Lending Club Case Study

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Batch :
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Abstract

- Consumer finance company which specialises in lending various types of loans to urban customers. .

- Aim is to dentify 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.
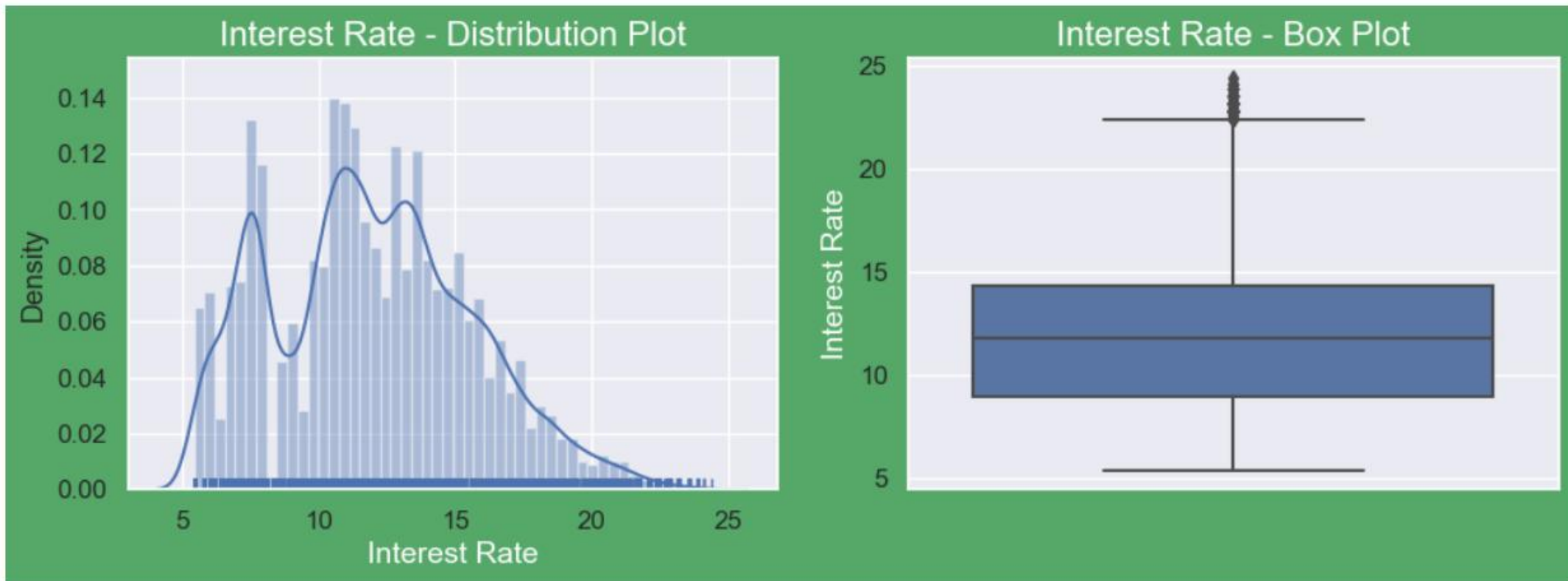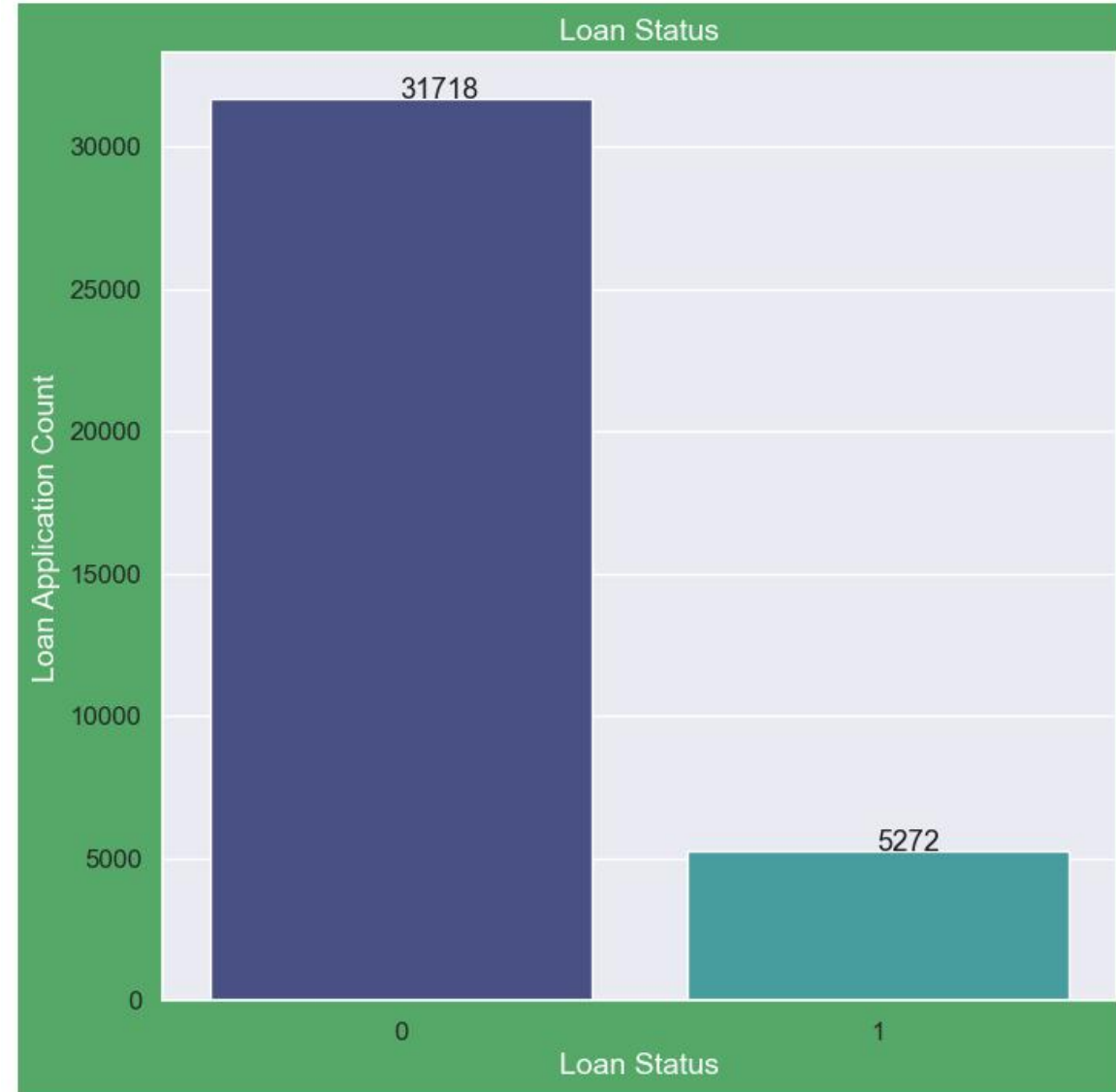
Problem solving methodology
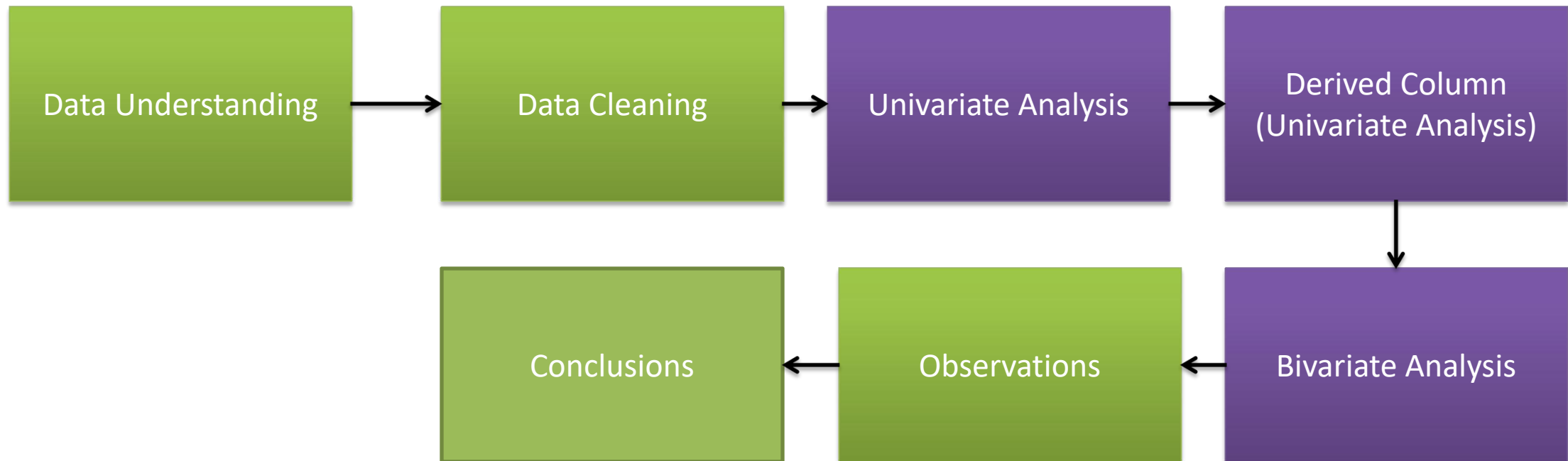
Analysis
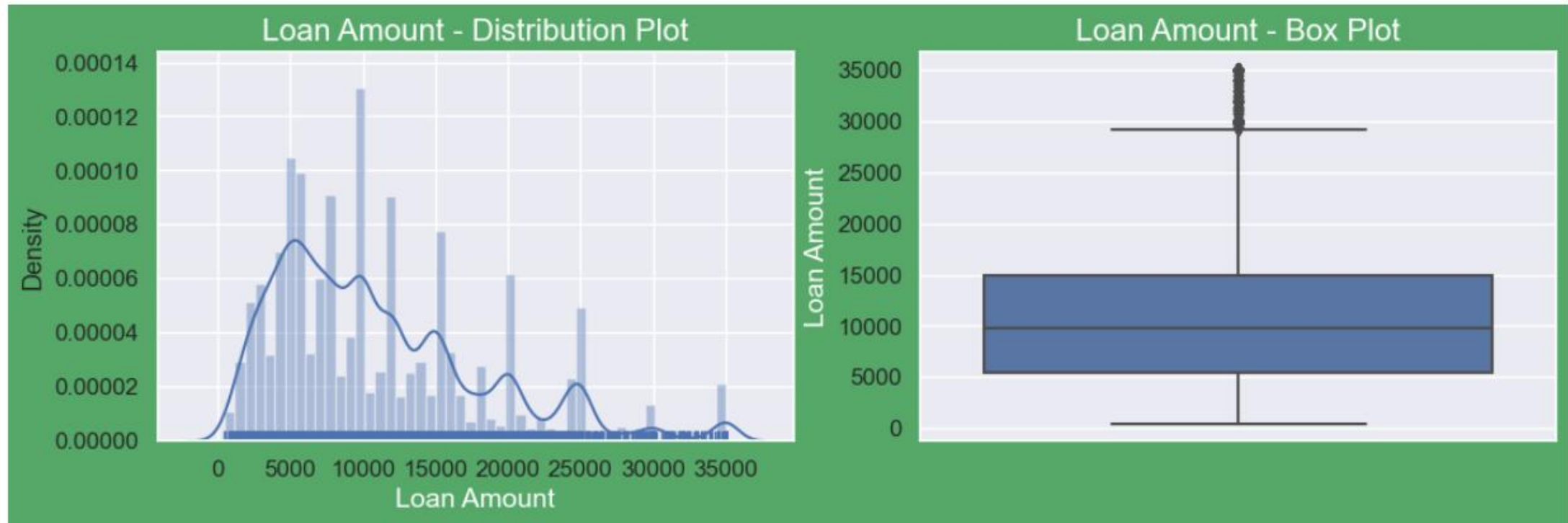
- Above plots show that most of the Loan amounts are in range of 5000 - 15000
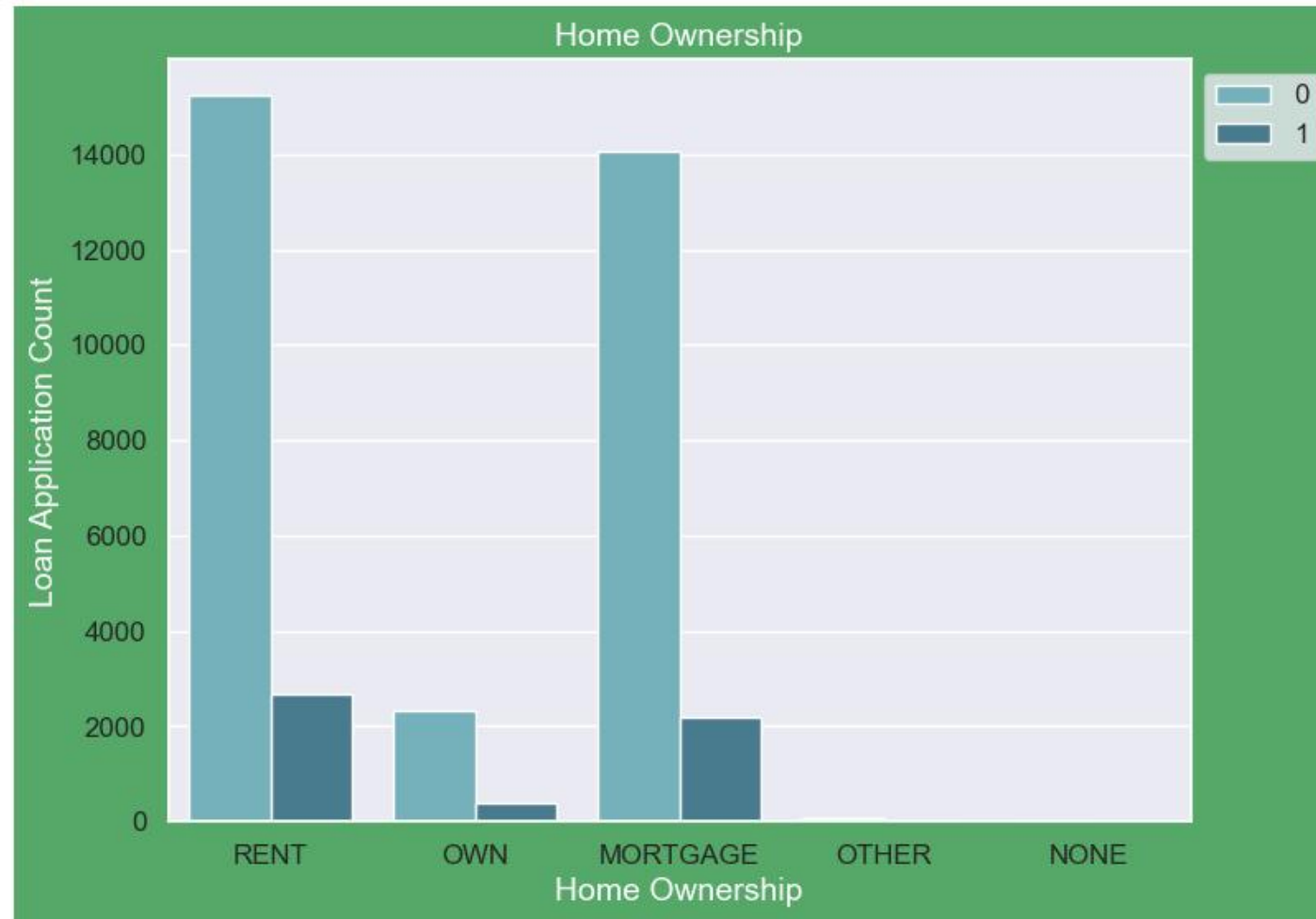
Analysis

- Above plots show that most of the Interest Rates on loans are in range of 9% - 14%
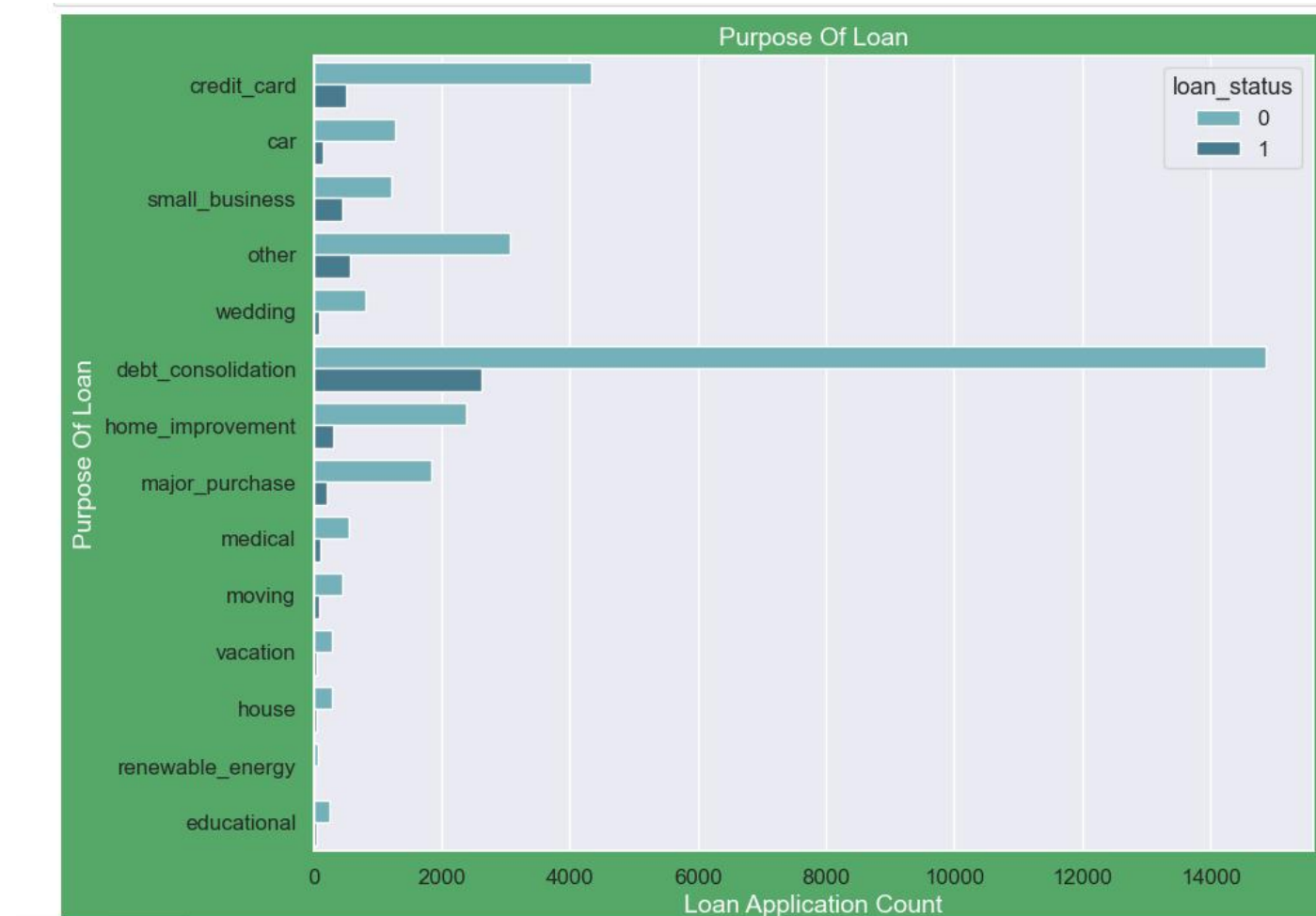
Analysis

- Above plot shows that close to 14% loans were charged off out of total loan issued.
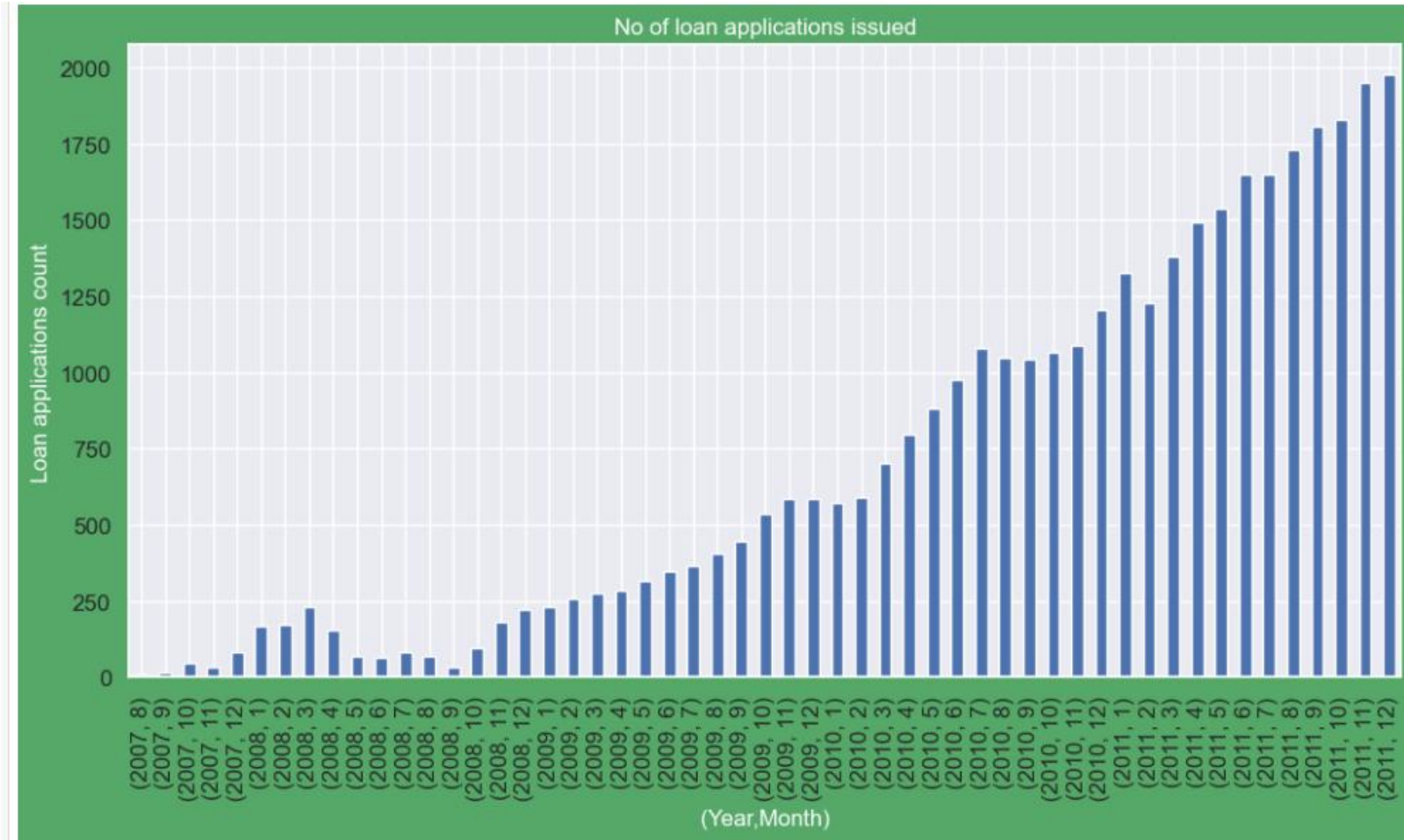
Analysis

- Above plot shows that most of them living in rented home or mortgazed their home.
- Applicant numbers are high from these categories so charged off is high too those who have own is very low
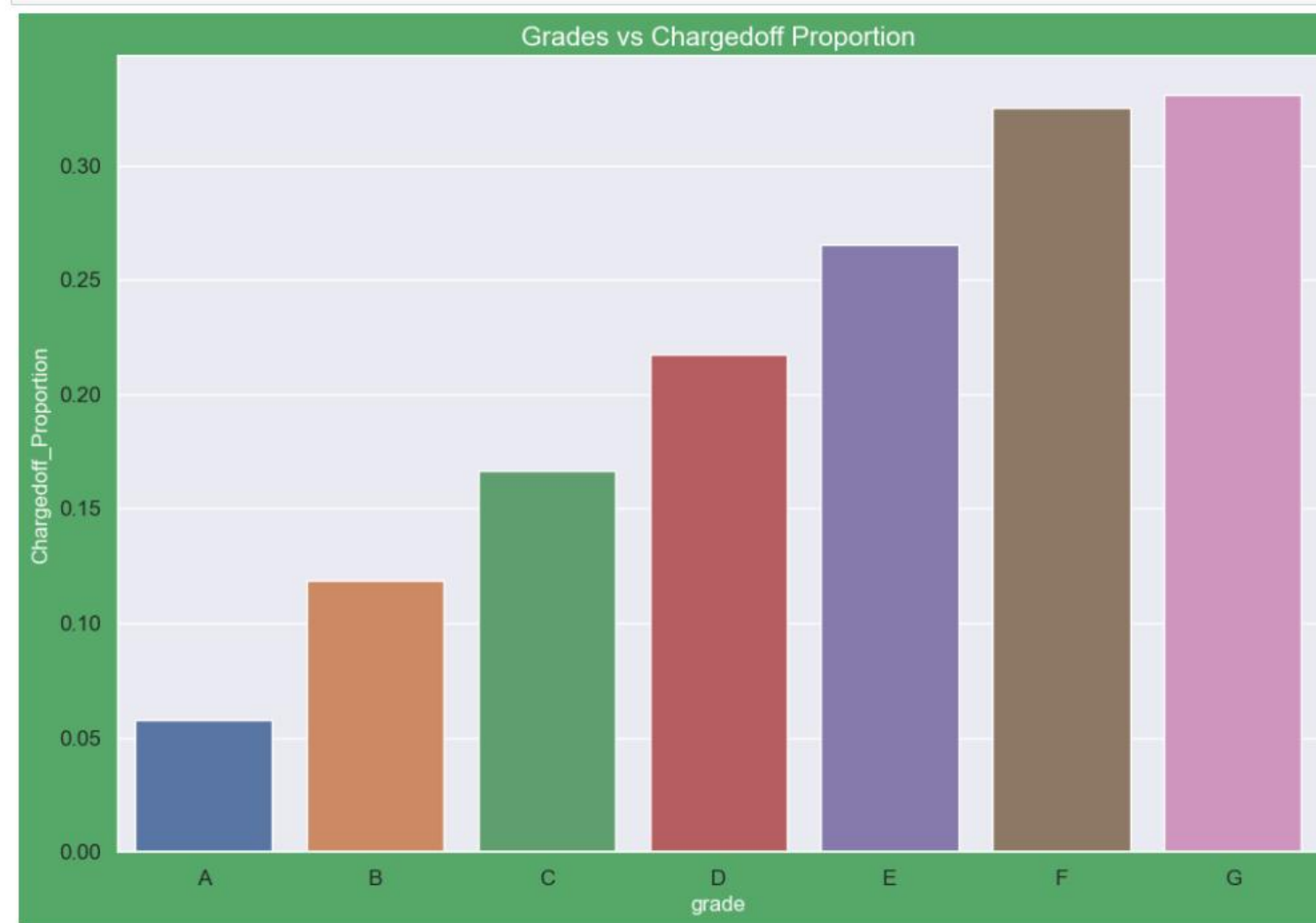
Analysis

Purpose Of Loan

- Above plot shows that most of the loans were taken for debt consolidation and paying credit card bill.
- Number of chraged off count also high too for these loans.

Analysis

- Count of loan application is increasing every passing year.
- Number of loans issued in 2008(May-October) got less due to Recession.

Analysis

Grades vs Chargedoff Proportion

- Grade "A" has very less chances of charged off.
- Grade "F" and "G" have very high chances of charged off.
- Chances of charged off is increasing with grade moving from "A" towards "G"

Analysis
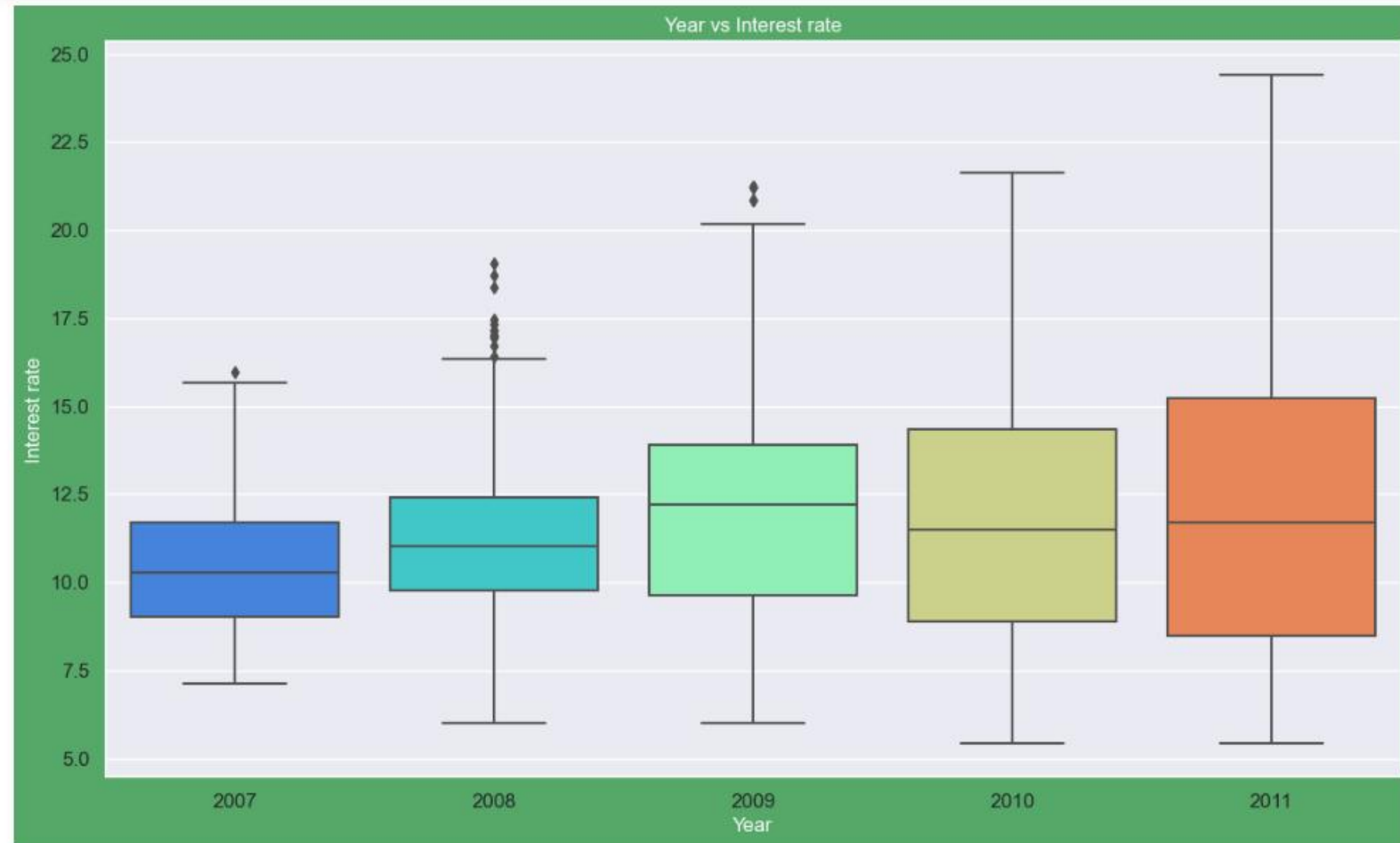
- intrest rate is increasing slowly with increase in year .

Conclusions

- Higher the interest rate higher charged off ratio.
- Higher the annual income higher the loan amount slightly.
- Intrest rate is increasing with loan amount increase this results in high charged off.
- Company should stop giving loans to small business as they are defaulted more.