

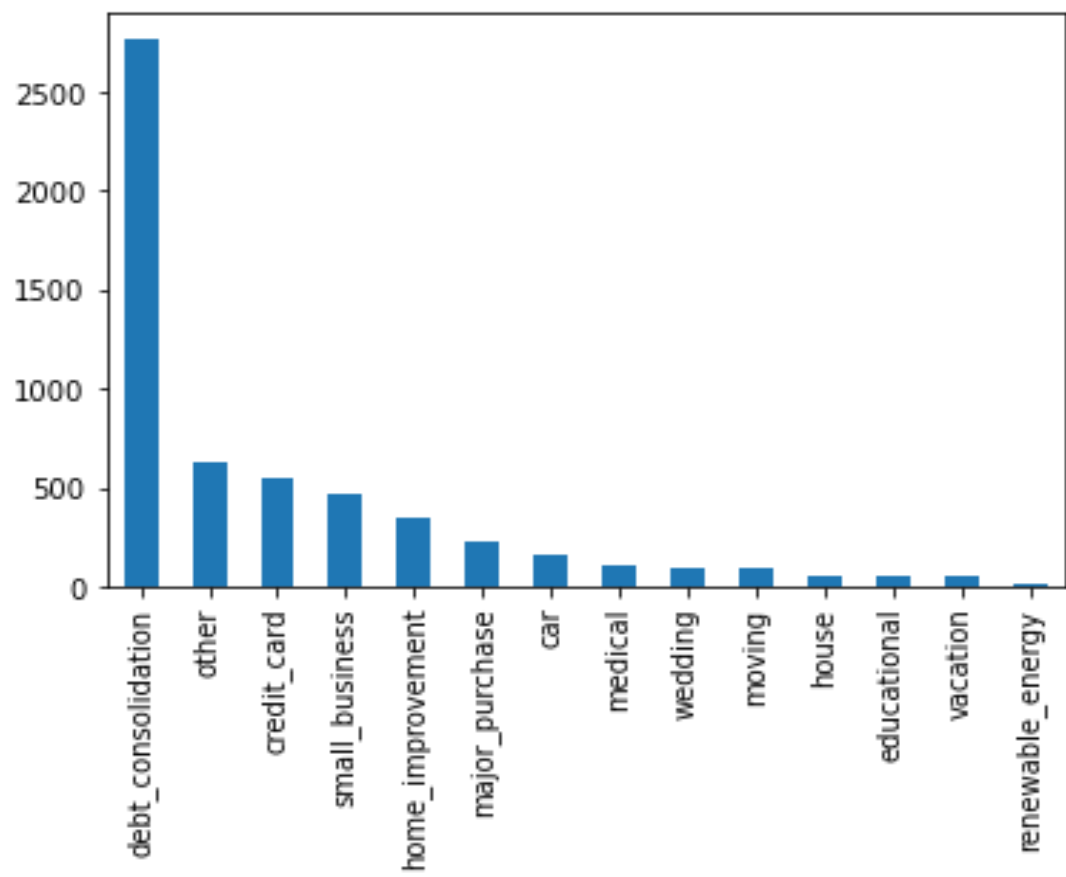
Lending Club Case Study

Problem Statement and Analysis

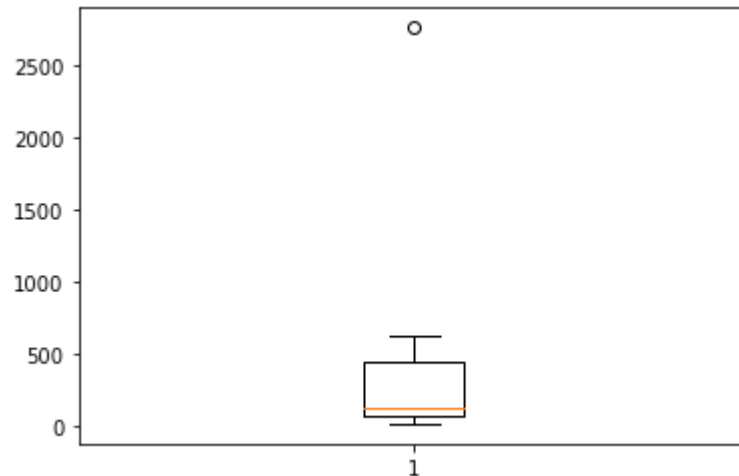
- You work for a **consumer finance company** which specializes in lending various types of loans to urban customers. When the company receives a loan application, the company has to make a decision for loan approval based on the applicant's profile. Two **types of risks** are associated with the bank's decision:
- If the applicant is **likely to repay the loan**, then not approving the loan results in a **loss of business** to the company
- If the applicant is **not likely to repay the loan**, i.e. he/she is likely to default, then approving the loan may lead to a **financial loss** for the company
- We need to analyse the data based on the customers who are default and estimate the probable conditions on which the customer is likely to be under default.

Analysis

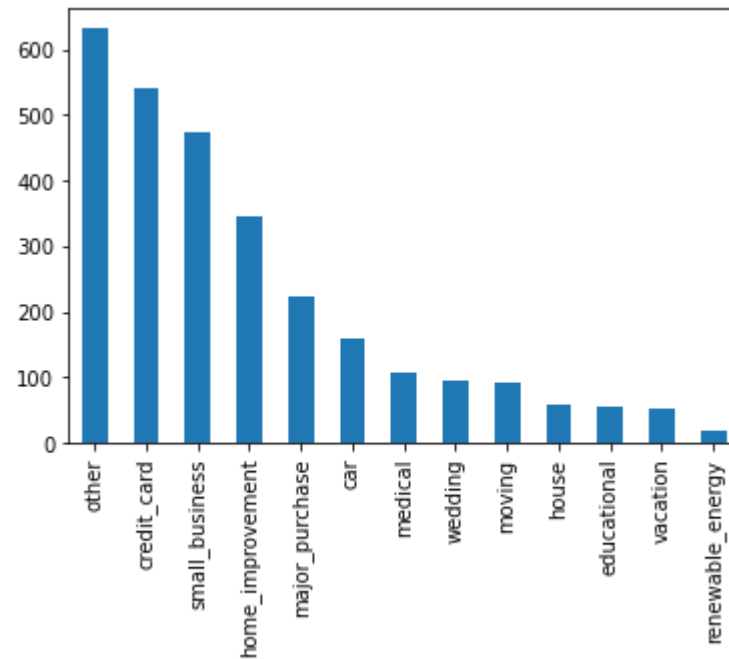
- Filter the data based on the customers who are default and analyse the data and the conditions on which they are categorised.
- Analysing the Purpose column of the table after filtering the defaulters. If we plot a bar chart it shows that the customers who took loan for debt consolidation are more likely to be defaulters.



- Taking debt consolidation as an outlier as it is very high compared to other values in purpose column.



- After removing the outlier and if we create a bar chart, it shows that the Other, Credit card and small business are the top three categories that come under defaulters.



- Customers whos home ownership is Rent and Mortgage are high in defaulters

