

LendingClubCaseStudy

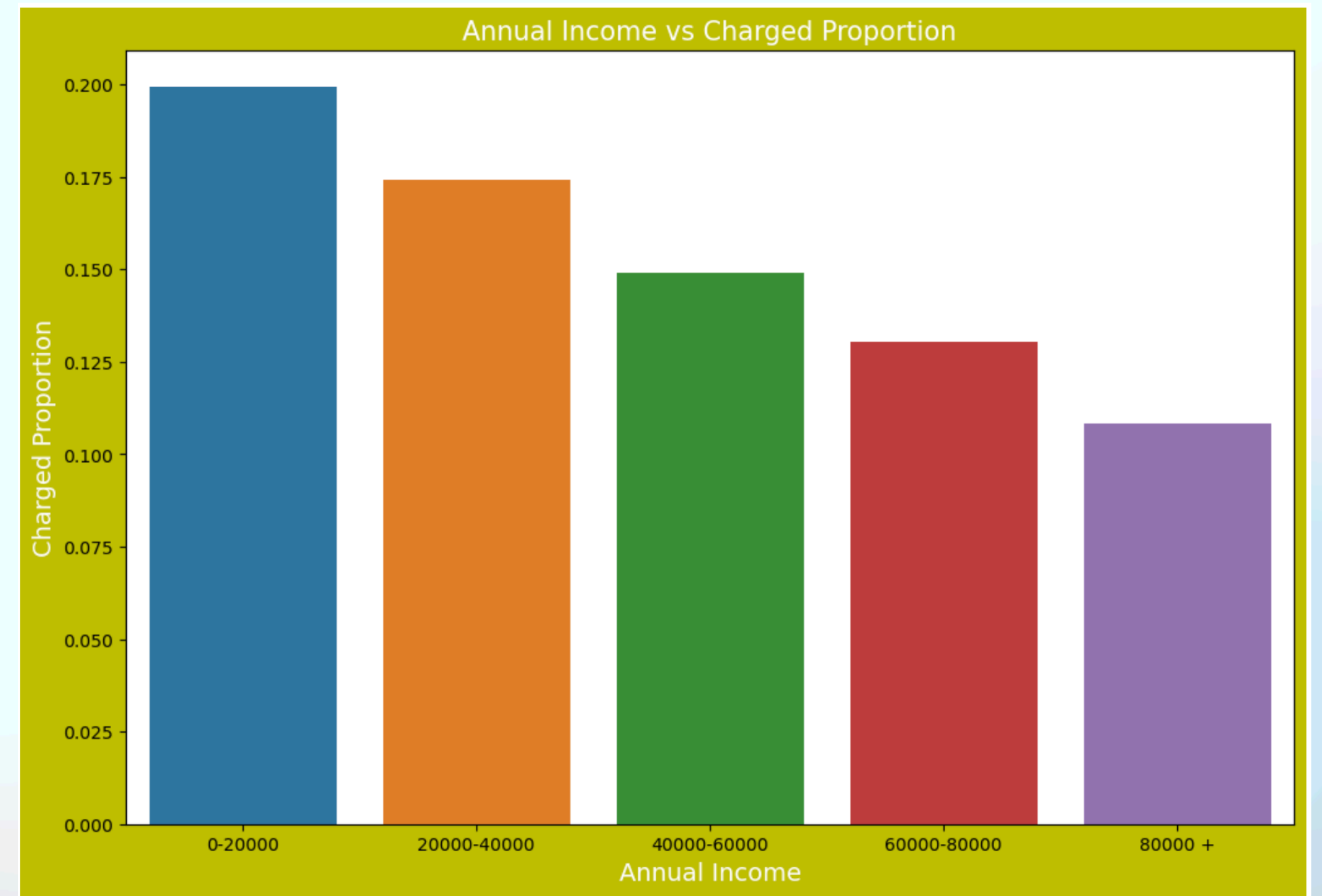
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Objective

- The company wants to understand the driving factors (or driver variables) behind loan default, i.e. the variables which are strong indicators of default.
- The company can leverage the stats to perform financial risk analysis.
- The company can leverage the stats to reduce loss of revenue.
- The company can leverage the stats to attract more prominent borrower.

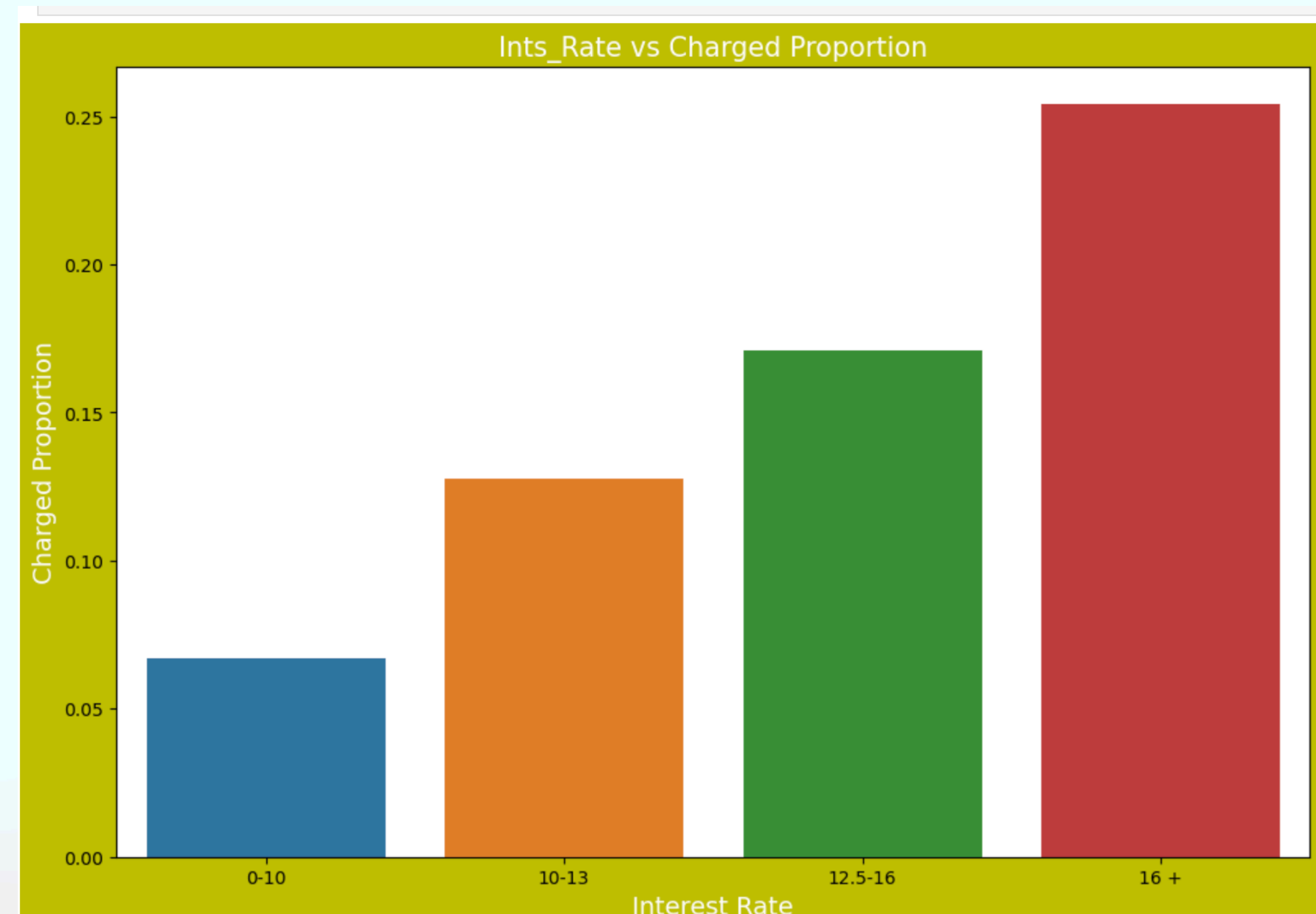
Annual Income on Default

- Applicants with Higher salary has lesser chance to be charged_off.
- Salary range between 0-20K has more chances of charged off.
- The salary grows the charge-off proportion goes down.



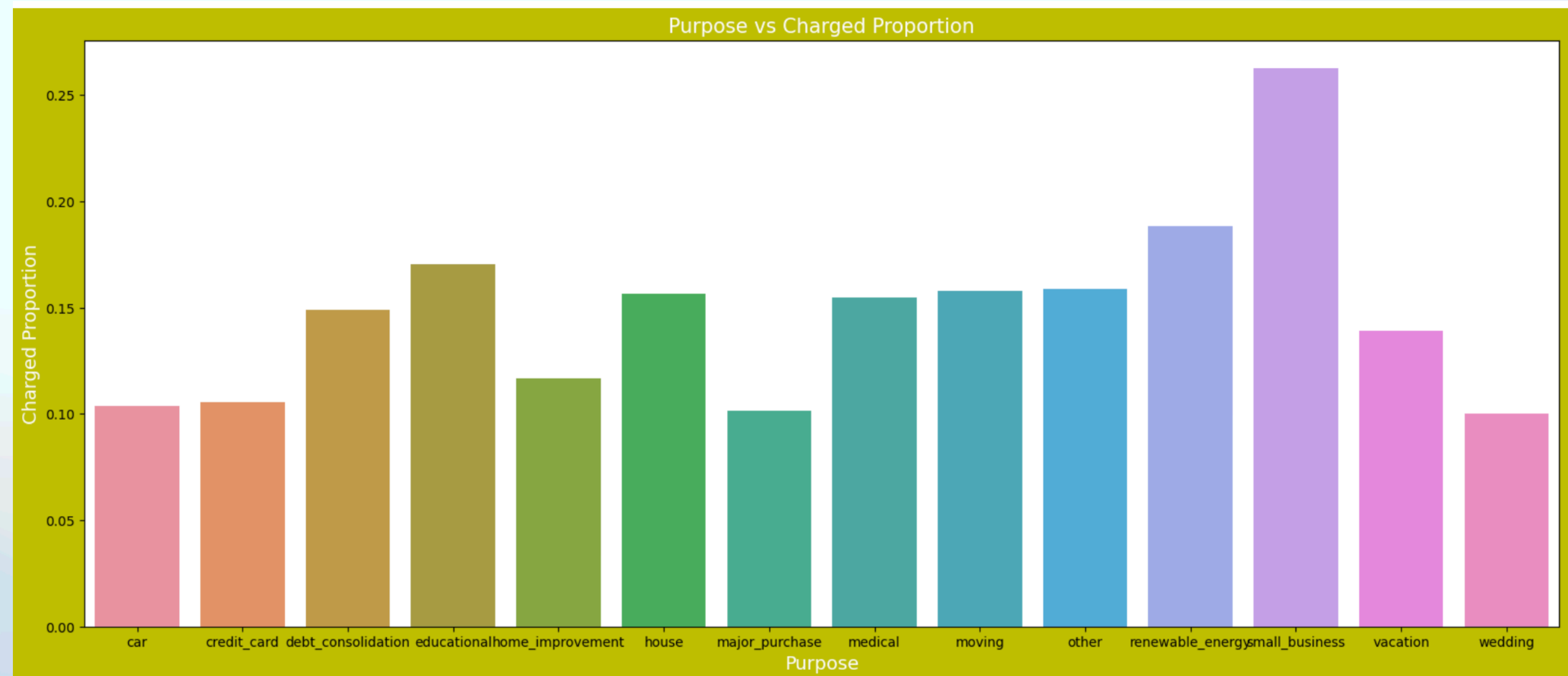
Interest Rate on Default

- Higher the rate higher the charged-off proportion
- Lower interest rate between 0-10 having lower charged off proportion
- Higher rate more than 16 % will have higher charged of proportion
- Nearly 70% of applicant have more than 10% interest which is also a high number.
- 12.7% having 16+ interest rate may have loan_status as charged_off



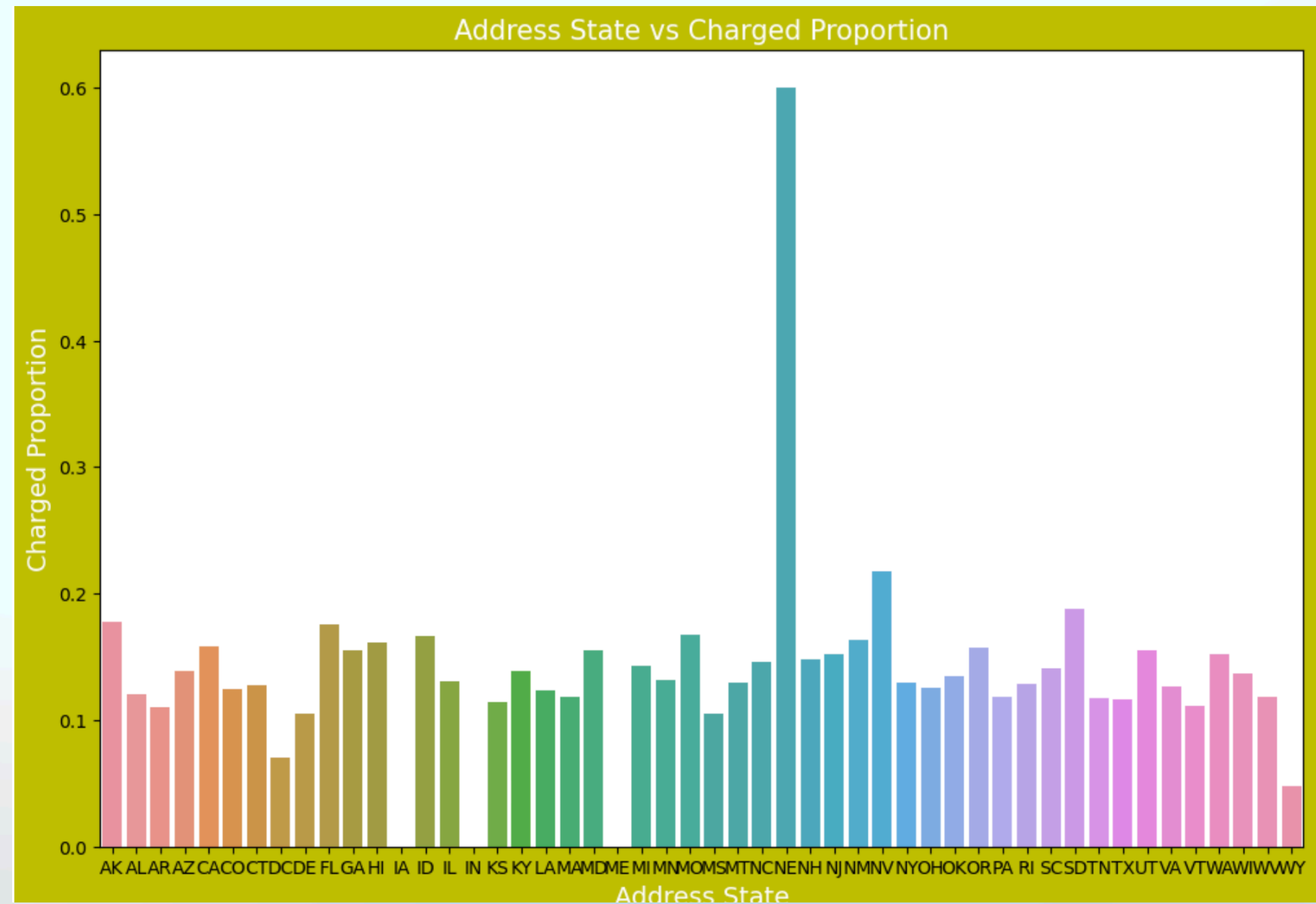
Loan Purpose on Default

- Small business has higher charged off proportion
- Renewable_energy has lower charged off value compared to other.



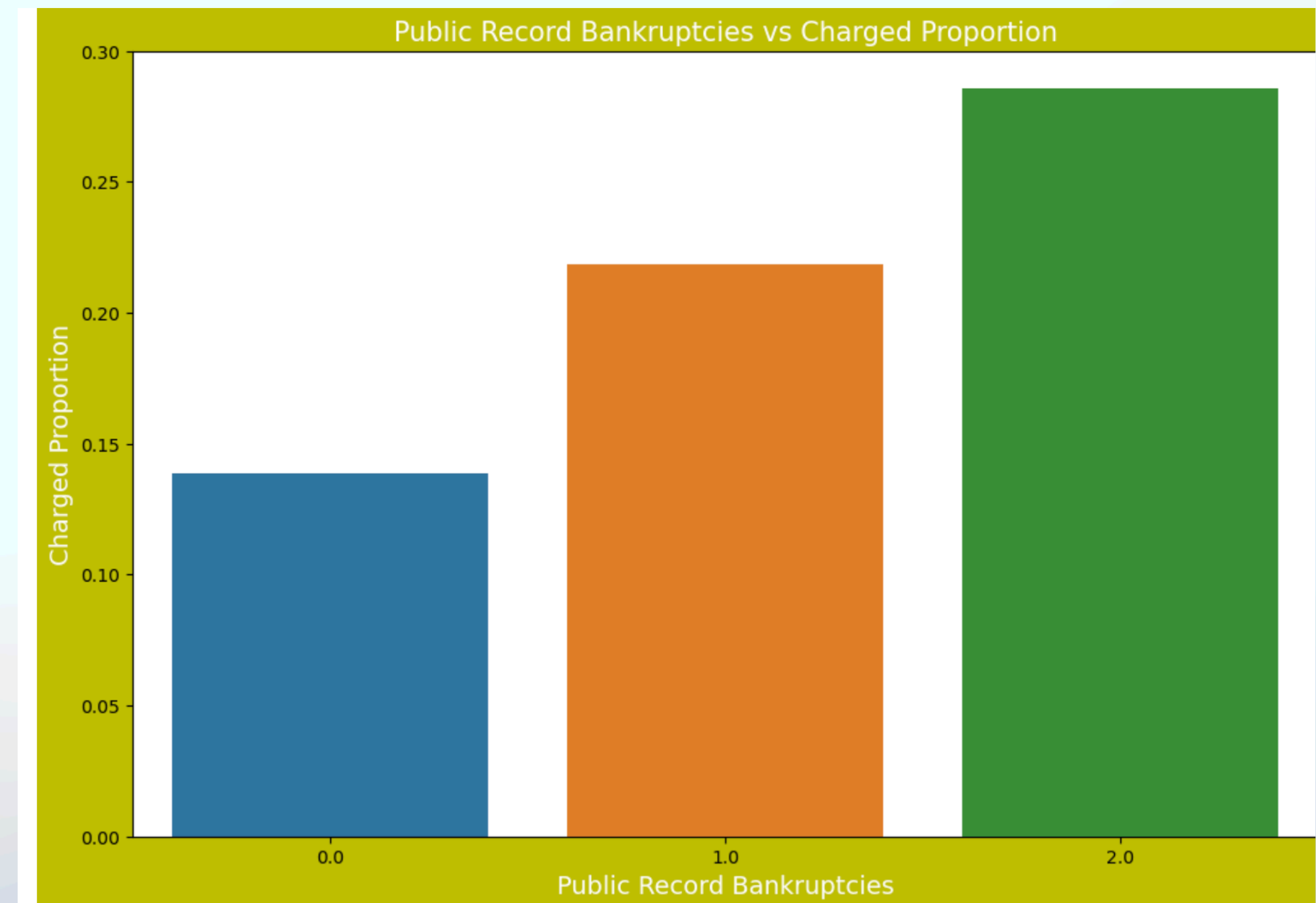
Address on Default

- State NE has higher of charged-off proportion.
- FL , CA , NY have high charged off values.



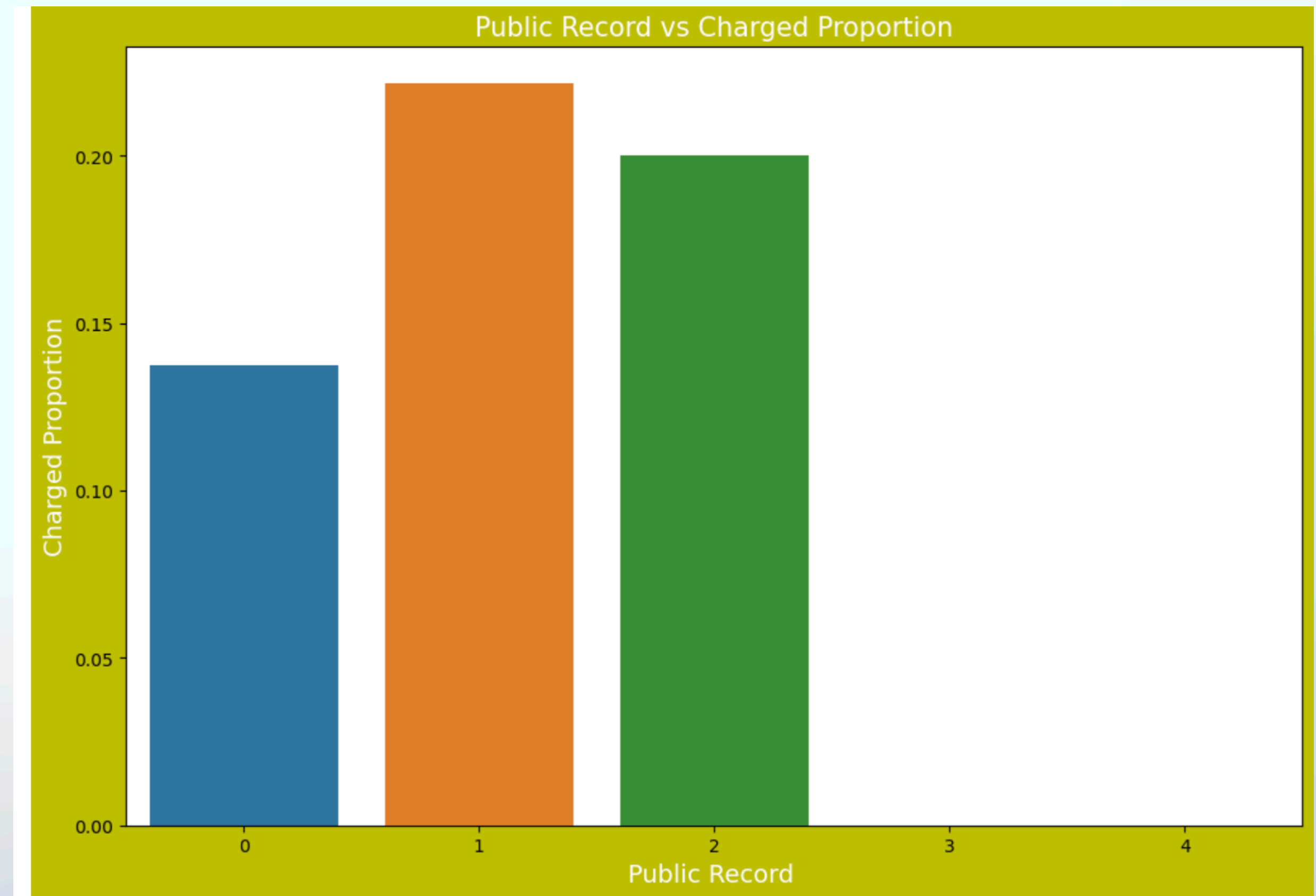
Public Record Bankrupt on Default

- Applicant who has bankrupted they have more charged off proportion value. They falls into the charged off status.
- Bankruptcy with value 2 has higher impact on the loan defaults.



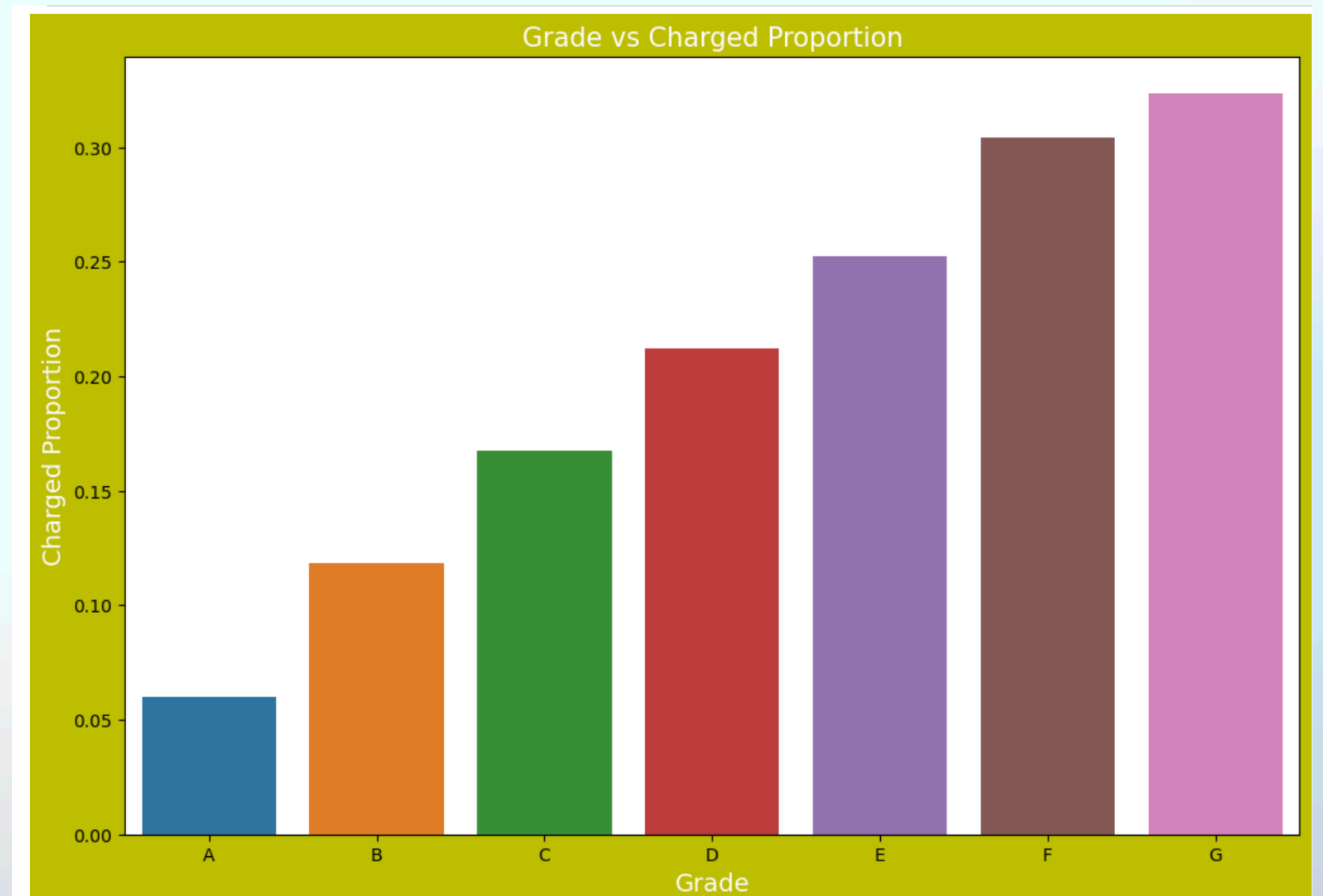
Public Record on Default

- The applicants has legal debt-related matters they have higher charged off proportion. Have negative impact on the loan defaults.
- Lender would have a risk to approve loan for those applicants.



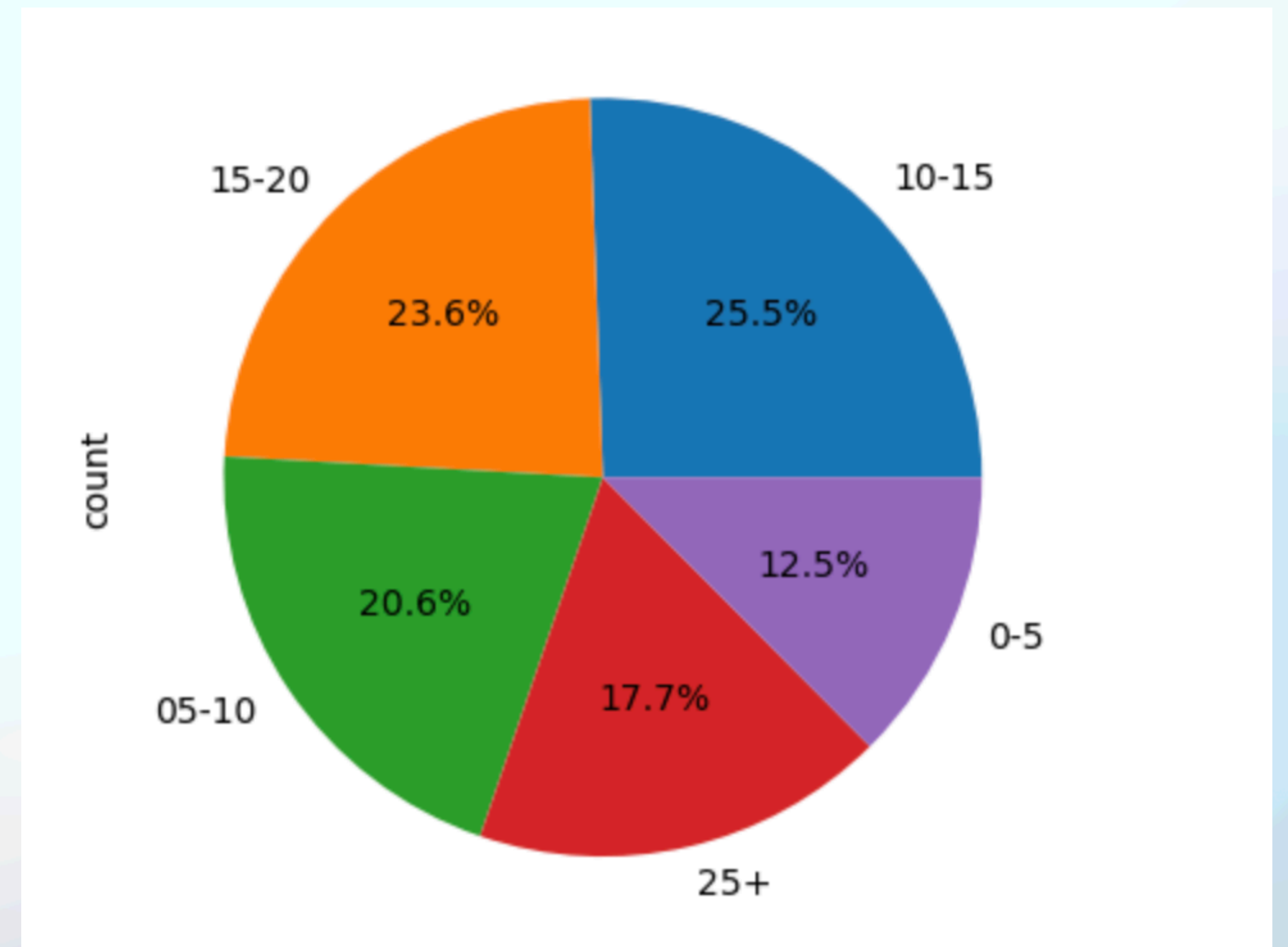
Grade on Default

- Grade A employee has lower charged-off proportion.
- Charged off proportion increases when the grade decreases. Lower the grade having higher charge-off proportion.



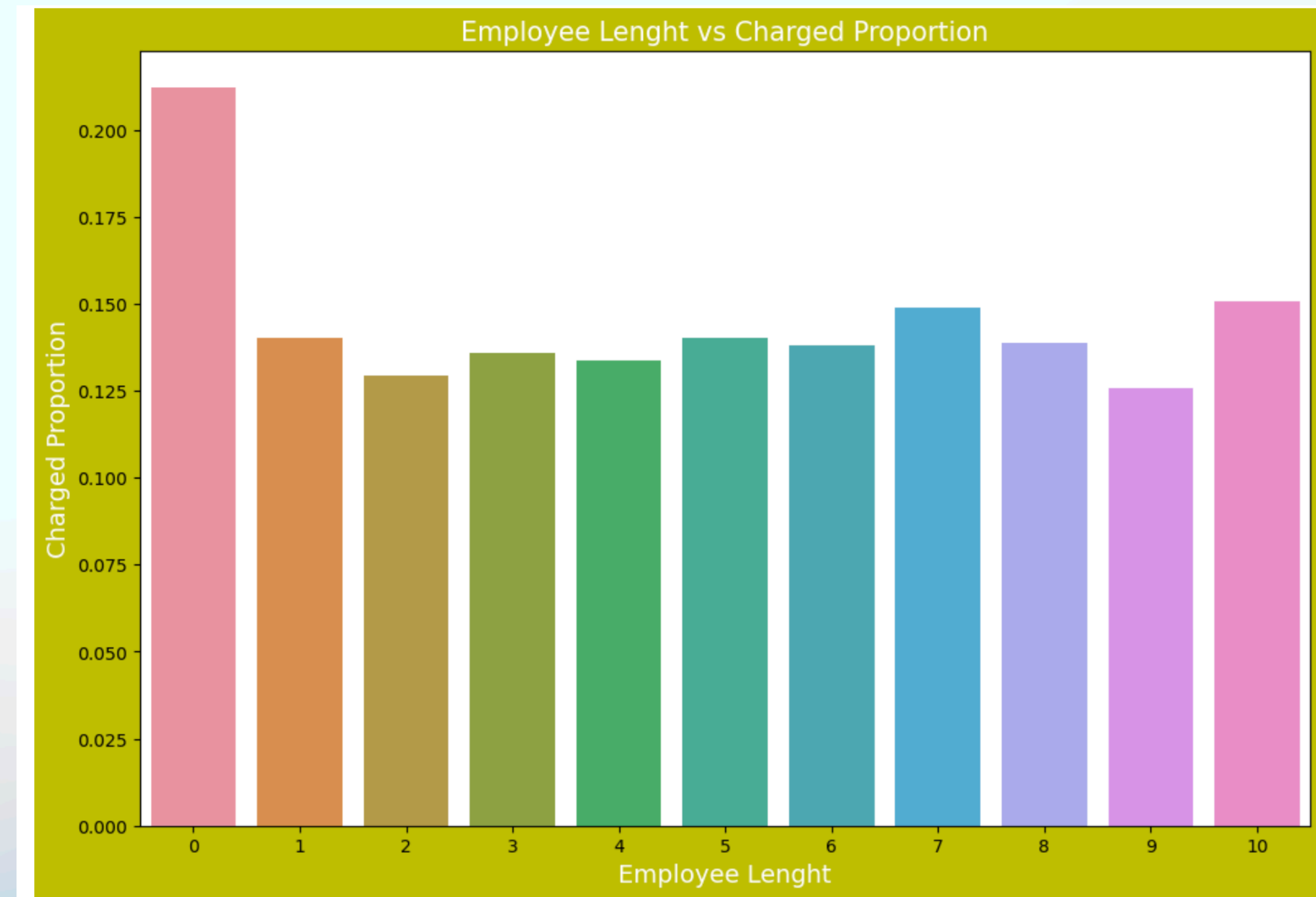
DTI on Default

- Low DTI are more attractive to loan approval
- DTI above 15 may contain applicant with loan_status as charged off



Employee Experience on Default

- Applicant with No employment experience or zero employment period has higher charged of proportion.
- Looking at the data its difficult to deduce the impact of the emp_length on the charged off as the proportion are almost same.



Thank You