



Lending Club Case Study

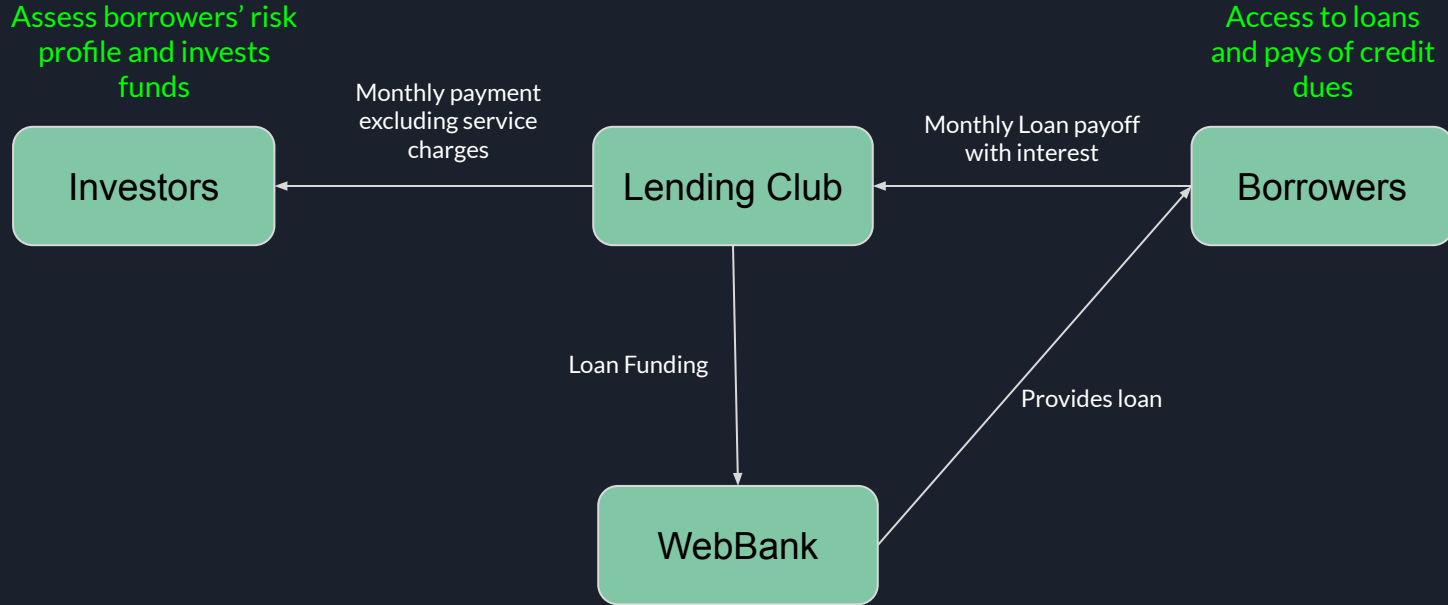
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Background

- LendingClub is a US company which facilitates lending of different types of loans to customers.
- The company has to make decision whether to issue the loan or reject it based on different customer background parameters.
- Once the loan is approved, LC provisions different interest rates to customers.
- Lending loans can also cause huge loss to the company in situations when customer runs away with the money they borrowed. Such customers are said to default on their loans.

Business Model





Business problem

- LendingClub categorizes the customers by assigning them a grade and subgrade based on their credit history.
- Investors have the discretion to choose which borrowers they can fund and the percentage of funded amount to cover. These investors are provided with the borrower details along with their assigned grades and sub-grades.
- Major business problem here is that the investors need more detailed risk assessment profile of these customers so that they can make better and smart decisions whether to fund the required amount or not.



Objective

- The main aim of this case study is to identify customers who are likely to default on their loans by studying the historical data for the loans issued between 2007 - 2011.
- Need to analyse different customer demographics and the loan details submitted by them in the loan application form.
- Correlate the attributes and come up with the relation between loan attributes and customer demographics.
- Visualising the observations using different plots



Dataset

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Pre-requisites

- Business understanding of the data
- Data preprocessing
- Birds eye view of the data

