JESSE AND CECE'S LOAN ADVENTURE: INSIGHTS INTO FINANCIAL PERFORMANCE

By Ana Guanes & Wei Xuan Hu

Let's meet our characters!

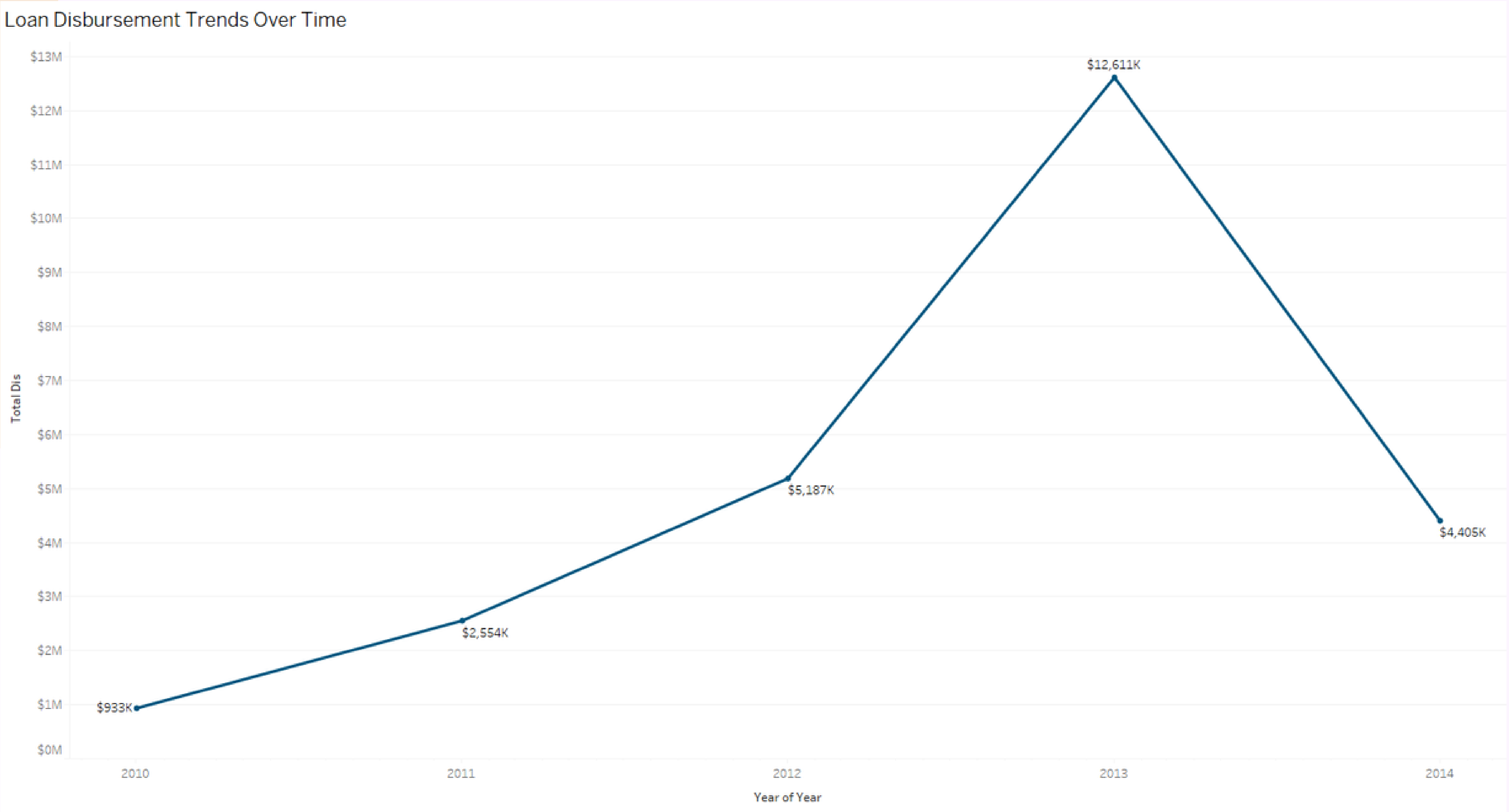
Jesse and Cece are senior data analysts working at FinScope Analytics, a consulting company specializing in financial performance analysis for banks and loan companies. Recently, they were hired by ProsperLoans Bank to analyze their loan portfolio and identify opportunities for growth while minimizing risks.

Jesse

Cece

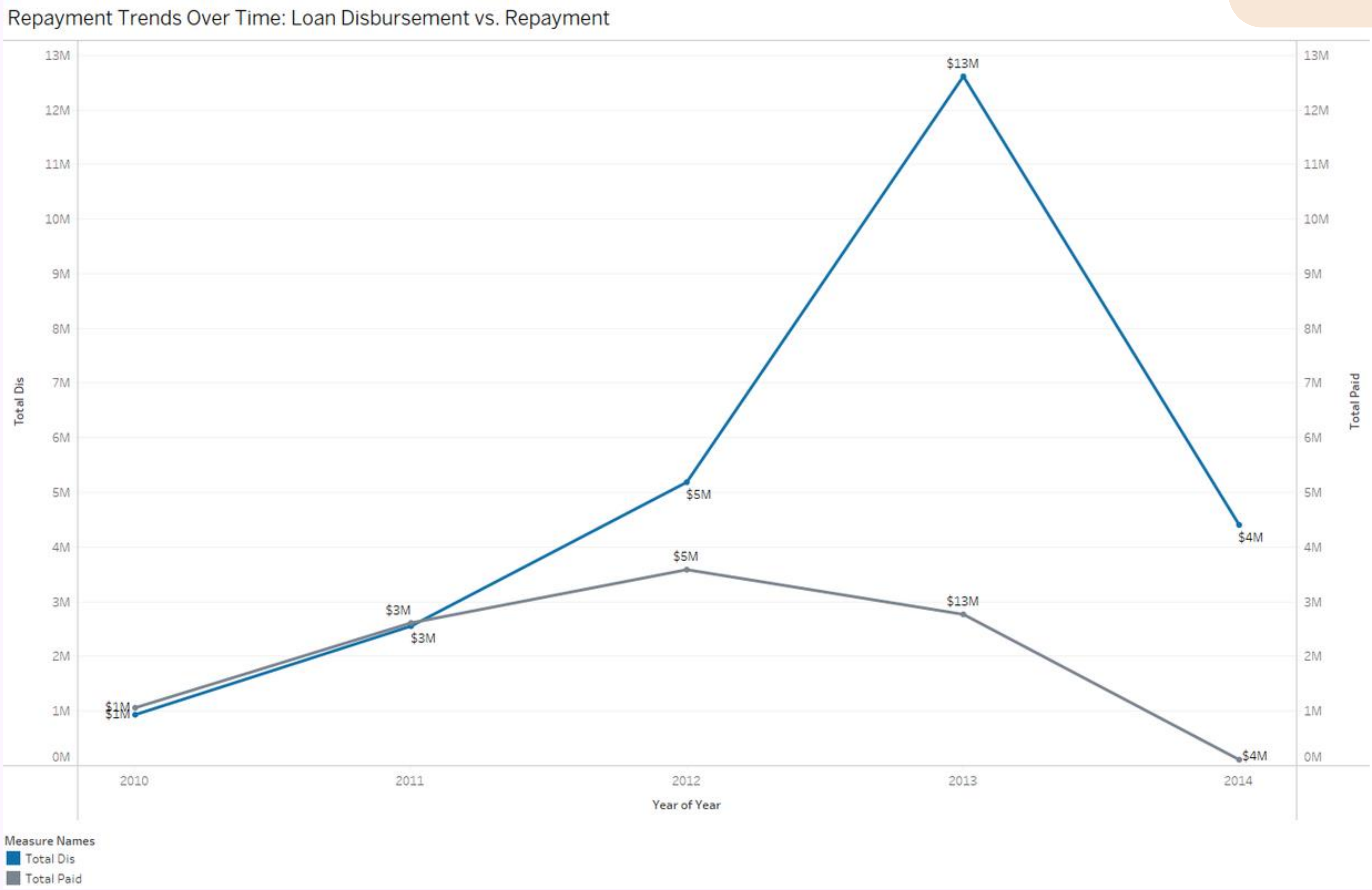
Understanding the Loan Landscape

Jesse and Cece start by examining ProsperLoans' disbursement trends to assess how loan volumes have evolved. They hope to understand whether disbursement trends align with market demands or if adjustments are needed.



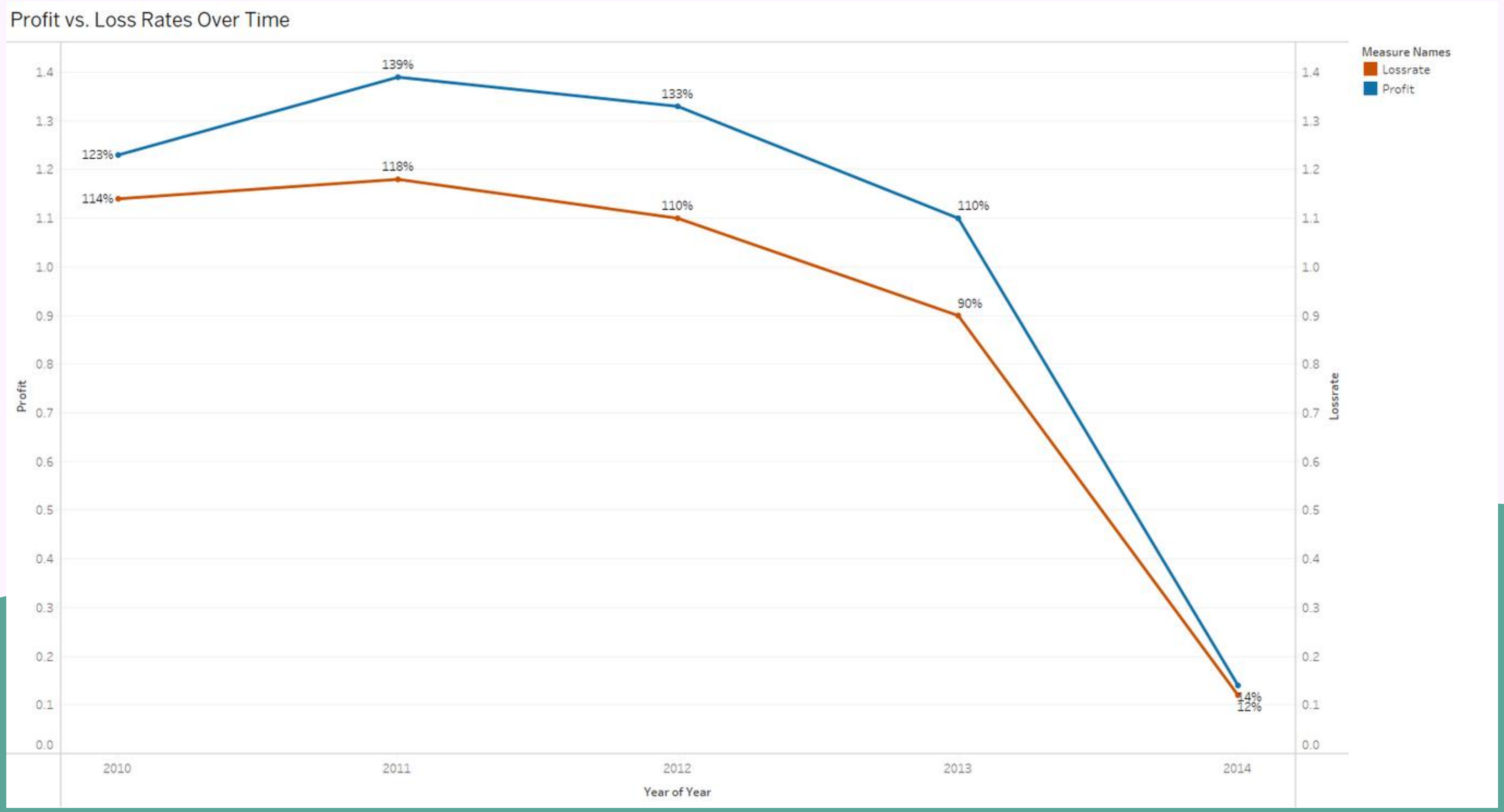
Are Loans Being Repaid?

Jesse and Cece next analyze repayment trends. Are borrowers paying back what they owe?



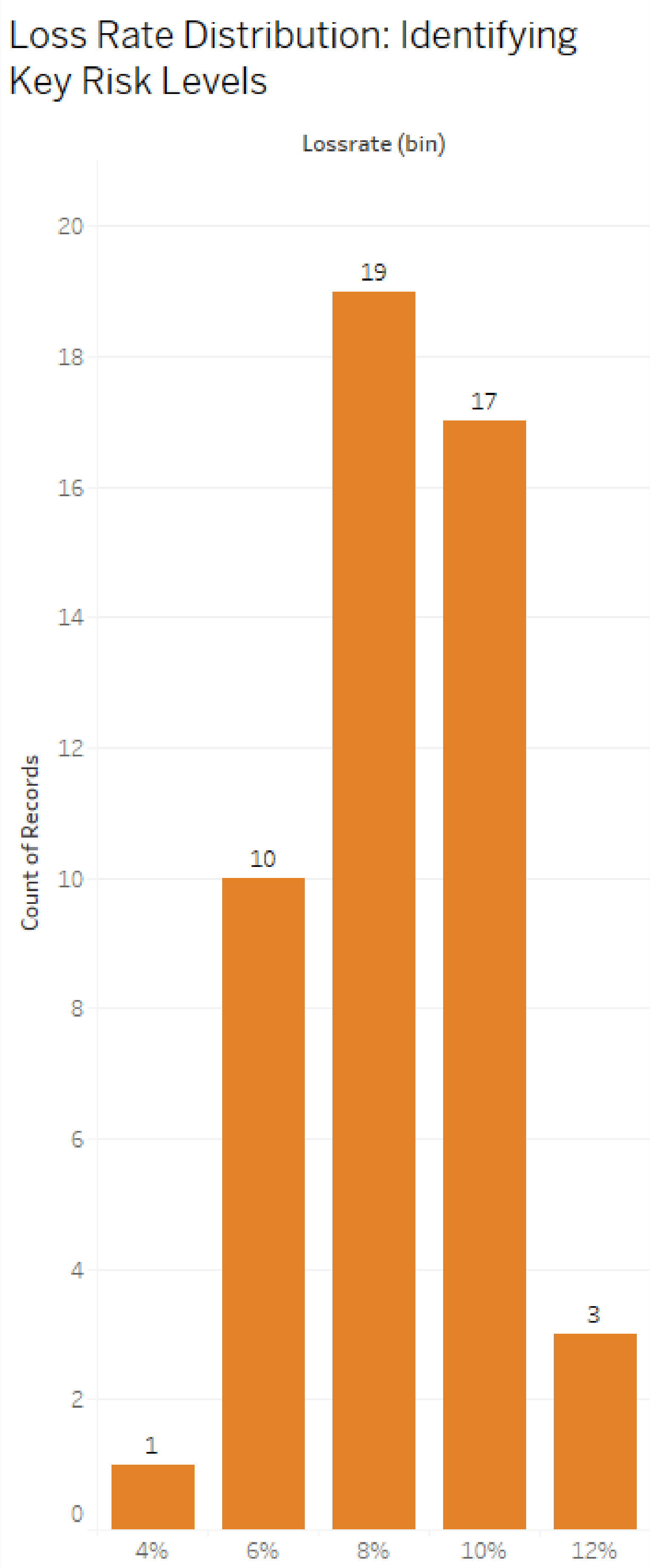
Profitability Under Pressure

The duo shifts focus to profitability versus loss rates. Jesse suspects loss rates may be eroding profits.



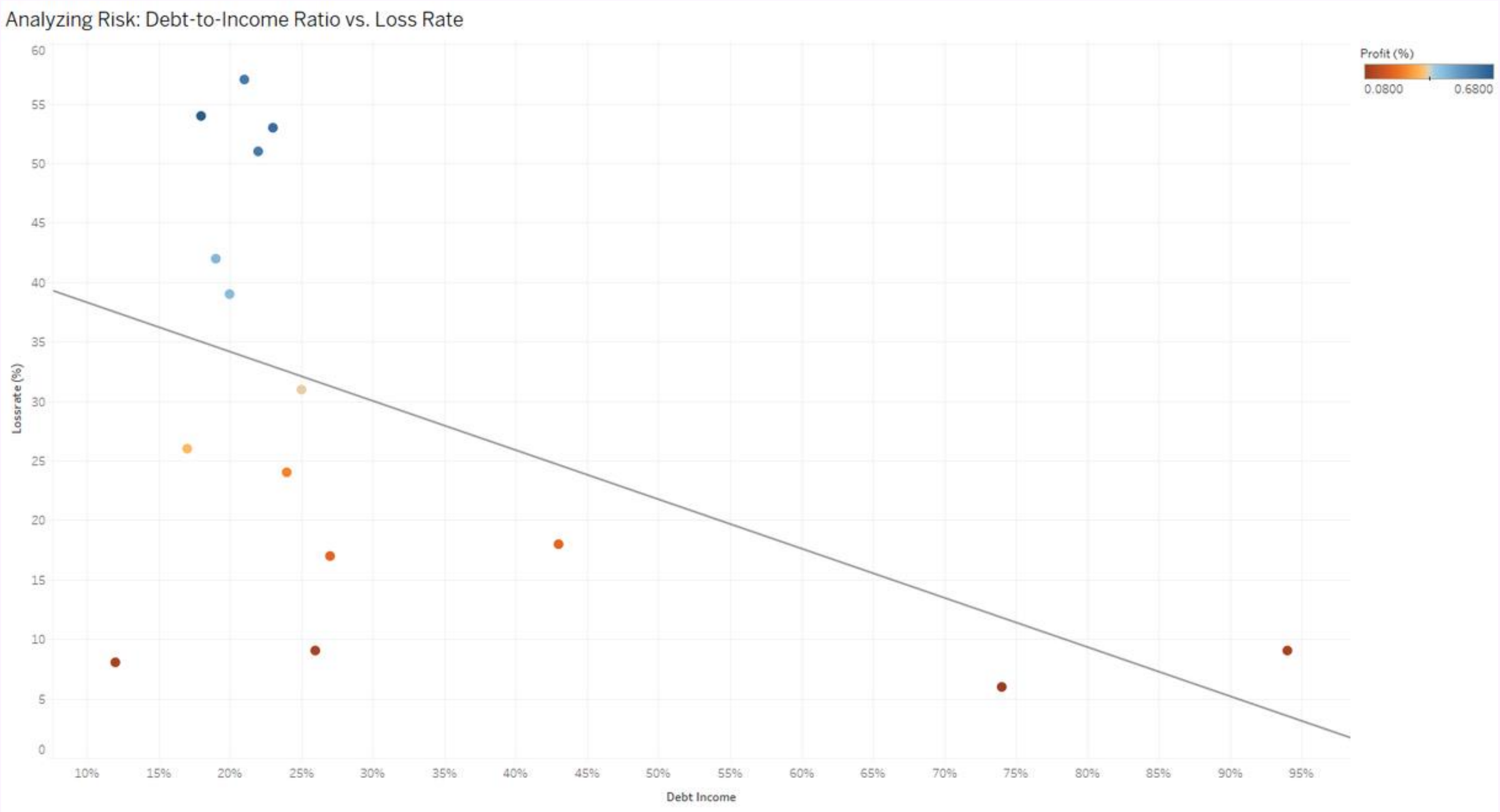
Who Are the High-Risk Borrowers?

To pinpoint risks, they examine the distribution of loss rates. Cece notices clusters of borrowers with higher loss rates.



Debt-to-Income: A Key Risk Indicator

Jesse believes debt-to-income ratio might be linked to loss rates. She explores the relationship.



When Are Loans Most Profitable?

Cece investigates monthly profitability trends, hoping to uncover seasonal insights.

Monthly Profitability Patterns Over Time

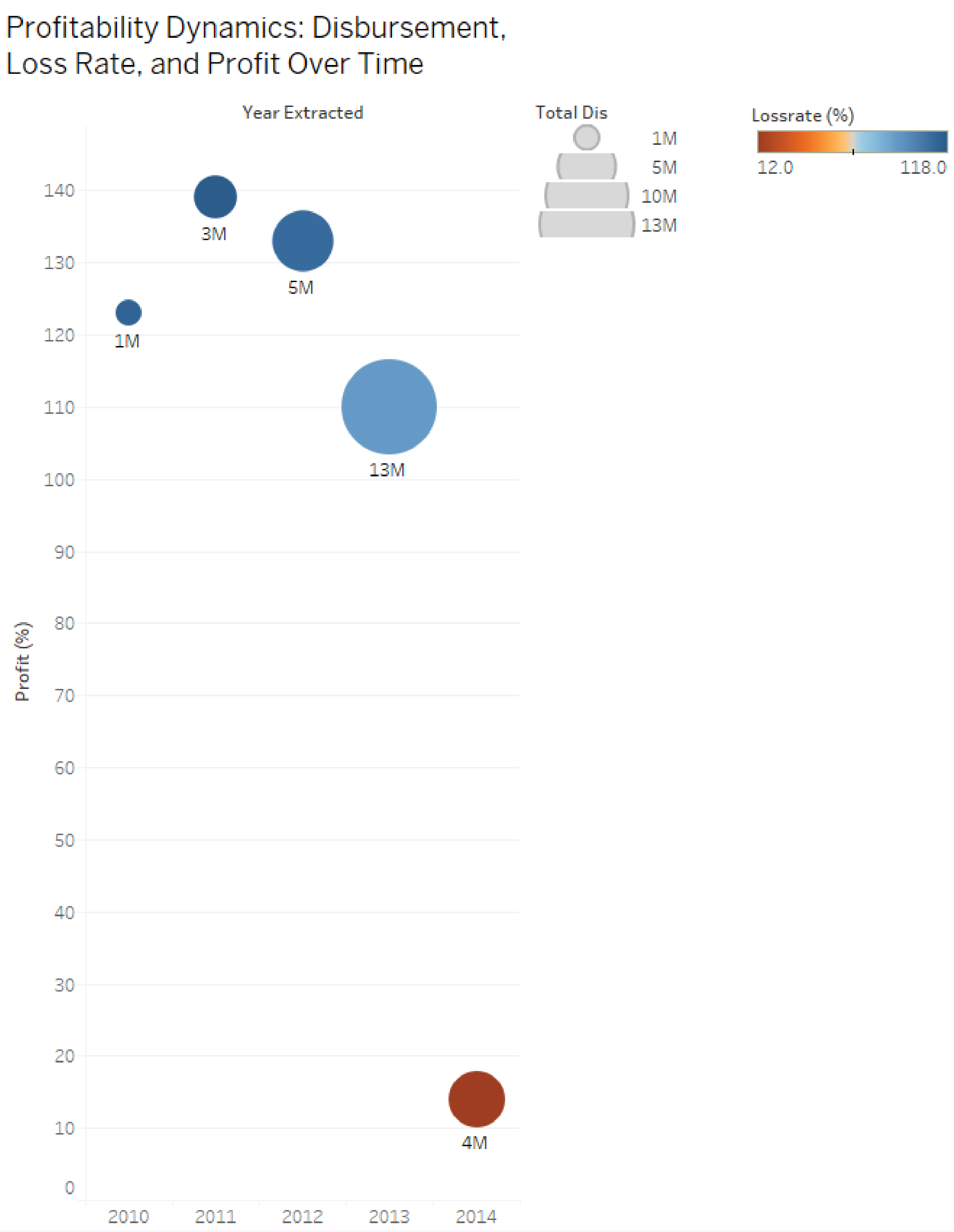
Month of M..	2010	2011	2012	2013	2014
	Year Extracted				
January	10%	12%	12%	10%	7%
February	10%	8%	11%	10%	7%
March	10%	11%	11%	9%	
April	9%	11%	11%	10%	
May	10%	12%	12%	9%	
June	9%	13%	12%	9%	
July	10%	12%	12%	10%	
August	12%	13%	11%	9%	
September	10%	12%	11%	9%	
October	10%	12%	10%	9%	
November	11%	12%	10%	8%	
December	12%	11%	10%	8%	

Profit (%)

7% 13%

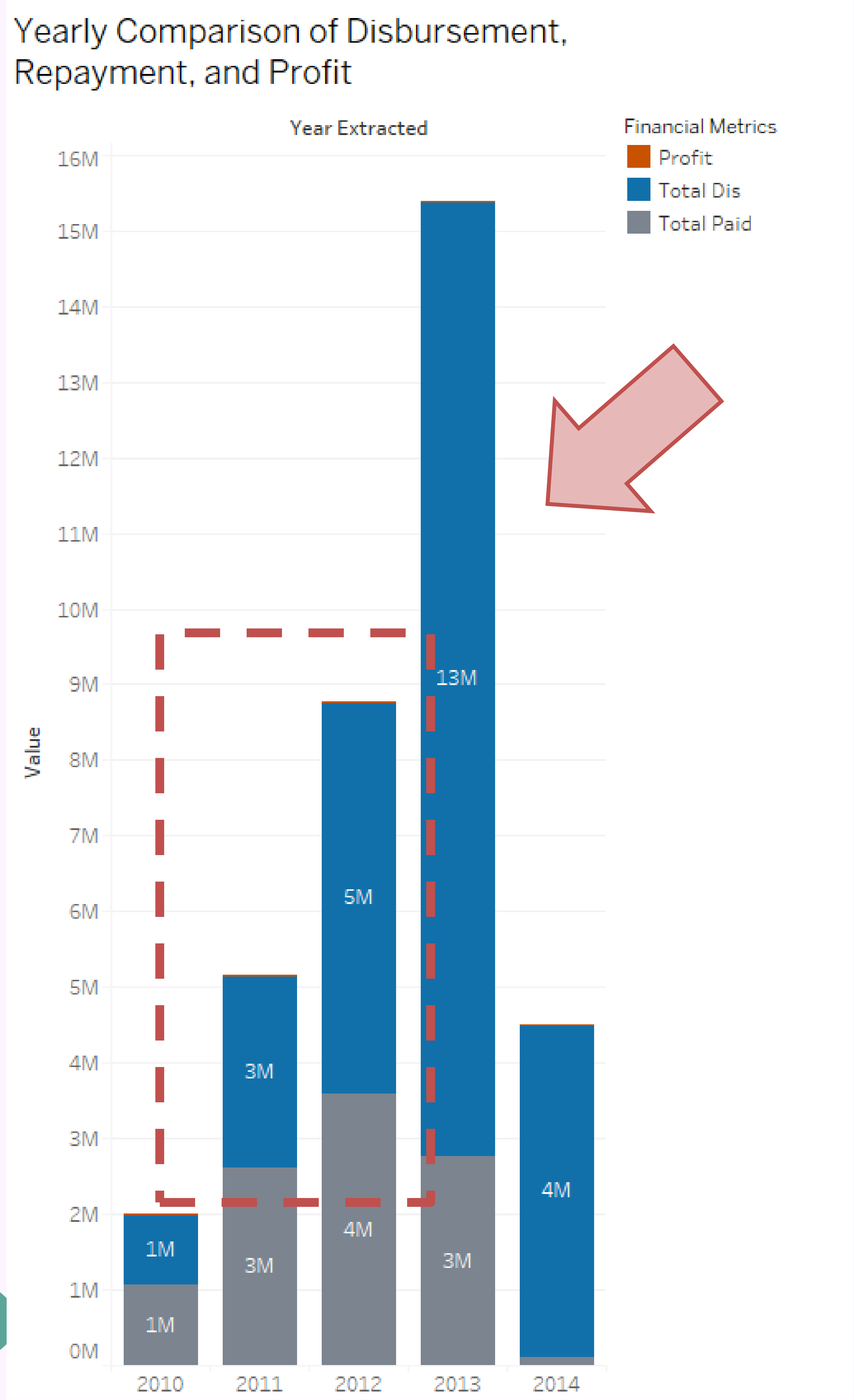
What Drives Profitability?

Jesse and Cece create a comprehensive chart to link disbursements, loss rates, and profit.



Bringing It All Together

The pair summarize annual performance by combining disbursement, repayment, and profit data.



Jesse and Cece's Recommendations

After analyzing the data, Jesse and Cece propose strategies tailored to ProsperLoans' business model:

1 Capitalize on Seasonal Opportunities

Monthly Profitability Heatmap shows that August consistently delivers the highest profitability.

Jesse recommends increasing marketing campaigns and loan disbursement efforts leading up to August to capture peak demand.

Jesse and Cece's Recommendations

2 Address High-Loss Segments

Loss Rate Distribution graph reveals that loss rates spike at 12%, indicating high-risk borrower groups.

Cece suggests stricter lending criteria or additional scrutiny for borrowers in the higher-risk segment to reduce default rates.

Jesse and Cece's Recommendations

3 Balance Disbursement and Repayment

Repayment Trends and Yearly Comparison of Metrics graphs show that repayments lag significantly behind disbursements in high-disbursement years.

They propose implementing better repayment monitoring systems and incentivizing timely repayments to reduce the repayment gap.

The Journey to Data-Driven Decisions

Jesse and Cece wrap up their analysis by reflecting on the bigger picture. ProsperLoans has great potential to grow, but careful adjustments are needed.

Thank You!