

LENDING CLUB CASE STUDY

Understanding parameters that derive potential for defaulters.

THE AIM

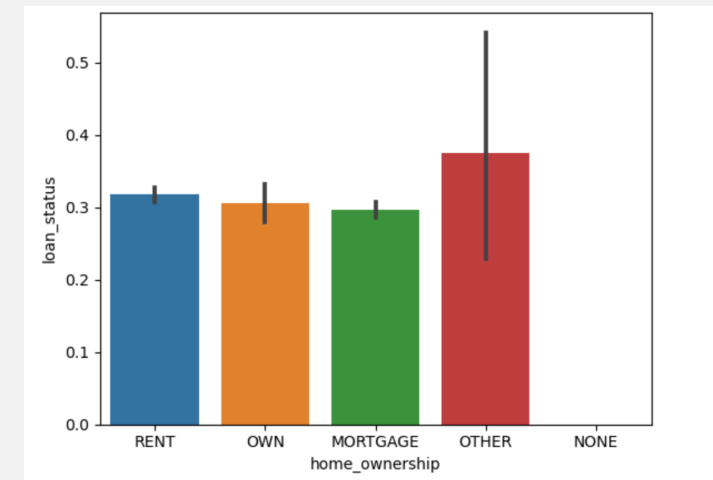
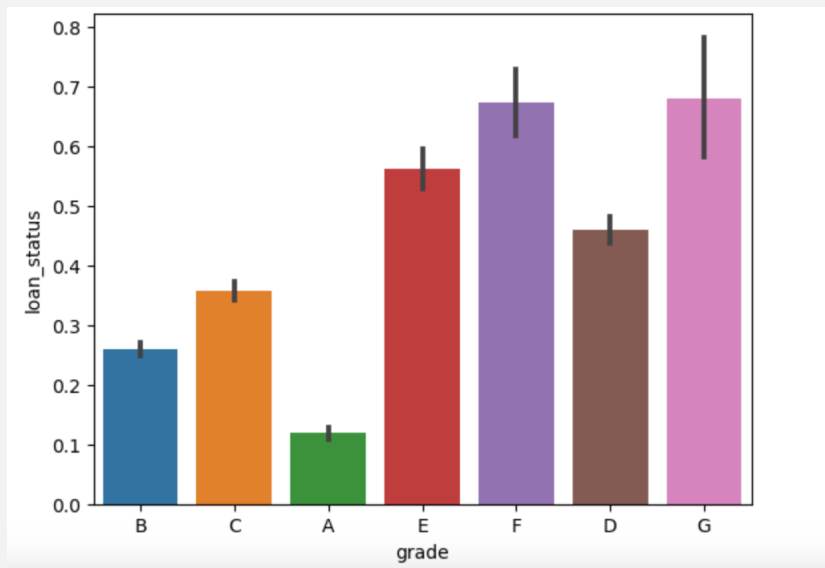
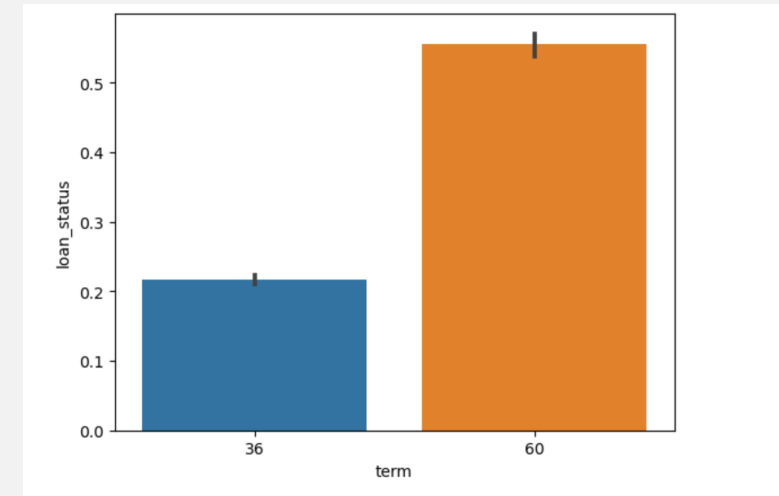
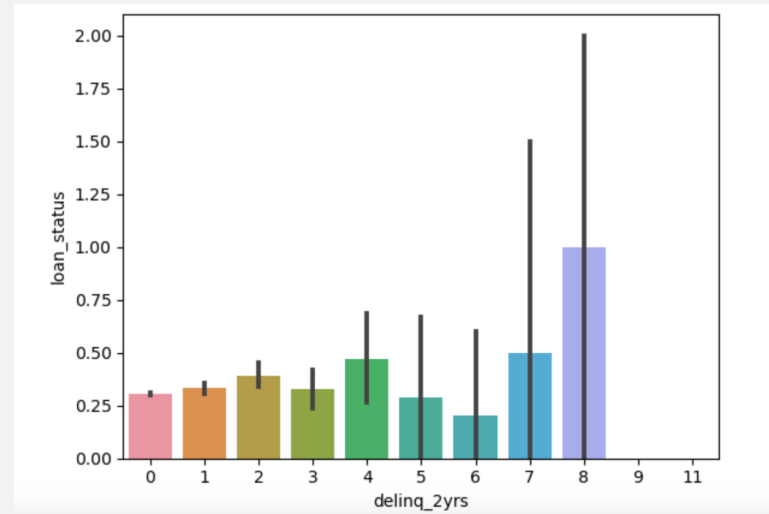
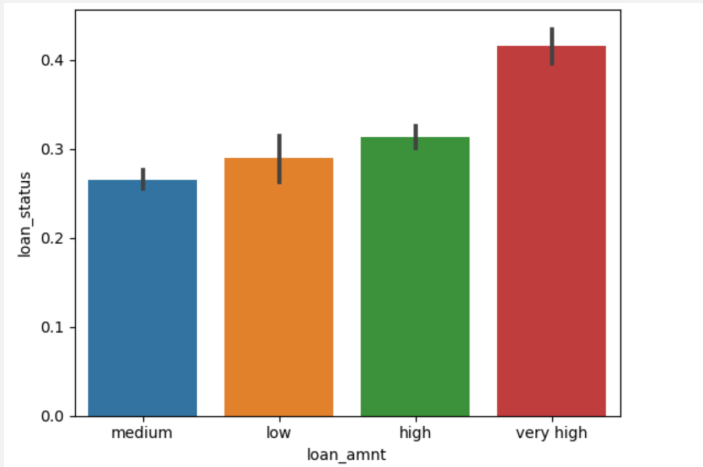
The aim of this program is to understand the driving factors (or driver variables) behind loan default, i.e. the variables which are strong indicators of default. The company can utilize this knowledge for, its portfolio and risk assessment.

Dataset loan.csv : historical data of all the customers who have applied for the loan,
INCLUDING ANY CURRENT LOAN HOLDERS.

CLEANING

- Fix rows and columns
- Missing Values Handling
- Standardise Numbers
- Standardise Text
- Fix Invalid Values
- Filtering Data

ANALYSIS : UNIVARIATE AND BIVARIATE



CONCLUSION

- There are more chances of defaulting if the interest rate is high.
- There are more chances of defaulting if loan amount is high.
- There are more chances of defaulting if term of loan is 60 months or more.
- The past credit history including current loan also influence with 8 being the cap for potential defaulter in future.
- There are more chances of defaulting if the annual income in ranges of 20-40 lakhs.
- Home ownership has moderate to low effect on the defaulting probability