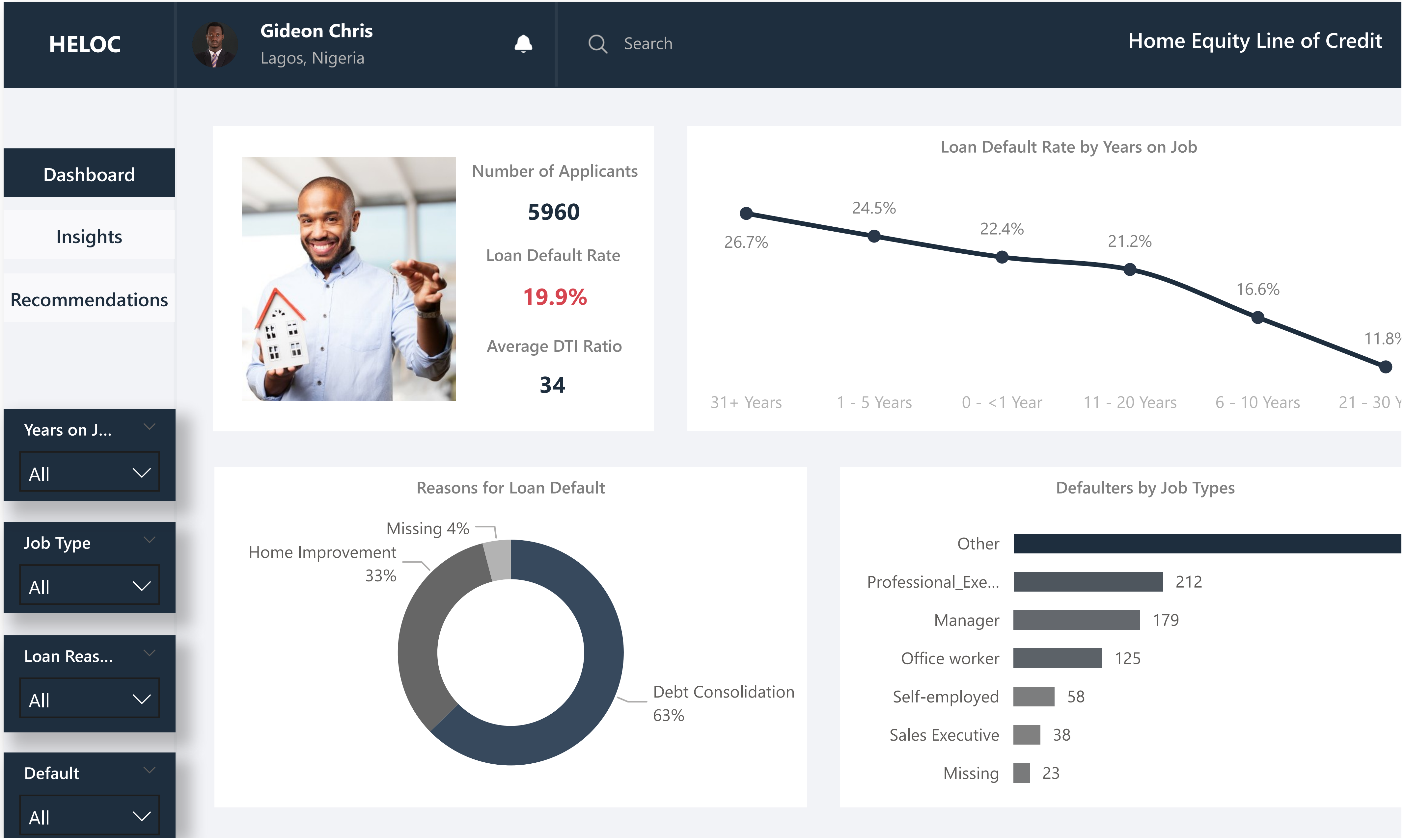
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Home Equity Line of Credit
Dashboard
Insights
Recommendations
Years on J...
All
Job Type
All
Loan Reas...
All
Default
All
Number of Applicants
5960
Loan Default Rate
19.9%
Average DTI Ratio
34
Loan Default Rate by Years on Job
26.7%
24.5%
22.4%
21.2%
16.6%
11.8
31+ Years
1 - 5 Years
0 - <1 Year
11 - 20 Years
6 - 10 Years
21 - 30 Y
Reasons for Loan Default
Missing 4%
Home Improvement 33%
Debt Consolidation 63%
Defaulters by Job Types
Other
Professional_Exe... 212
Manager 179
Office worker 125
Self-employed 58
Sales Executive 38
Missing 23

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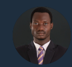

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Default Rate Distribution:
The default rate is relatively low overall. However, certain patterns reveal that applicants with extremely low or very high years on the job are more prone to defaulting. For example, those with less than 2 years or more than 30 years of job experience show higher default percentages than those in the mid-range.

Loan Amount vs. Default:
Higher loan amounts slightly correlate with increased default risk. Borrowers who took larger loans were marginally more likely to default, which might point to over-leveraging.

Debt-to-Income (DTI) Ratio:
The average DTI ratio is around **34%**, and those with a higher DTI tend to default more. This suggests that people who already have significant debt obligations find it harder to manage an additional credit line.

Loan Purpose (Loan Reason):
Among the two major loan purposes, Home Improvement and Debt Consolidation, borrowers seeking loans for debt consolidation have a slightly higher rate of default than those taking loans for home improvement. This could imply financial distress or mismanagement among the former group.

Employment Type (Job Type):
People with job types labeled self-employed and professional/executive show higher default tendencies than those with office or managerial roles. This may suggest that stable employment correlates with better loan repayment behavior.

Property Value and Mortgage Due:
Individuals with a low difference between property value and mortgage due (i.e., low equity) are more likely to default. This implies that higher home equity gives borrowers more financial cushion.

Derogatory and Delinquent Reports:
Borrowers with existing derogatory or delinquent credit reports are more prone to default, which confirms that credit history is a strong predictor of default behavior.

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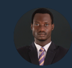

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Refine Lending Criteria:
The bank should consider adjusting eligibility thresholds based on **years on the job**, **DTI ratio**, and **existing credit behavior** (derogatory and delinquent reports). Applicants with very low job years or high DTI may require additional scrutiny or supportive documentation.

Loan Purpose-Based Risk Profiling:
Borrowers seeking loans for **debt consolidation** should be more thoroughly vetted. These applicants may already be in financial difficulty and should perhaps be offered lower amounts or higher interest to hedge risk.

Customized Credit Offers:
Create tailored loan products for different job types. For example, **self-employed** or **executives** may benefit from flexible repayment options due to income variability.

Enhance Credit Education:
Since many defaulters are struggling with multiple loans (evidenced by high DTI and debt consolidation needs), banks can offer credit counseling or workshops as part of loan processing, especially for high-risk applicants.

Use Machine Learning Models for Pre-Screening:
Integrate predictive models (like the XGBoost) into the credit scoring system. This would allow early flagging of high-risk customers and more informed loan disbursement decisions.

Monitor Equity Trends:
Consider property equity (Property Value - Mortgage Due) as a soft indicator in loan approval. Low equity positions may indicate financial fragility.