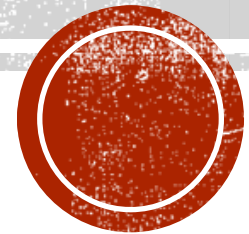# THE PAYBACK STRUGGLE

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LATE PAYMENTS AND LOAN DEFAULTS

- Problem: Lenders don't like it when people miss payments. Why does that happen?

- Dataset: Lending Club issued loans, 2007-2015
  - https://www.kaggle.com/wendykan/lending-club-loan-data

- Variables of interest:
  - Loan description provided by the borrower (open text)
  - Loan type (car, wedding, medical, house…)
  - Loan amount
  - Loan status (current, late, default, charged off…)
  - Borrower income
  - Borrower occupation
  - Borrower credit limit
  - Borrower address

WHAT MAKES SOMEONE MORE LIKELY TO MISS PAYMENTS?

- Hypothesis: "Desperate" loans are more likely to be late, default, or charged off.
  - Look at open text field for high-urgency words ("really need", "imperative", etc…)

- Hypothesis: Loans for planned expenses are less likely to be late.
  - Look at trends by loan type – unplanned (medical?) vs. planned (wedding [hopefully])

- Hypothesis: Loans above a certain loan/income ratio are more likely to be late.
  - Look at borrower income compared to loan amount, and see effect on loan status.