Lending Club Case Study

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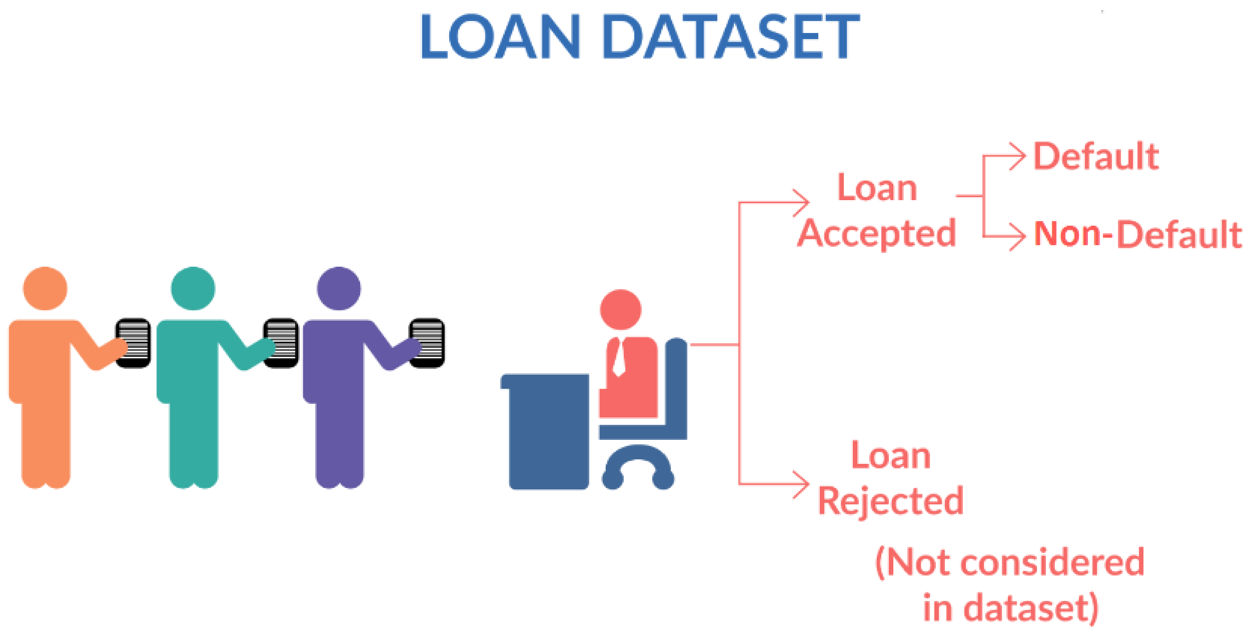
Lending Club Case Study



- The main aim of this case study is to use EDA (exploratory data analysis) to understand how consumer attributes and loan attributes influence the tendency of default.
- In the case study Charge off Means defaulted on Loan

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Overview of terms used in Case study

The following terms give insides about overview of the data :-

Loan accepted: If the company approves the loan, there are 3 possible scenarios described below:

- Fully paid: Applicant has fully paid the loan (the principal and the interest rate)
- Current: Applicant is in the process of paying the instalments, i.e. the tenure of the loan is not yet completed. These candidates are not labelled as 'defaulted’.
- Charged-off: Applicant has not paid the instalments in due time for a long period of time, i.e. he/she has defaulted on the loan

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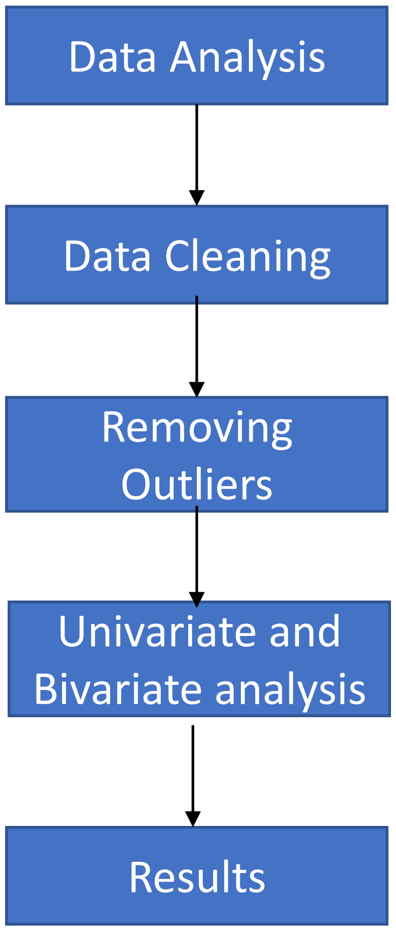
Flow of this case study



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Summary of Observations

The above analysis is with respect to charged off loans where there is possibility of defaulting . The Probability of defaulting is as follows

1. Applicants who receive interest at the rate of 13-17%
2. Applicants who have an income of range 31k - 58k
3. Applicants who have 20-37 open_acc
4. Applicants with employment length of 10
5. Applicants having house ownership as 'RENT’
6. Applicants who use the loan to clear other debt
7. When the purpose is 'debt consolidation'
8. Term is of 36 month
9. loan amount between 5k-10k

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Summary of Observations

1. Applicants who have higher salary applied loans for small business, Home improvement and on renewable energy
2. Applicants getting 'charged off' have lower annual incomes than the ones who 'paid fully' for each and every grade (i.e. at same interest range)
3. Applicant with home ownership as mortgage has annual income of approximately 70k
4. For loan amount of 30-35k the interest rate is around 17.5%

Thank You