Summary of the case study

Background:

Lending club is the largest peer-to-peer marketplace connecting borrowers with lenders, Borrowers apply through online platform where they are assigned an internal score lenders decide

1) Whether to lend and

2) Terms of loans such as credit card loans, debt consolidation loans, house loans, car loans, etc.

Business Objective :

To identify variables which are strong indicators of default and potentially, use the insights in approval/rejection decision making.

Data Understanding :

Types of variables

1. Customer (applicant) demographic

2. Loan related information and characteristics

3. Customer behavior (if the loan is granted)

Data Understanding : Overall Default Rate is 14%

Time Frame of the data (2007-2011)

1) 78% increment applicants in 2011 compared to 2010

2) 145% increment in applicants in 2010 compared to 2009