The background of the slide is a dense field of 3D-rendered numbers in various shades of blue and white. The numbers are of different sizes and are scattered across the frame, creating a sense of depth and movement. Some numbers are in the foreground, appearing larger and more detailed, while others are in the background, appearing smaller and more faded. The overall effect is a dynamic and abstract representation of data or mathematics.

Lending club case study

Ashwani Kumar

Github link

<https://github.com/ash2252/LendingClubCaseStudy>

Introduction

Analyse the file **loan.csv**

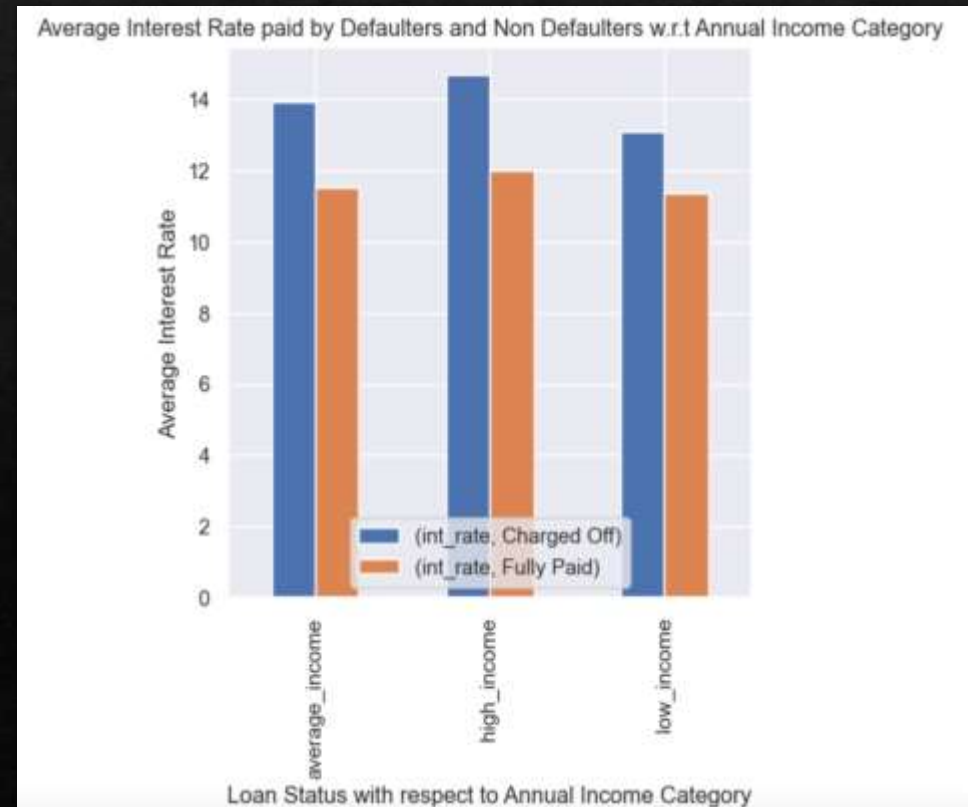
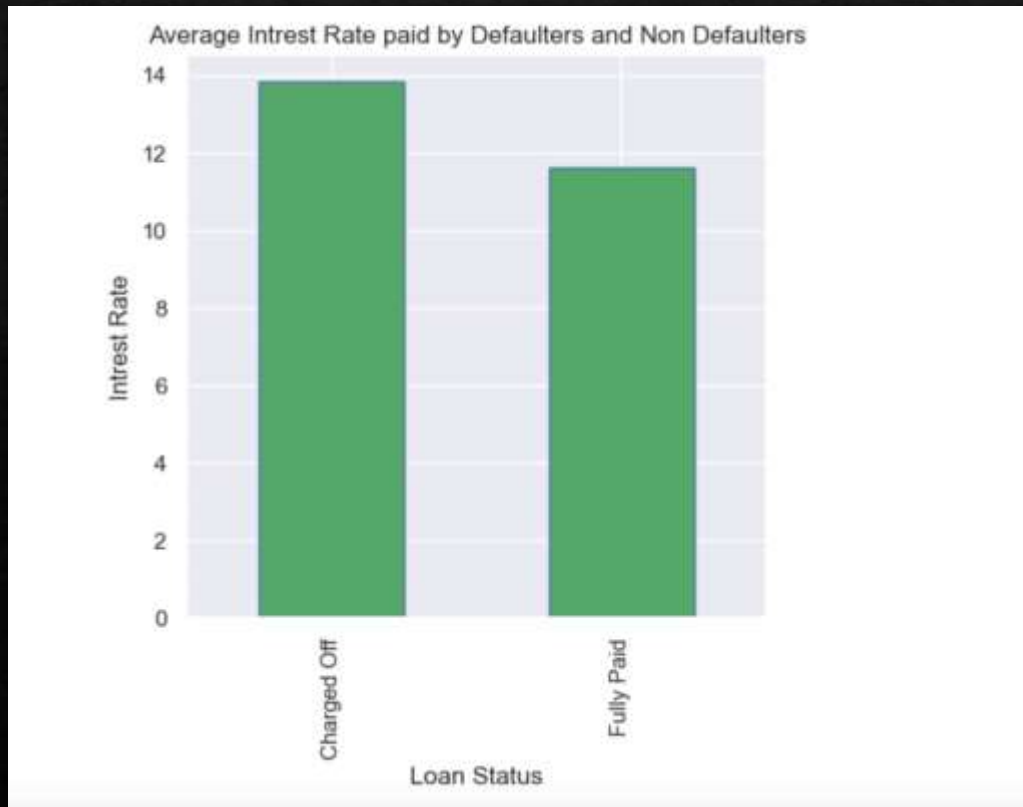
- ❖ The data given contains the information about past loan applicants and whether they 'defaulted' or not. The aim is to identify patterns which indicate if a person is likely to default, which may be used for taking actions such as denying the loan, reducing the amount of loan, lending (to risky applicants) at a higher interest rate, etc.

Important variables that can be used as indicator to find whether a person will default or not

1. Interest Rate
2. Grade : Loan score assigned by bank
3. Home ownership Status
4. Revolving credit utilisation
5. Loan to Annual Income ratio

Interest Rate

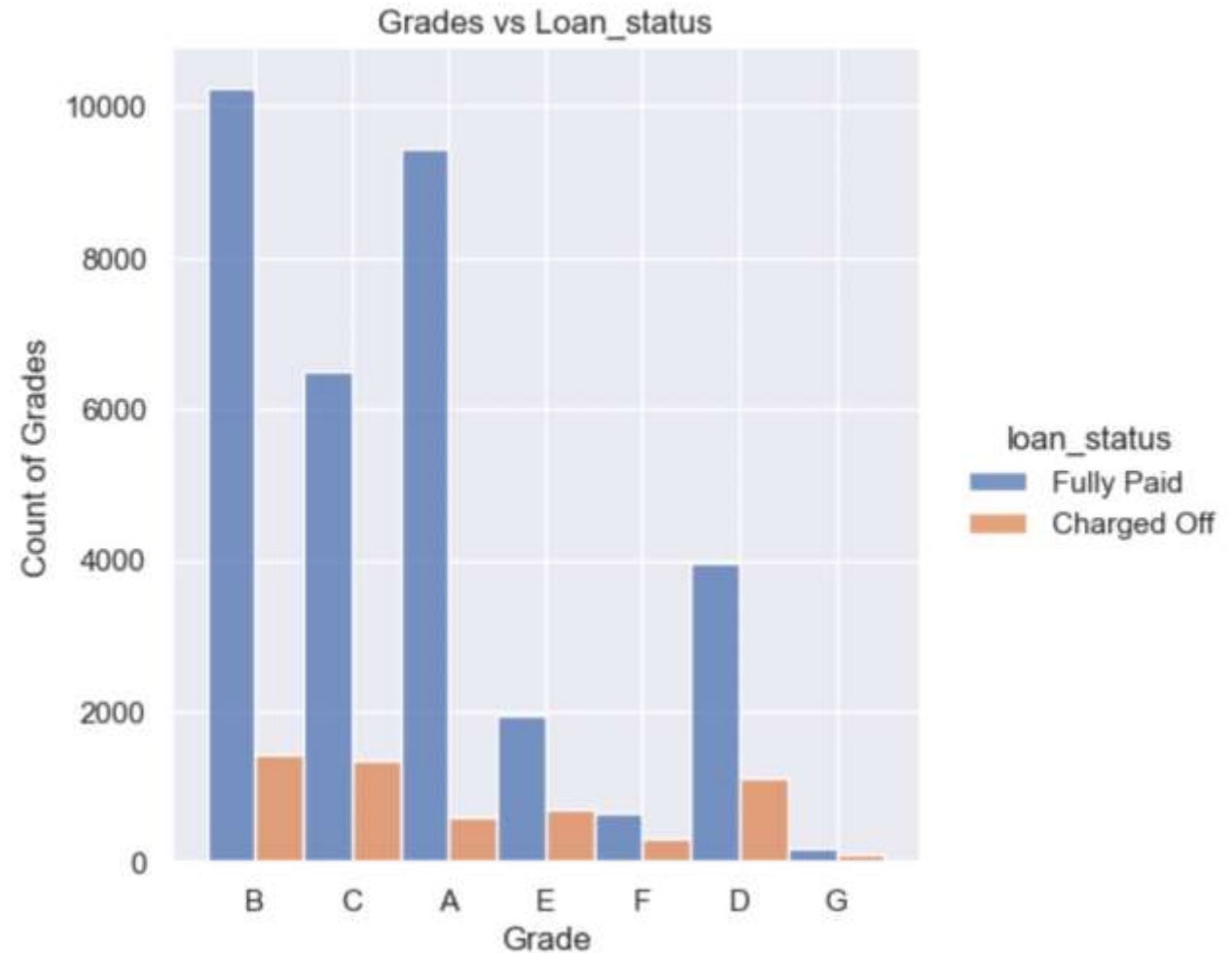
Loans taken at high interest rate are most likely to be default irrespective of annual income of the borrower.



Grade

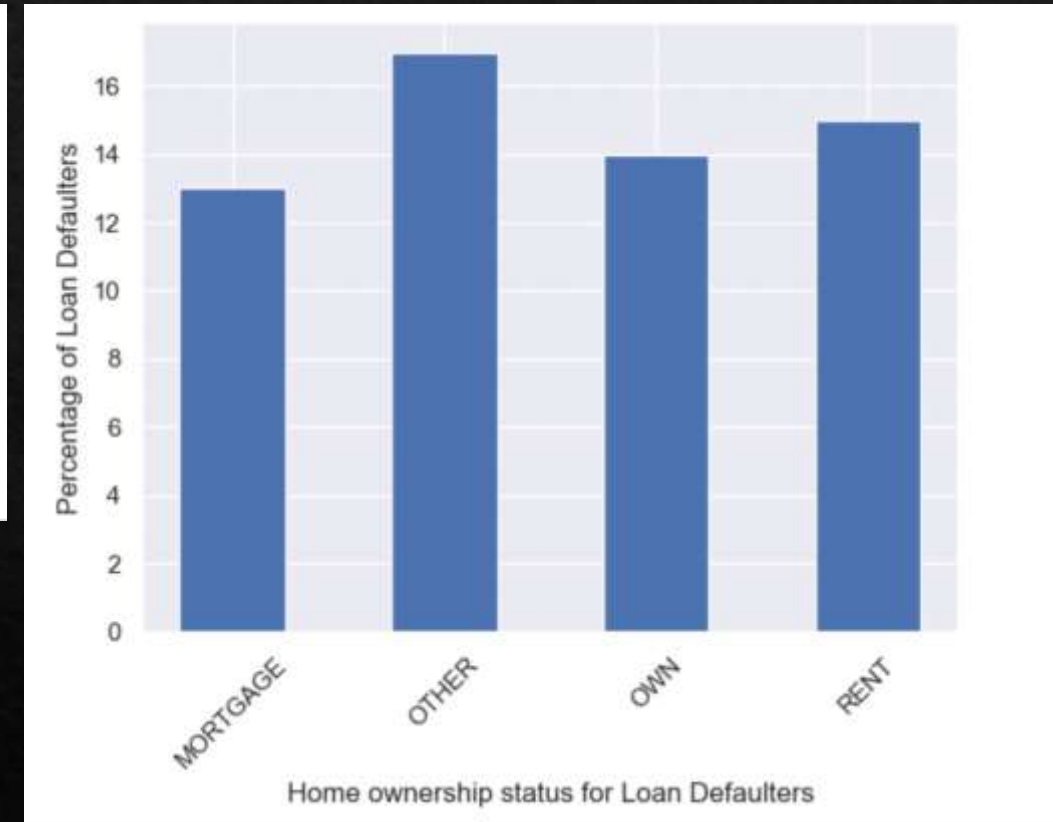
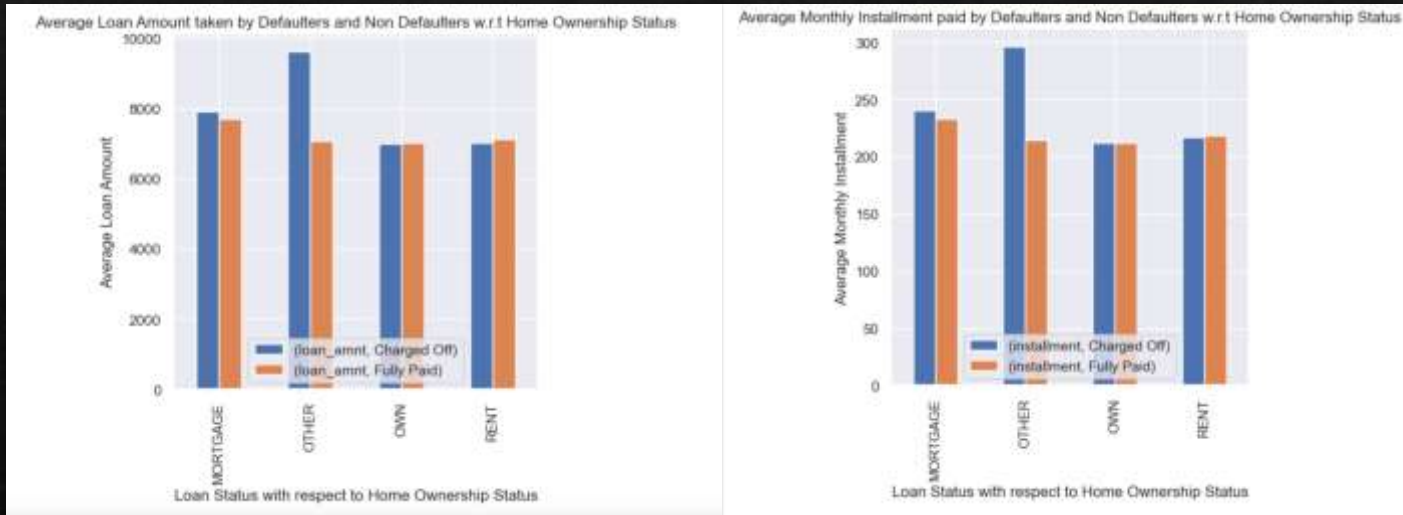
Grade is quality score assigned to loan applicant based on credit history, quality of collateral and likelihood of repayment.

E,F and G category of loans are most likely to be unpaid.



Home Ownership Status

Borrowers with home ownership status “OTHER” taken comparatively high loan amount and paying high monthly instalments are most likely to default the loan.

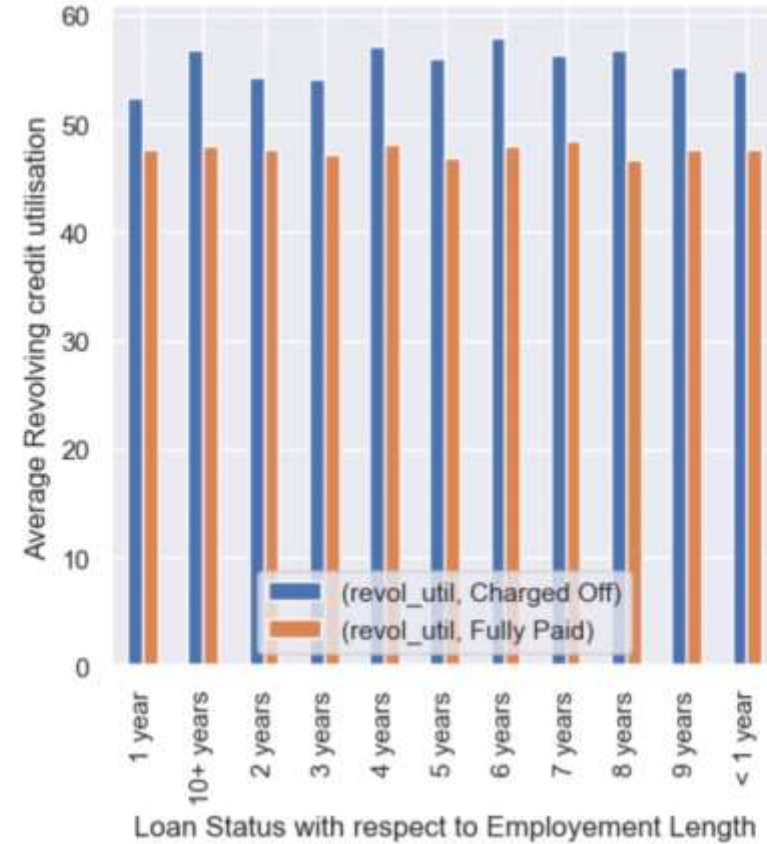


Revolving credit utilisation

Revolving credit is an open-ended credit account that can be used and paid down repeatedly as long as the account remain open.

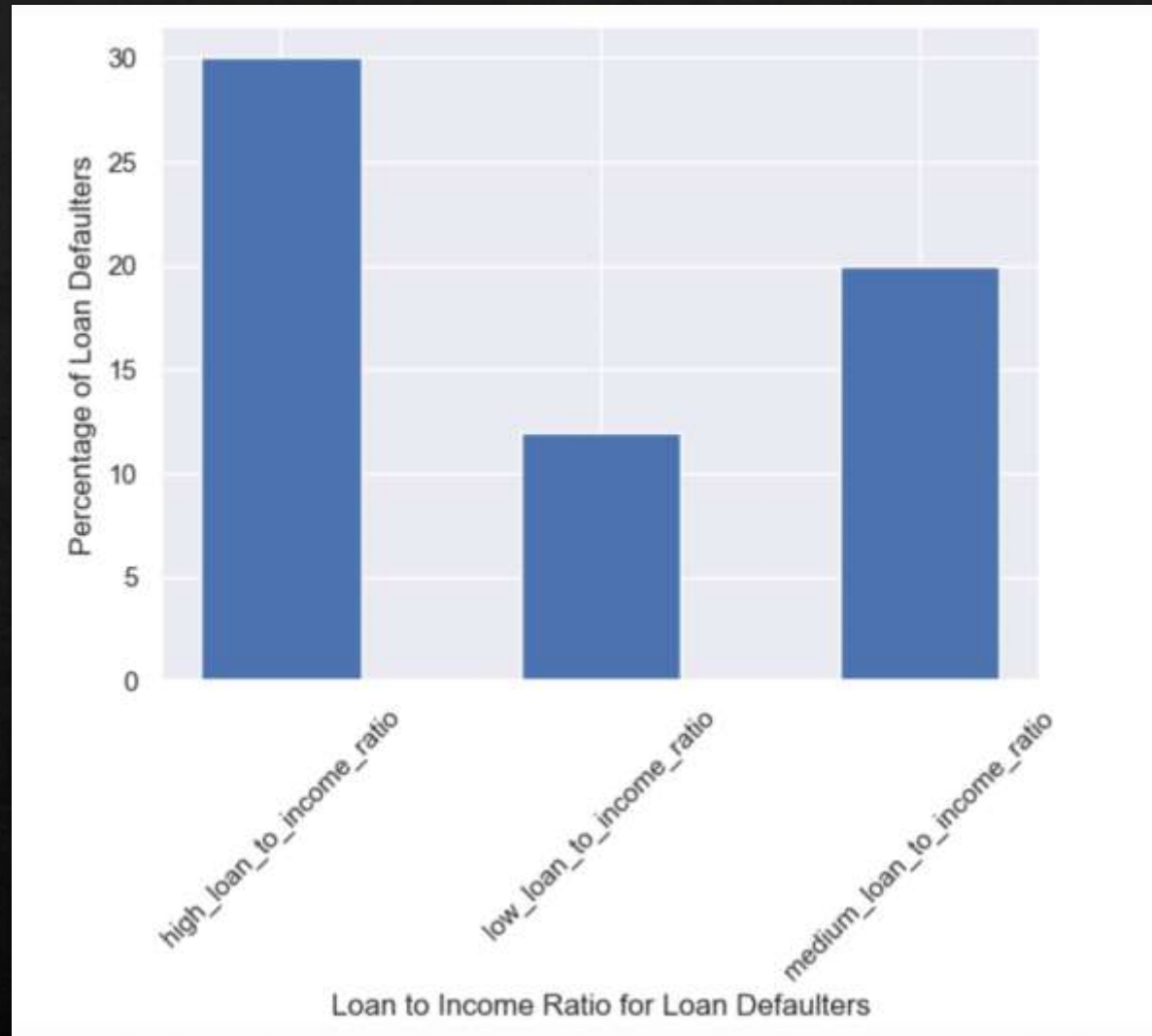
Borrowers most likely to default if their revolving utilisation exceeds 50%

Average Revolving credit utilisation of Defaulters and Non Defaulters for short term or long term Loans



Loan to Annual Income ratio

If loan is 50% of the Annual income, then 30% borrowers from this category are defaulters.



Thank You

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