

LENDING CLUB CASE STUDY

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AGENDA

Introduction

Primary goals

Areas of growth

Timeline

Summary

INTRODUCTION

The Objective of this case study is to implement EDA technique on a real world problem and understand the insights and present in a business first manner via presentation.

Benefits of the case study:

- Gives a idea about how EDA is used in real life business problems.
- It also develops a basic understanding of risk analytics in banking and financial services.
- How the data is used to minimize loss of money while lending it to clients.

PRESENTATION TITLE

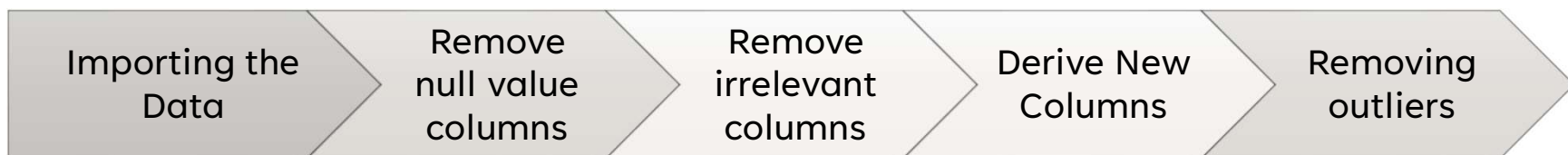
BUSINESS UNDERSTANDING

The business objective is to take a decision whenever they receive a loan application whether to reject or approve based on certain variables.

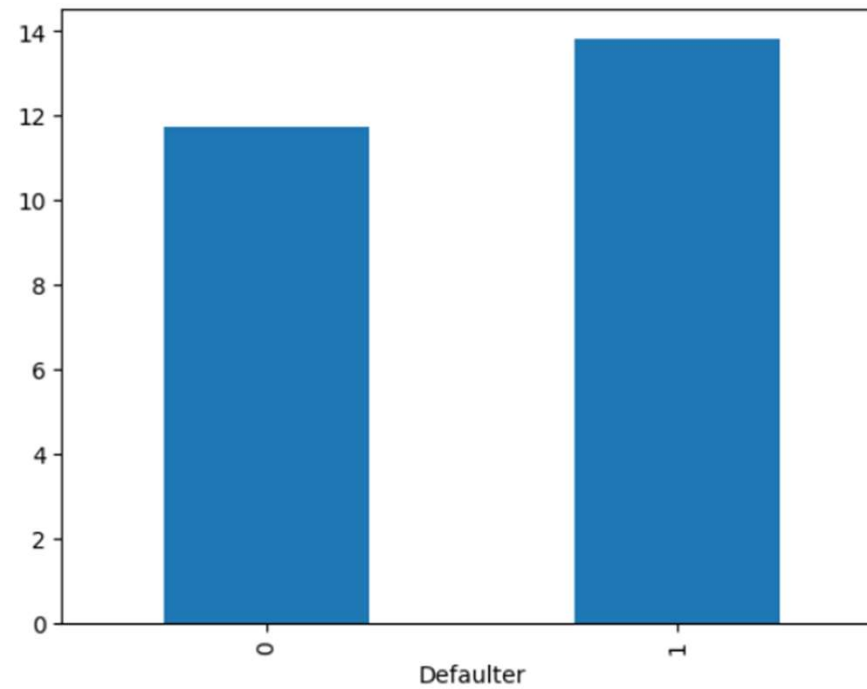
Dataset Details:

The data given below contains information about past loan applicants and whether they 'defaulted' or not. Data has details regarding approved loan not the rejected ones. It has 3 status of loan which is Fully Paid, Current and Charged-Off.

Data Clean-up and preparation process:

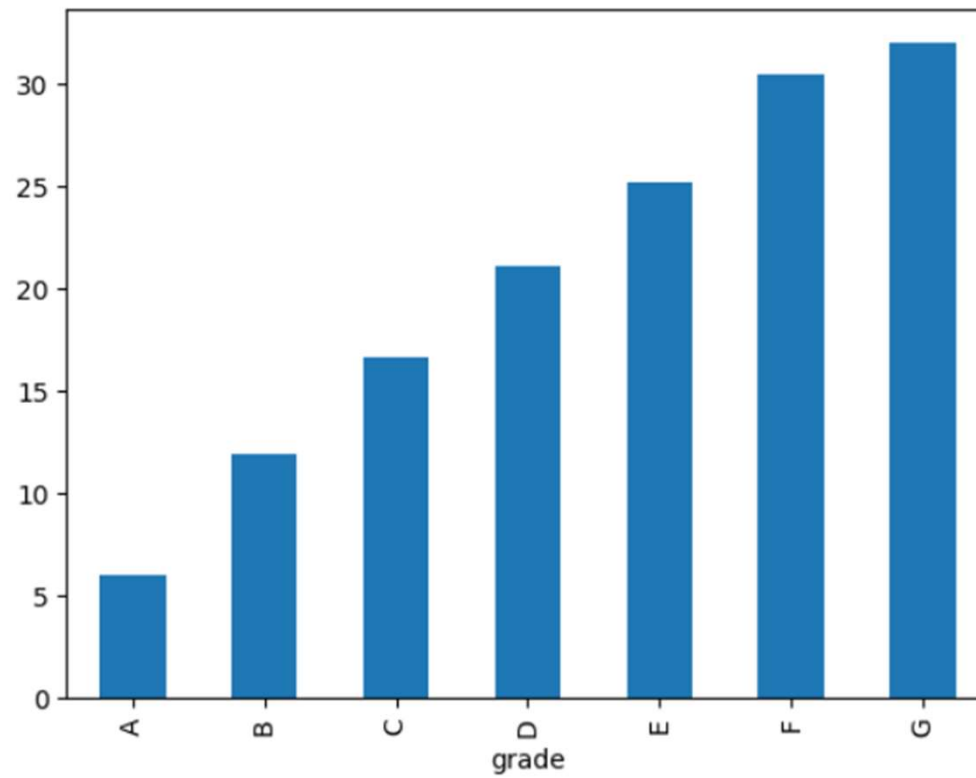


RATE OF INTEREST VS DEFAULT



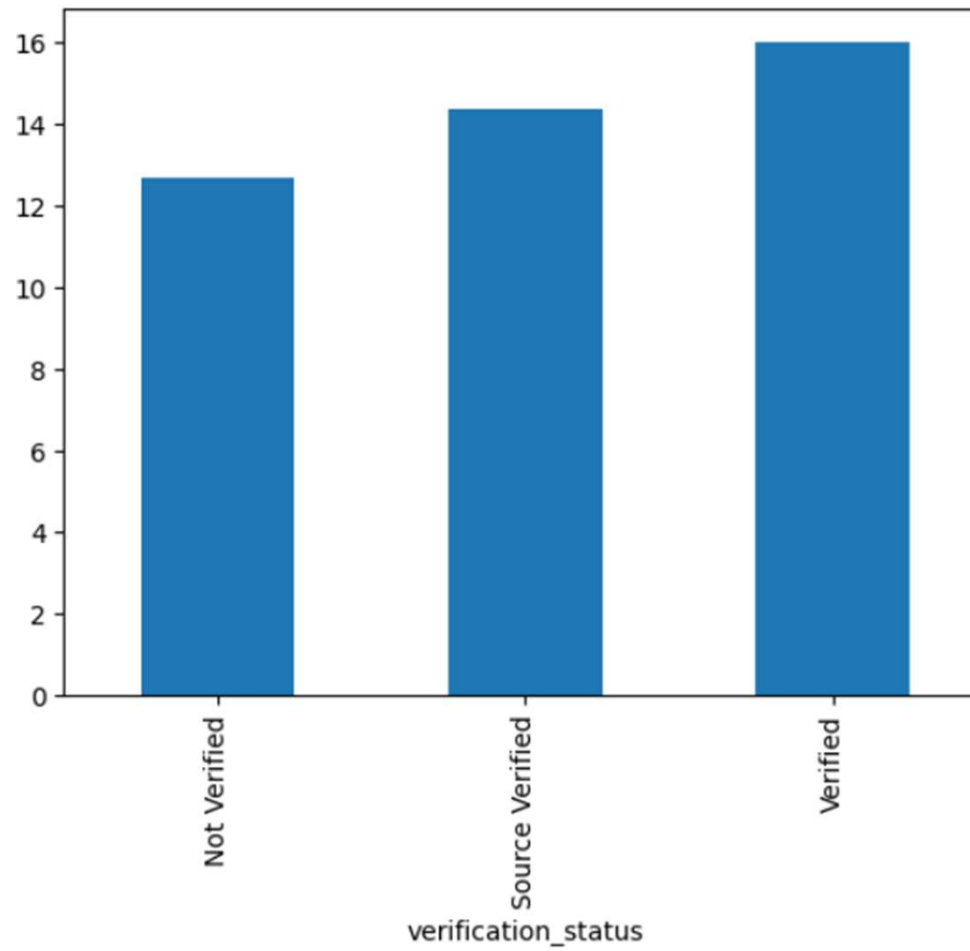
PRESENTATION TITLE

GRADE VS DEFAULTS

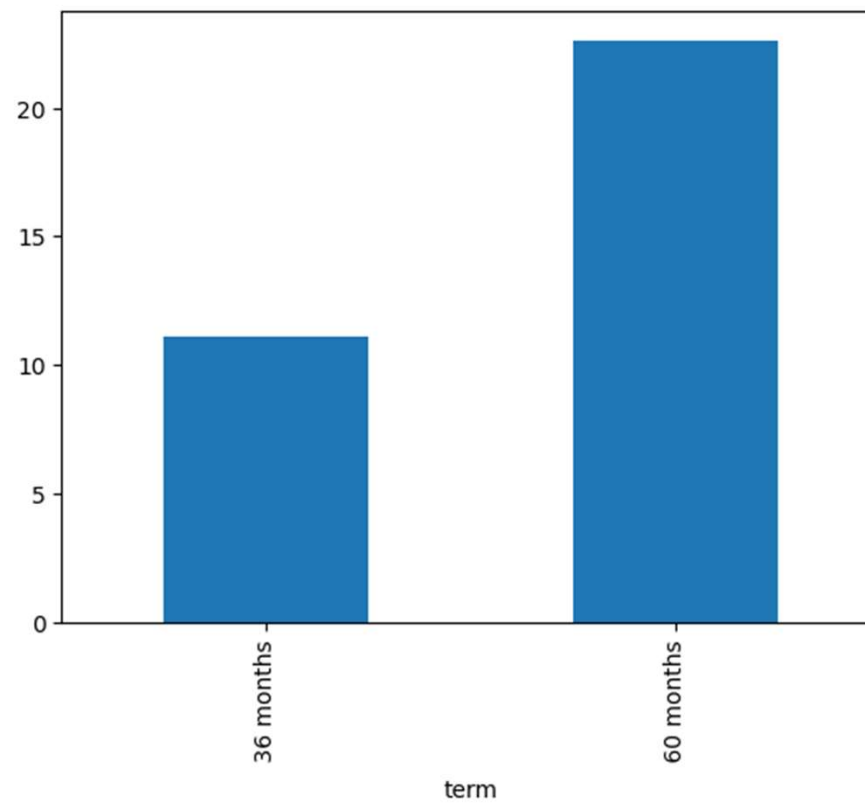


PRESENTATION TITLE

VERIFICATION STATUS VS DEFAULTS

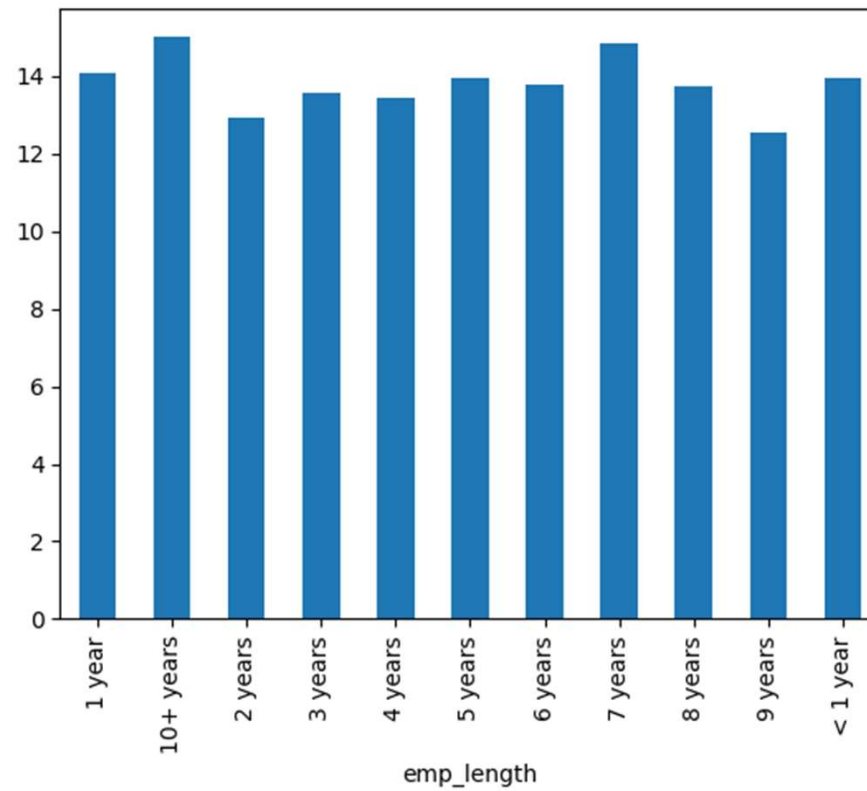


LOAN DURATION VS DEFAULTS



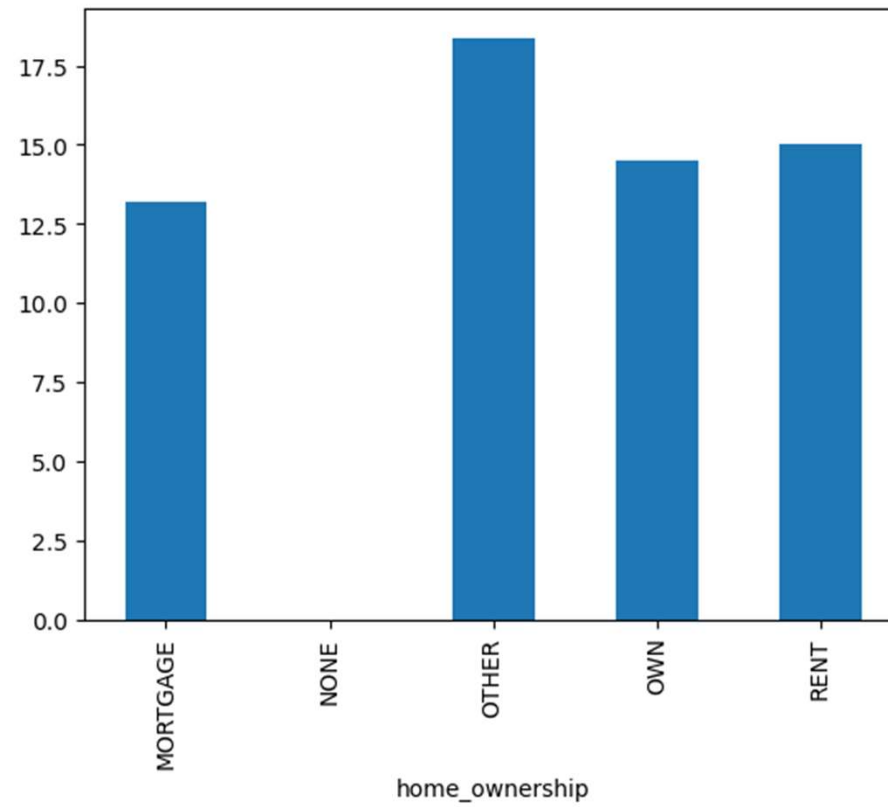
PRESENTATION TITLE

EMPLOYMENT TENURE VS DEFAULT

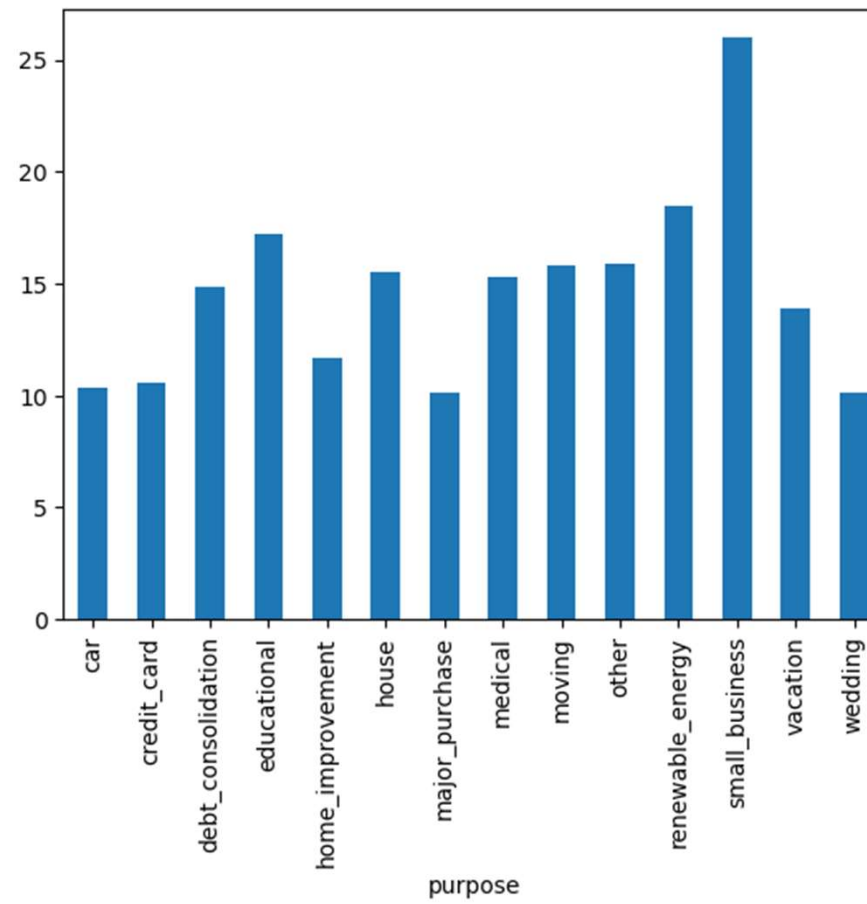


PRESENTATION TITLE

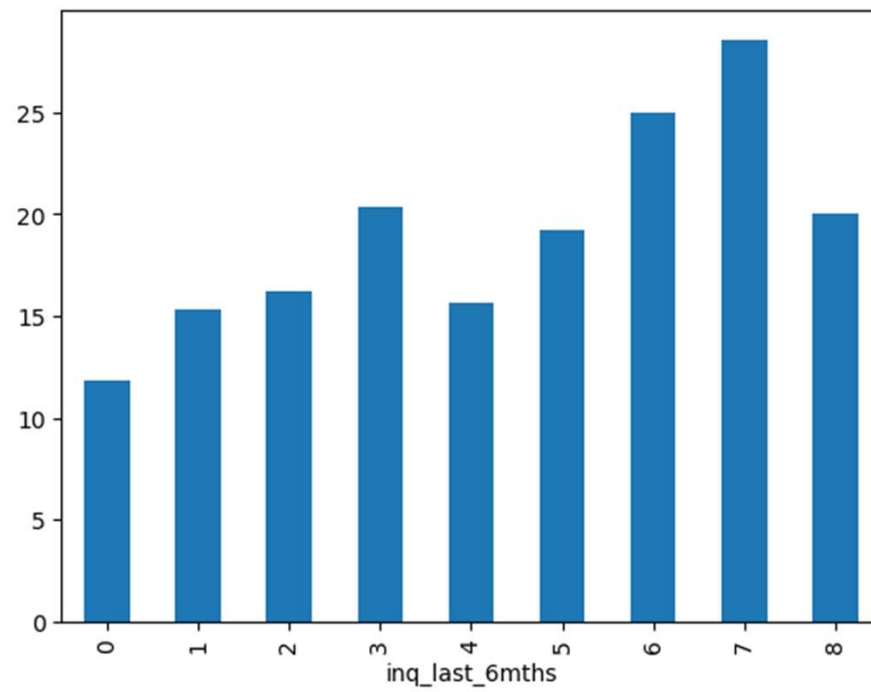
HOME OWNERSHIP VS DEFAULT



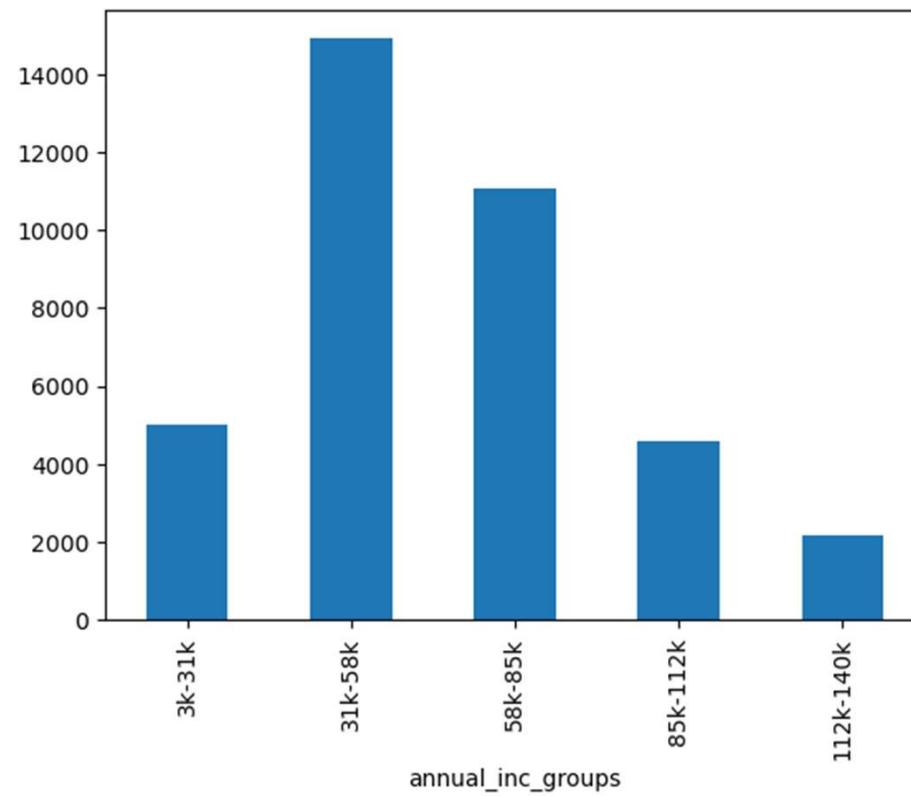
LOAN PURPOSE VS DEFAULTS



INQUIRIES VS DEFAULTS



ANNUAL INCOME VS DEFAULTS



PRESENTATION TITLE

OBSERVATIONS

- Borrowers with high interest rates are marginally more probable to default.
- Default risk increases with loan grade.
- Borrowers with verified income have higher probability to default.
- Short term loans are more risky.
- No relation with employment tenure with default
- Borrowers with Home Ownership status as OTHER is high risk.
- Loans for setting up small businesses are considerably more risky
- Borrowers who were enquired more than 5 times in past 6 months are more prone to default.
- Borrowers whose income fall in 31k-58k are more prone to default.