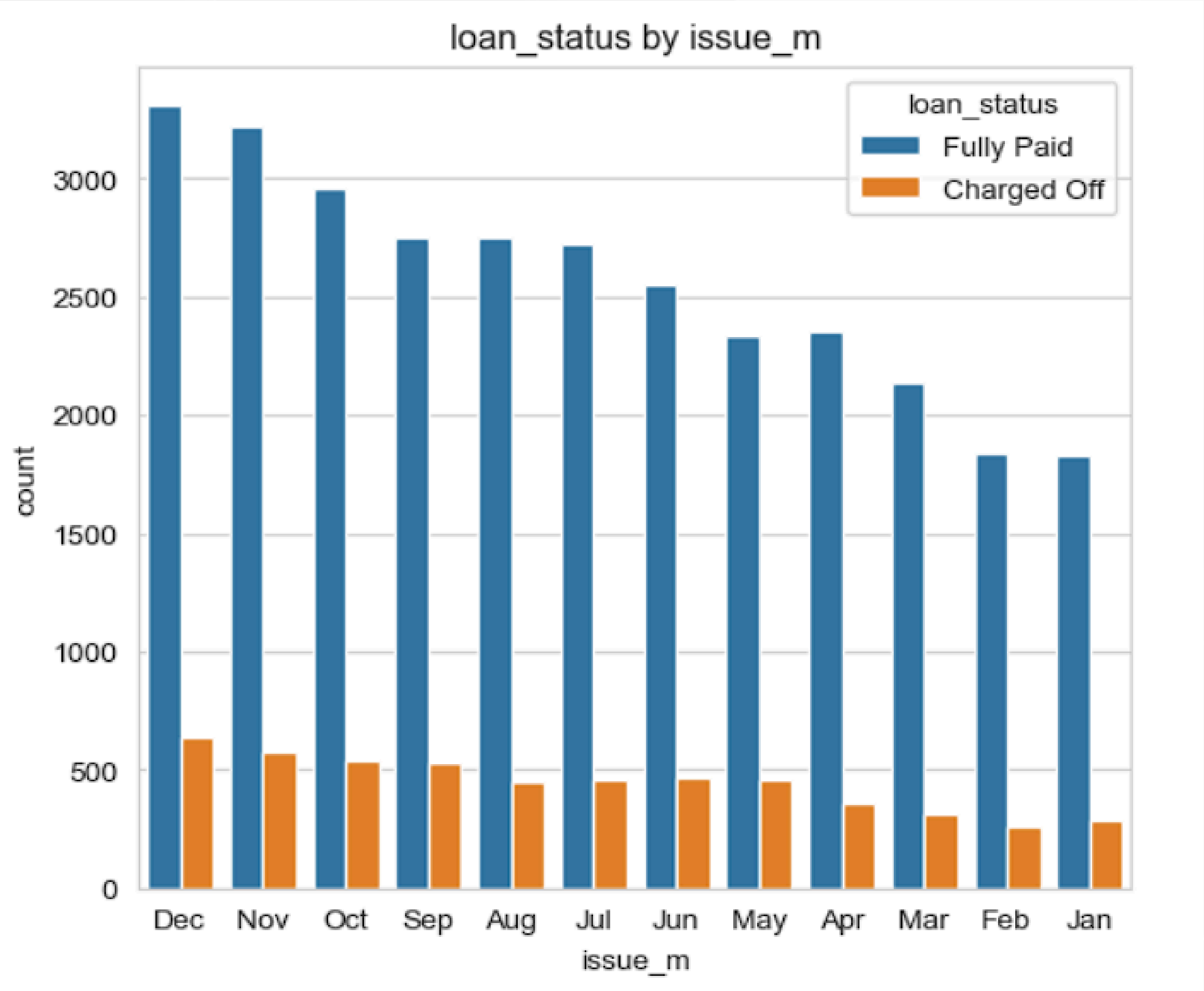
Loan applicants applying loan for 60 months are likely to default more than the one taking loan for 36 months

INSIGHTS



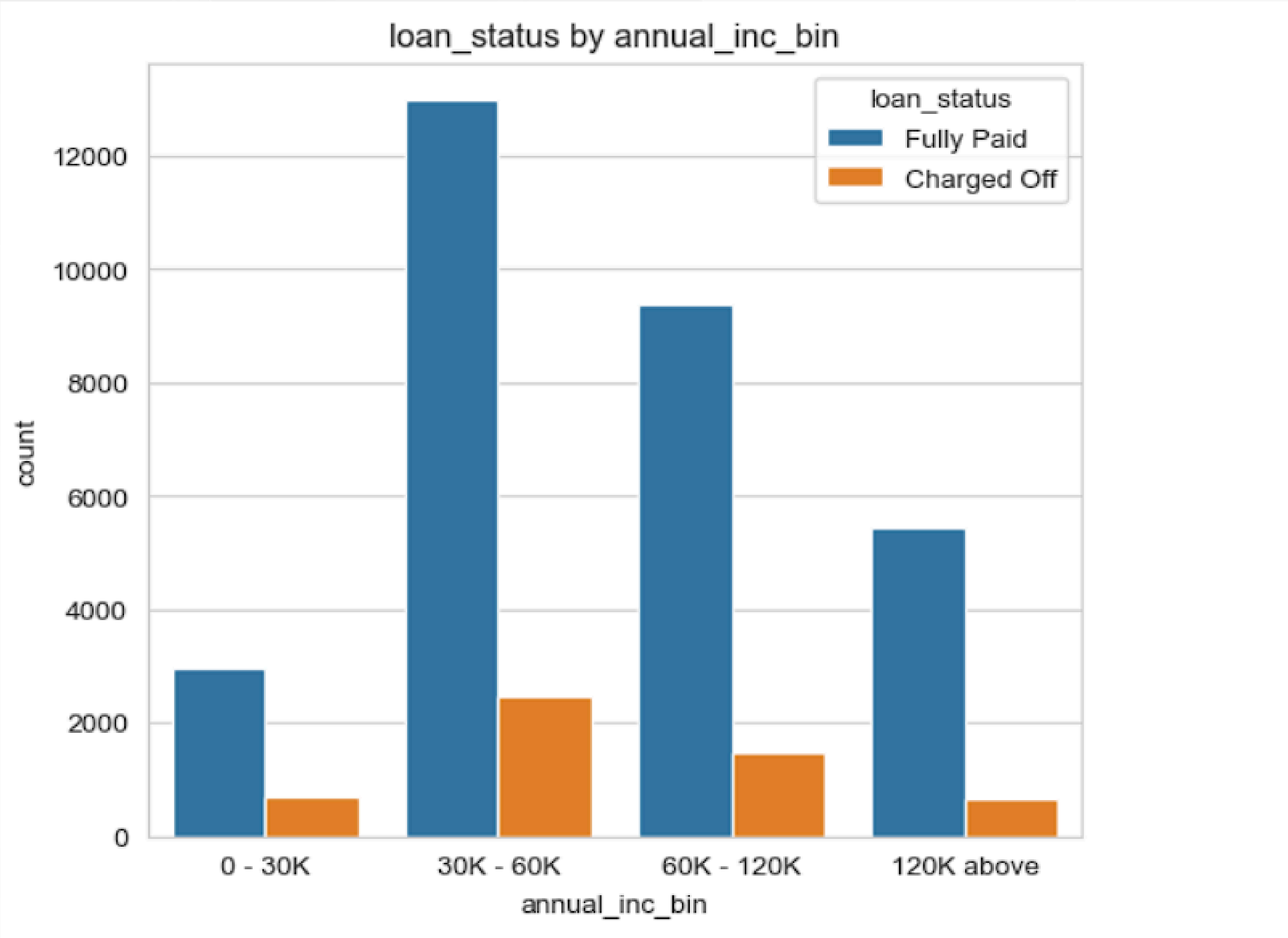
The number of loan applications climbed steadily between 2007 and 2011

INSIGHTS



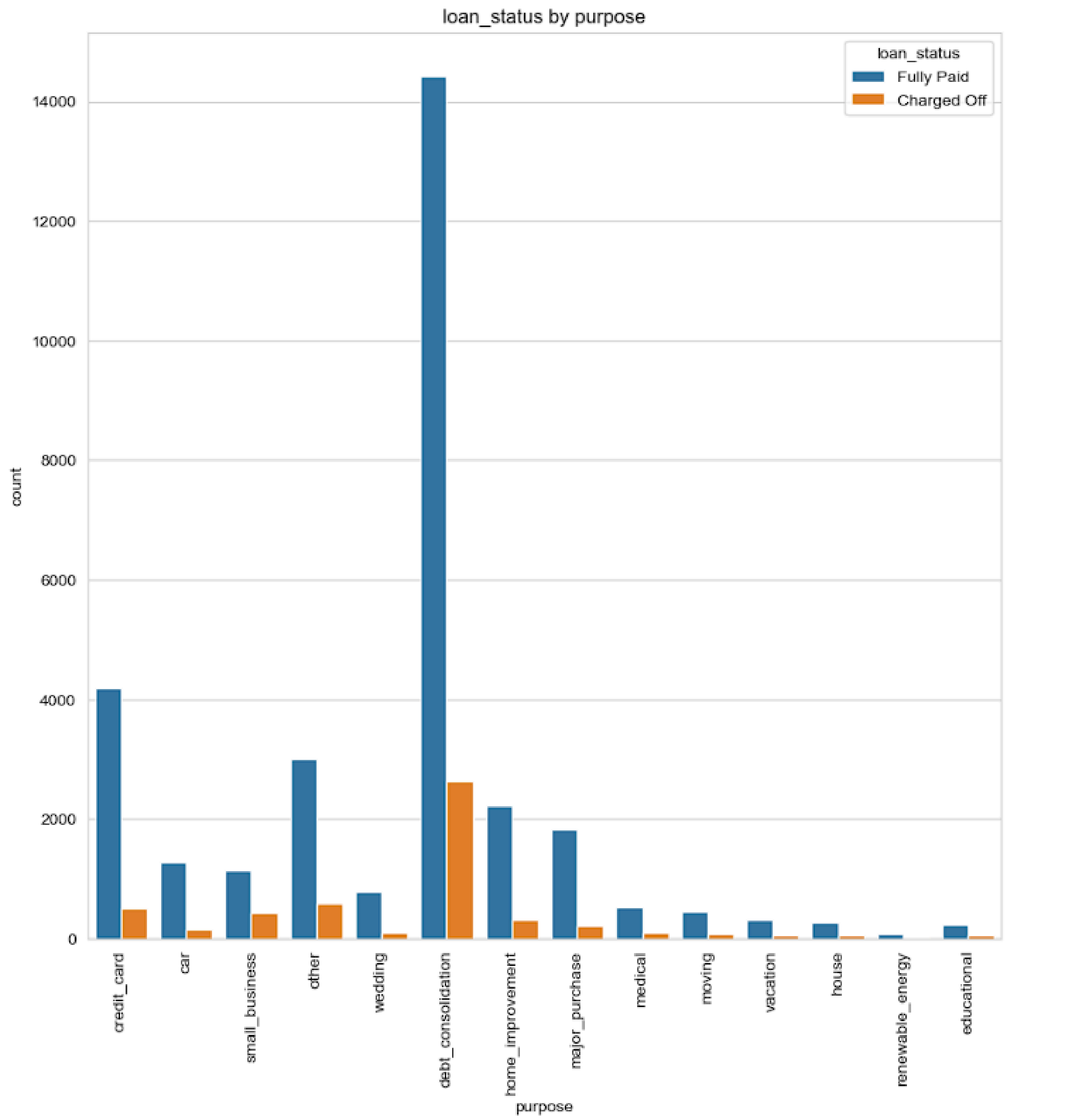
The month of December is the most preferred month of taking loans

INSIGHTS



INSIGHTS

A majority of the loan applicants who charged off reported an annual income of less than 60,000



Debt consolidation is the category where maximum loans are issued and people have defaulted the most in

INSIGHTS

Inferences

- Given that applicants who choose for 60-month loans are more likely to default, the organisation should consider assessing the risk associated with longer-term loans and either limiting the maximum term or modifying interest rates accordingly.
- Because loan applicants from Grades B, C, and D account for the majority of "Charged Off" loans, the company should consider establishing stronger risk assessment and underwriting criteria for applicants in these grades.
- Pay close attention to applicants with Subgrades B3, B4, and B5, as they are more prone to charge off. Additional risk reduction strategies, such as granting lesser loan amounts, should be considered.
- Loan applicants with 10 or more years of experience have a higher likelihood of defaulting. This shows that experience alone may not be an accurate predictor of creditworthiness. The organisation should adopt a more complete credit rating system that considers other risk-related indicators.

Inferences

- Because debt consolidation is the category with the most loans and the highest default rates, the company should carefully analyse applicants for debt consolidation loans and possibly change interest rates or provide financial counselling services.
- From 2007 to 2011, the number of loan applications increased steadily, indicating market expansion. The organisation may capitalise on this trend by maintaining a competitive advantage in the sector while implementing strong risk management techniques.
- Applicants who live in rented or mortgaged properties are more likely to default. This information can be used during the underwriting process to determine housing stability and its impact on repayment ability.
- Verified loan applicants default more frequently than those who are not verified. The organisation should review its verification process to ensure that it effectively assesses applicant creditworthiness, and make any necessary modifications or adjustments.

THANK YOU