Lending Club Case study

Contributors:
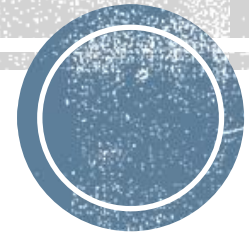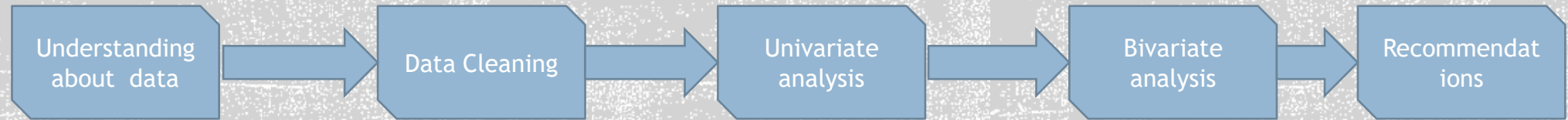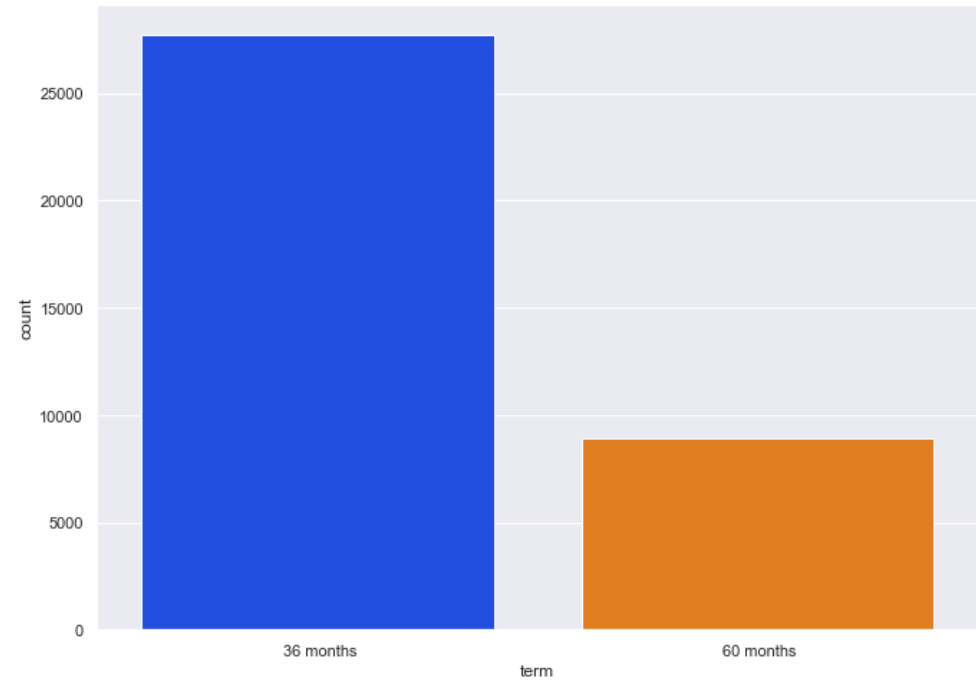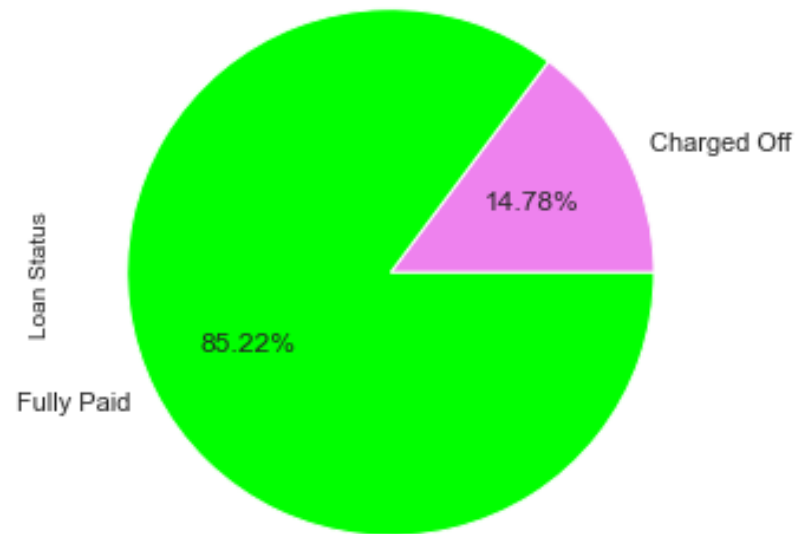
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Abstract

- Lending Club is a financial services company which will provide personal ,business loans and take advantage of auto and medical financing.

- Borrowers can easily access lower interest rate loans through a fast online interface. It matches the investors with borrowers where investors act as lenders to fund your loan.

- The main aim of the analysis was **driving factors (or driver variables)** behind loan default, i.e. the variables which are strong indicators of default.

Solving methodology

Understanding about data → Data Cleaning → Univariate analysis → Bivariate analysis → Recommendations
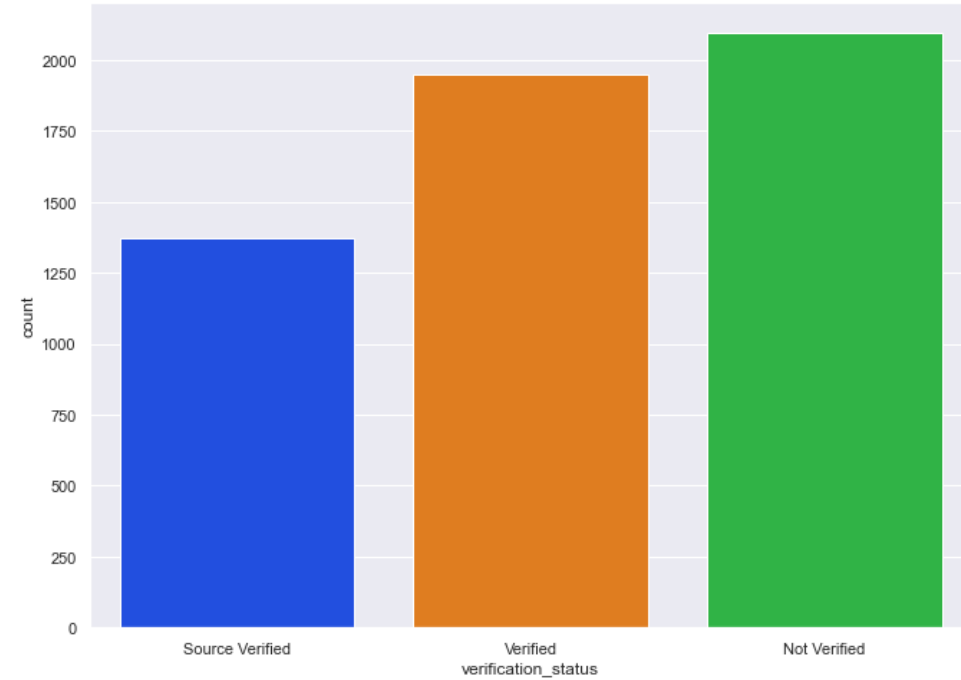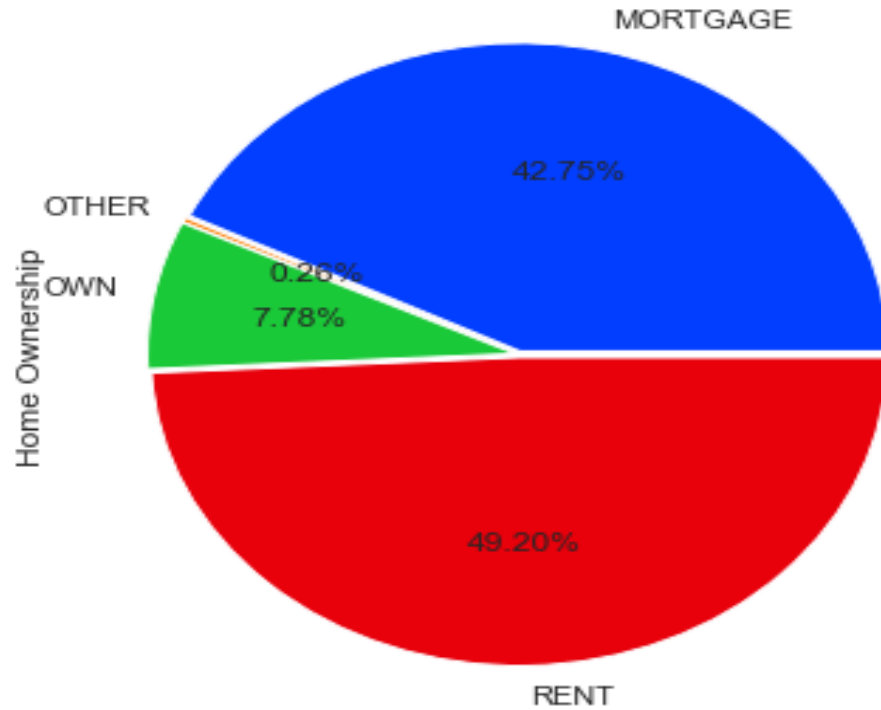
Analysis

- The charged off borrowers are around 15% and fully paid are 85% in the given data.

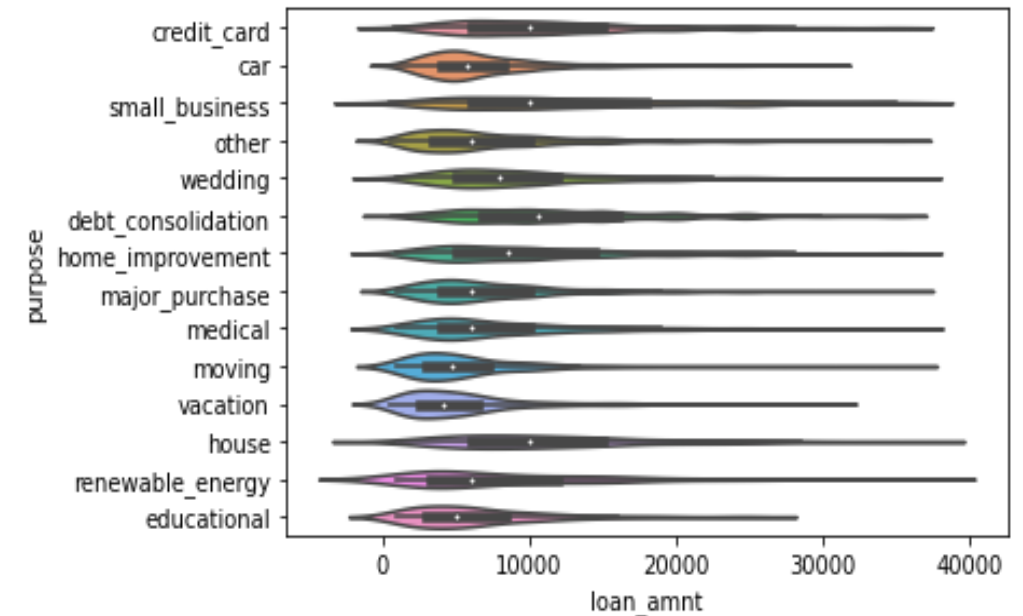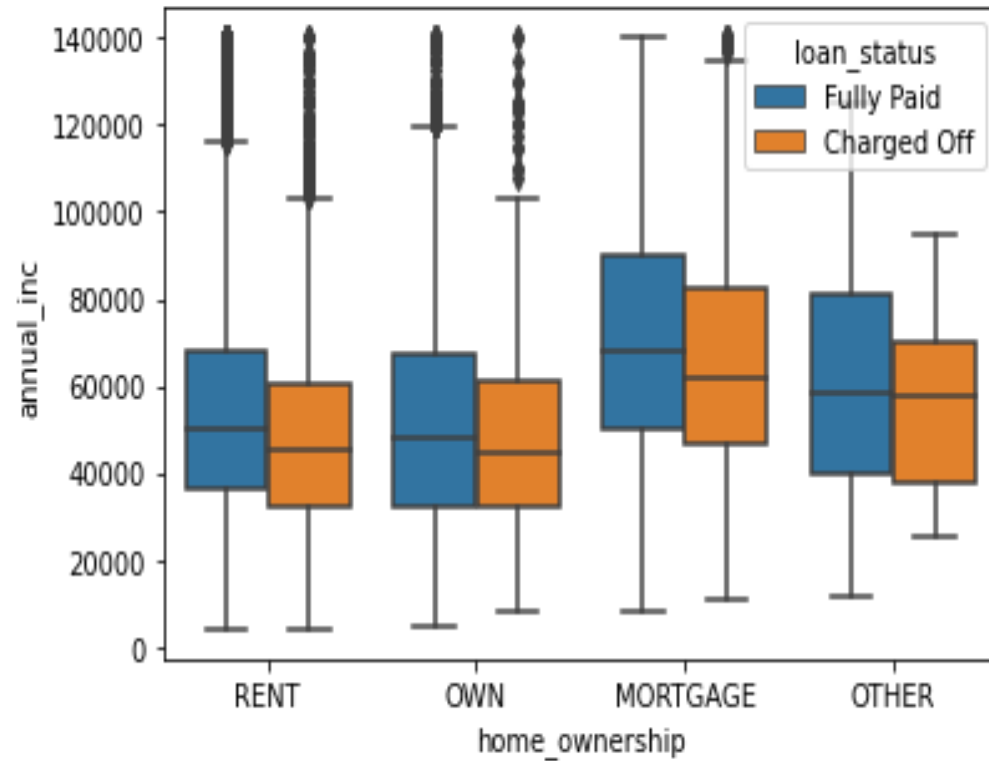- Most of the borrowers took 36 months term loan.

Analysis

- The most off the borrowers are living in rented and mortgaged homes .

- The most of the default borrowers verification status was Not Verified.

Analysis

- Borrowers with higher loan amounts in mortgage home has high default rate.

- Most of the borrowers took loan for small business , renewable_energy.

Recommendations

- Small business/renewable_energy loans has high default rate. Lending club should reduce issuing loans to them.

- The most of the default borrowers verification status was Not Verified. So Lending club should verify income source carefully.

- Borrowers with mortgage homes has highest default rate. So lending club should not issue loans if the amount is higher.

Thank You