

Lending Club Case Study

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Problem Statement

- * Lending loans to 'risky' applicants is the largest source of financial loss.
- * If one is able to identify these risky loan applicants, then such loans can be reduced thereby cutting down the amount of credit loss.
- * Aim of this case study is to understand the driving factors behind loan default. We can utilise this knowledge for portfolio and risk assessment.
- * The data given for analysis is the complete loan data for all loans issued through the time period 2007 to 2011 and it contains information about past loan applicants and whether they 'defaulted' or not.

Analysis Approach

- * The loan data has a record each for a loan and each record has attributes. The attributes can be broadly classified as consumer attributes and loan attributes.
- * We have chosen only certain attributes which will be useful for our analysis.
- * One of the attributes 'Loan Status' is our target attribute which tells us whether the loan has defaulted or not.
- * Using EDA techniques we will analyse and find which consumer/loan attributes influence the 'Loan Status' i.e. Default rate and will also find the impact of each attribute.
- * Finally we will come to know which attributes are strong indicators of loan default .