Lending Club Case Study

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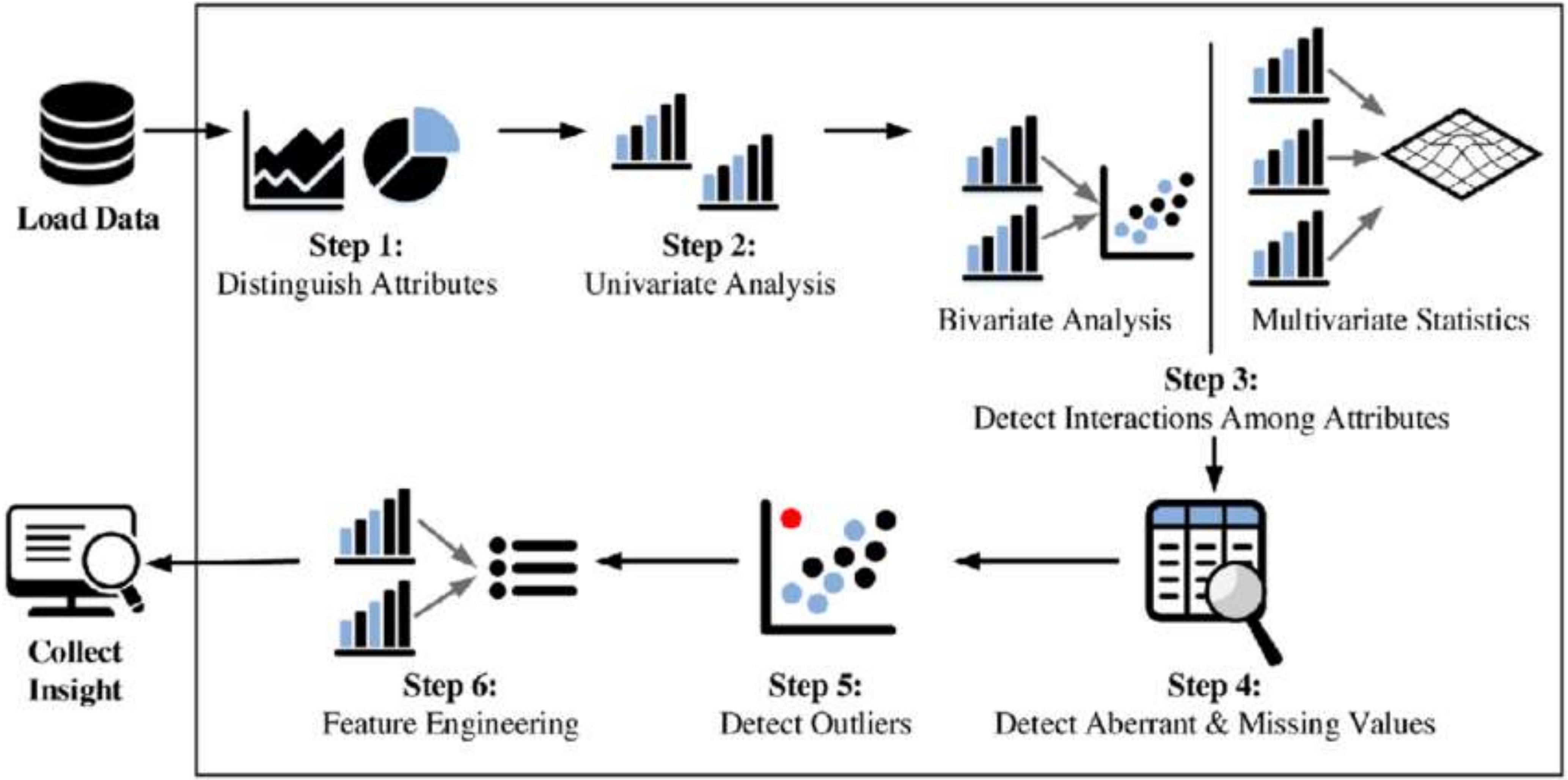
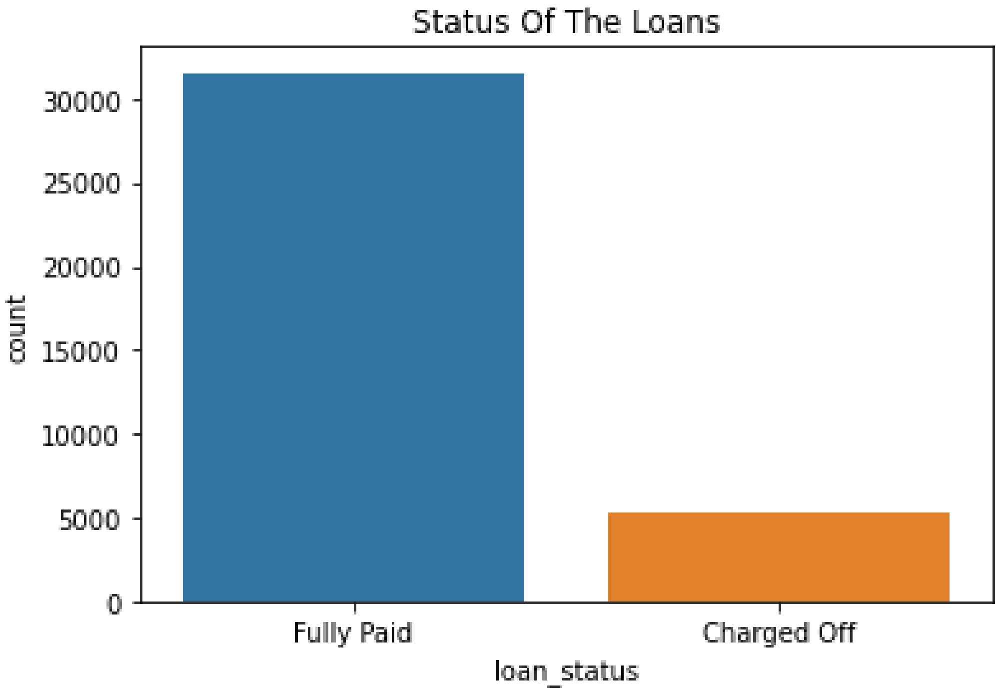
Business Understanding

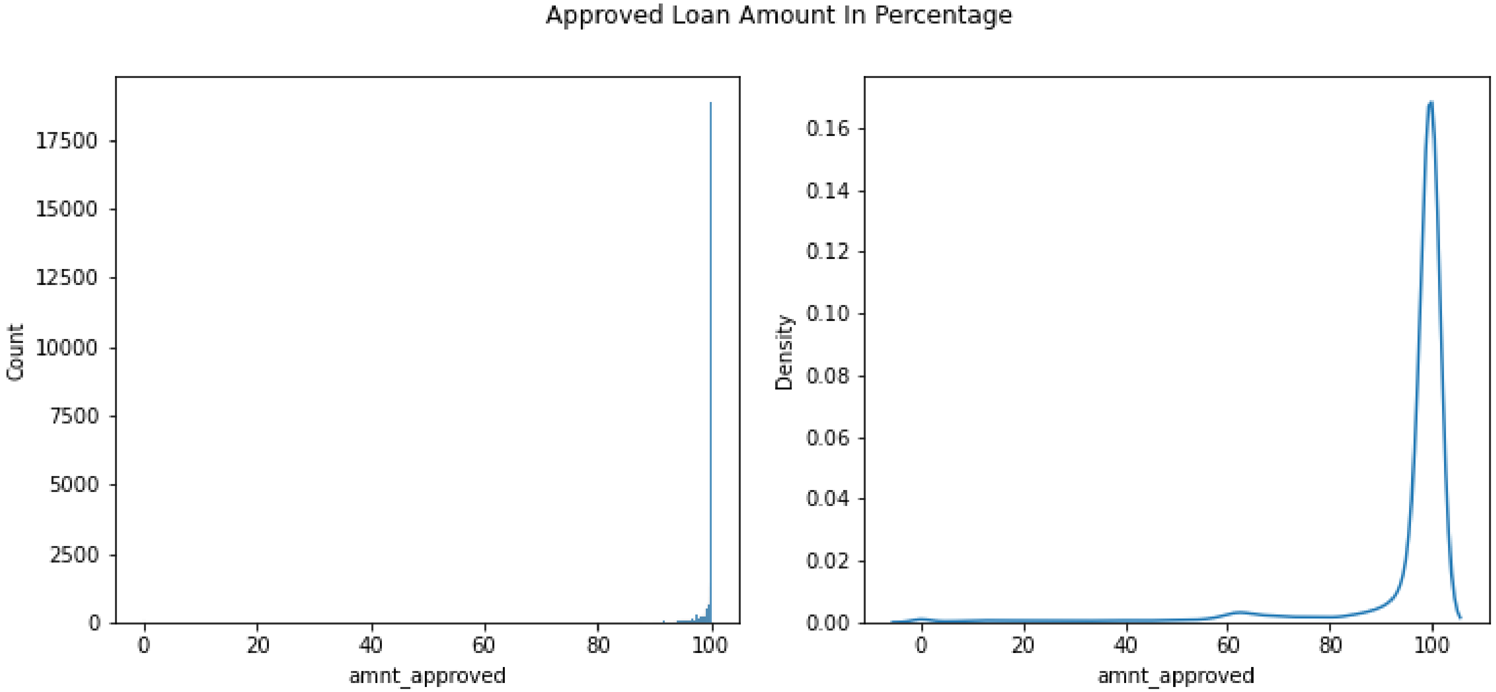
- Lending club is one of the largest online loan platform, providing personal loans, business loans, and loans for other purposes.
- Customers are categorized based on their credit reports and other factors thus deciding the '%' of interest put on their loans.
- The objective of the analysis is to use the past loan approval and rejection data of the applicants along with other factors and find out how the fintech can avoid getting into credit loss.

STEPS OF ANALYSIS



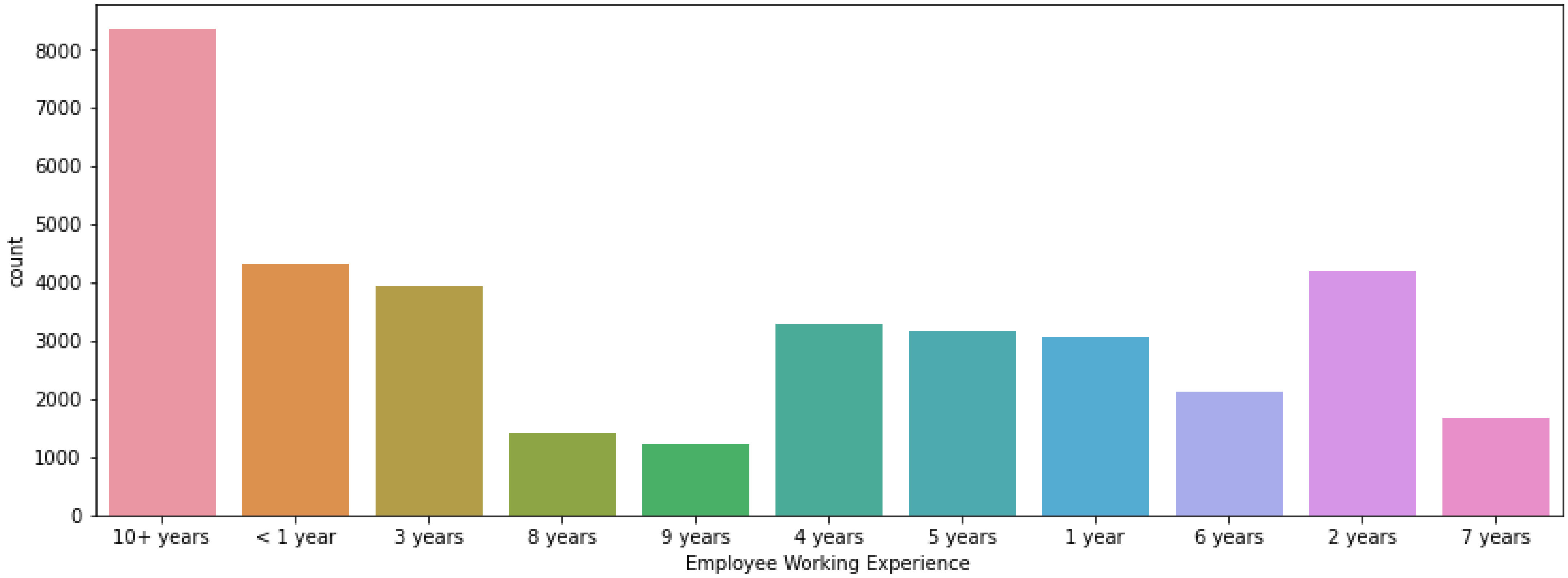
Univariate Analysis



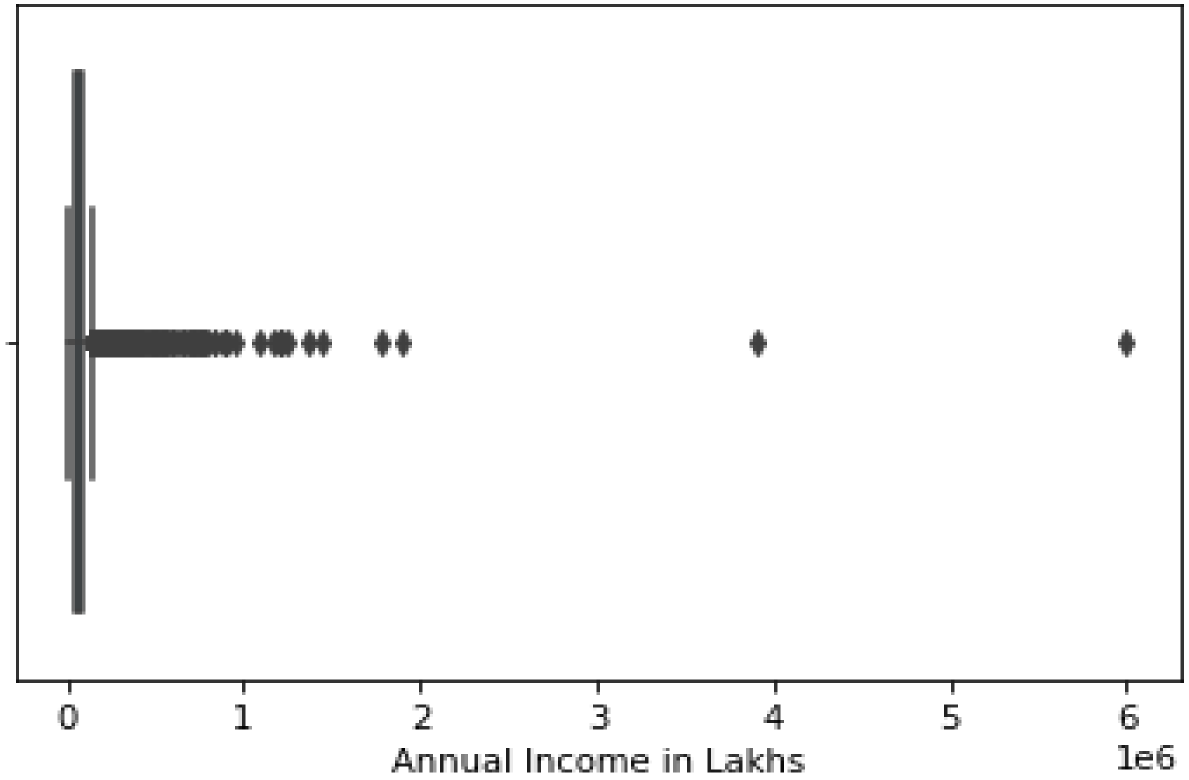


We can clearly see that most of the loans are paid on time but still we find approzimately 14.3% of loans which are charged of which creates an imabalance here.

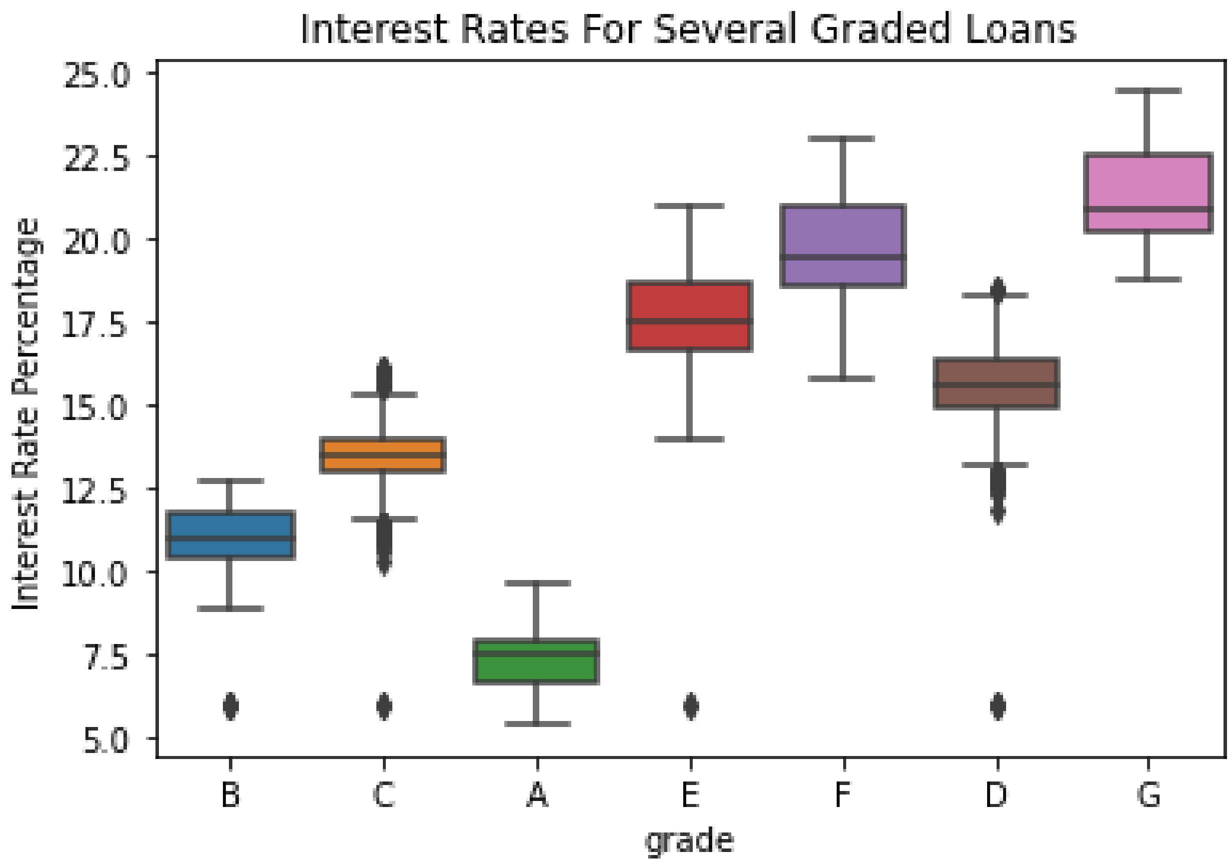
We can clearly see there is a huge spike at 100% which means the lending club is almost sactioning 100% of loan amount to which their customers apply.



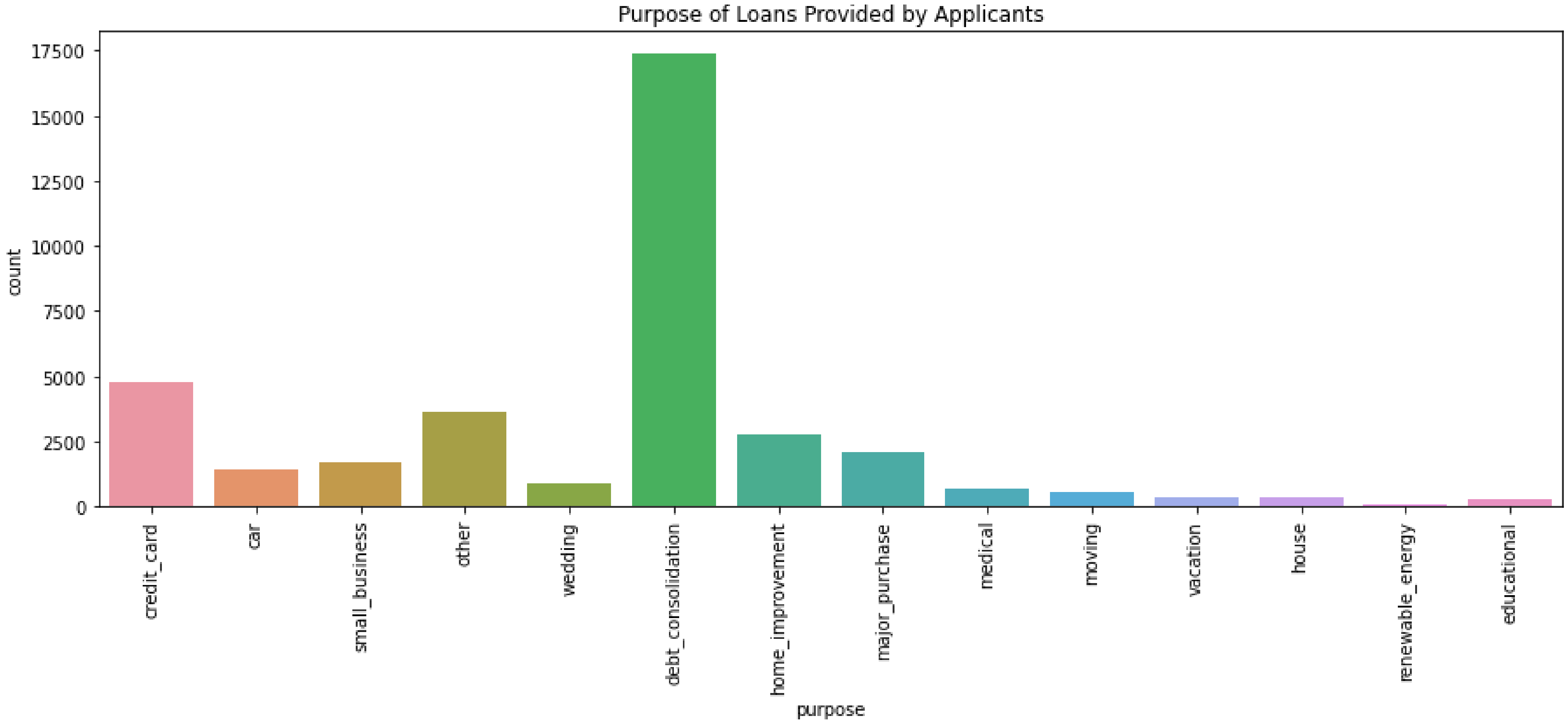
We can see that most of the people who have experience of more than 10 years which is 10 or above 10 are taking maximum loans from the lender.



Most of the poeple applying for the loans have income below 2.3 lakhs only 1% of applicants have income more than 2.35lakhs which shows us that people applying for loans have moderate income.

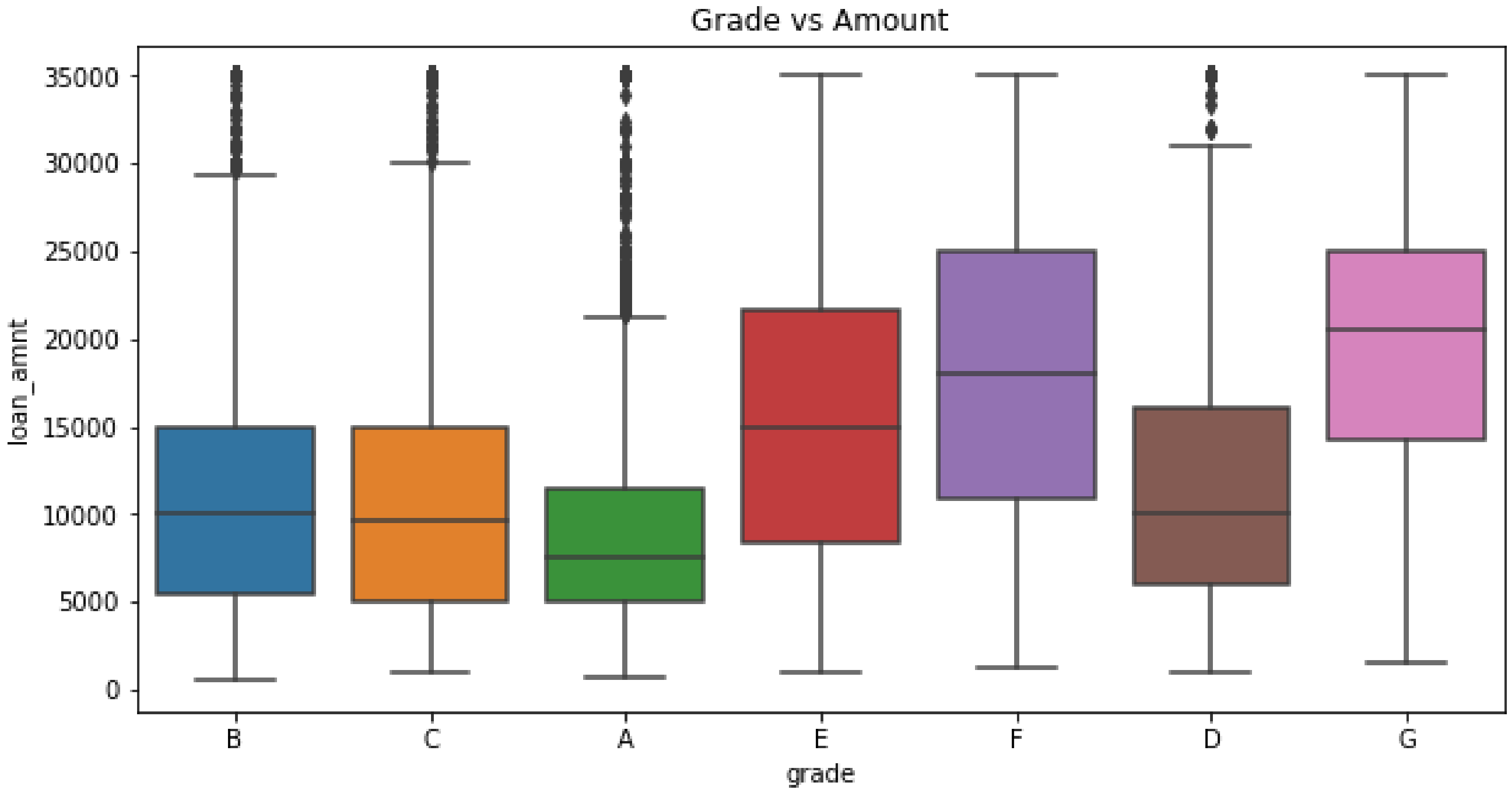


We can see that as the loan grade is going high that is A-G the interest rate is also increasing so this means the grade of loan being sanctioned to the customer directly impacts the interest he/she has to pay.

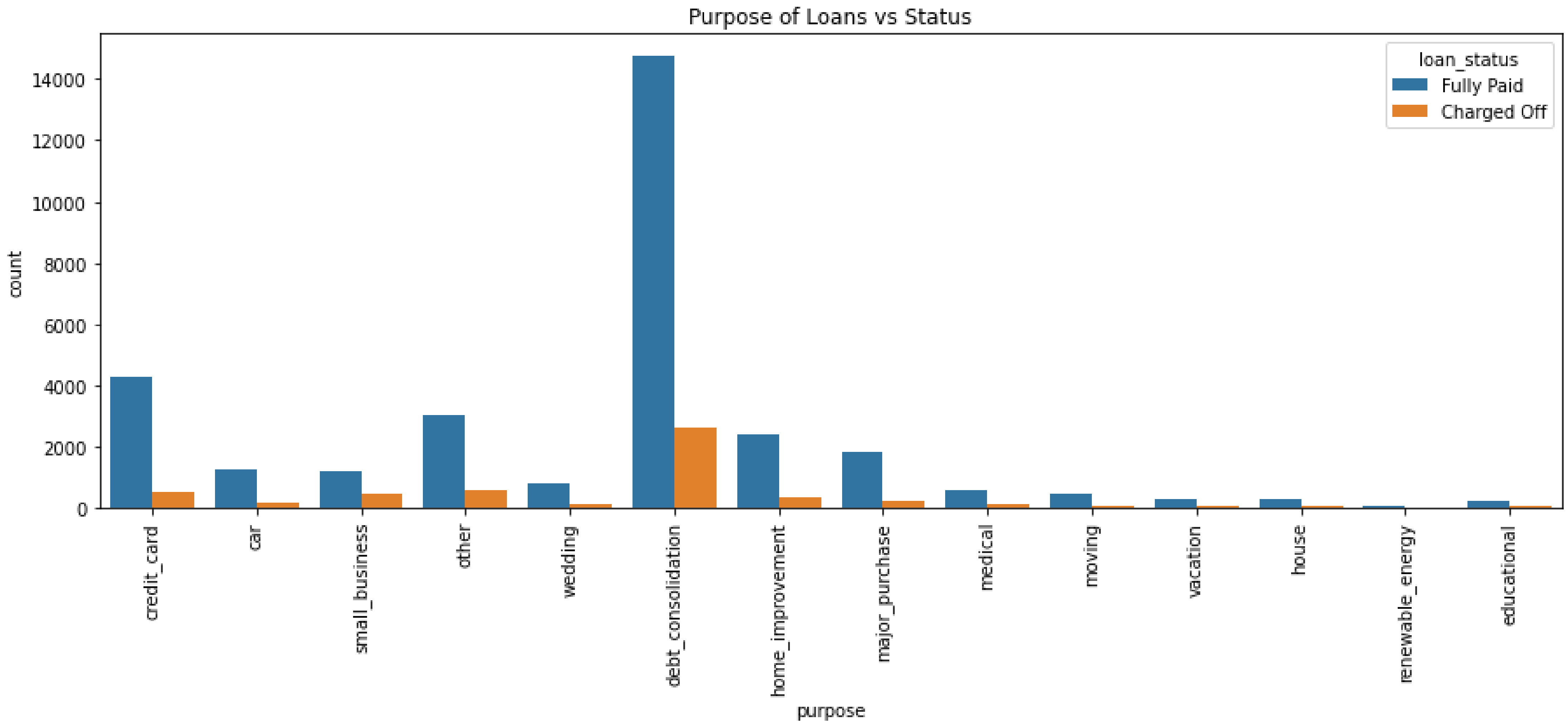


We can clearly see that most of loans are being taken by customers for debt consolidation and if this continues with same trend most of the customers will be the ones who are in high debt and will indirectly effect the charged off loans percentage.

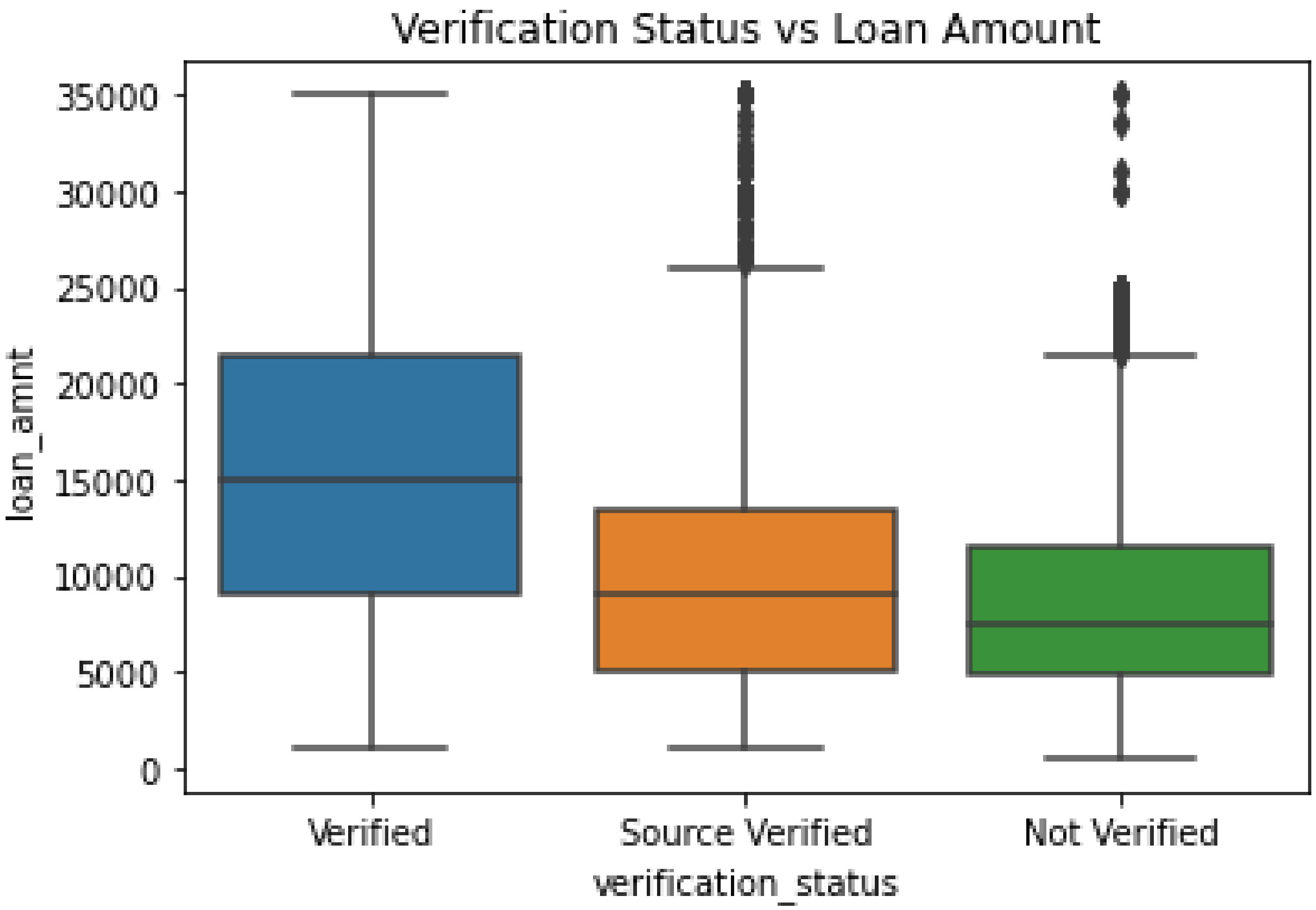
Segmented Univariate Analysis



As grades are increasing from A-G the amount taken under the loan is also increasing either highly or slightly.

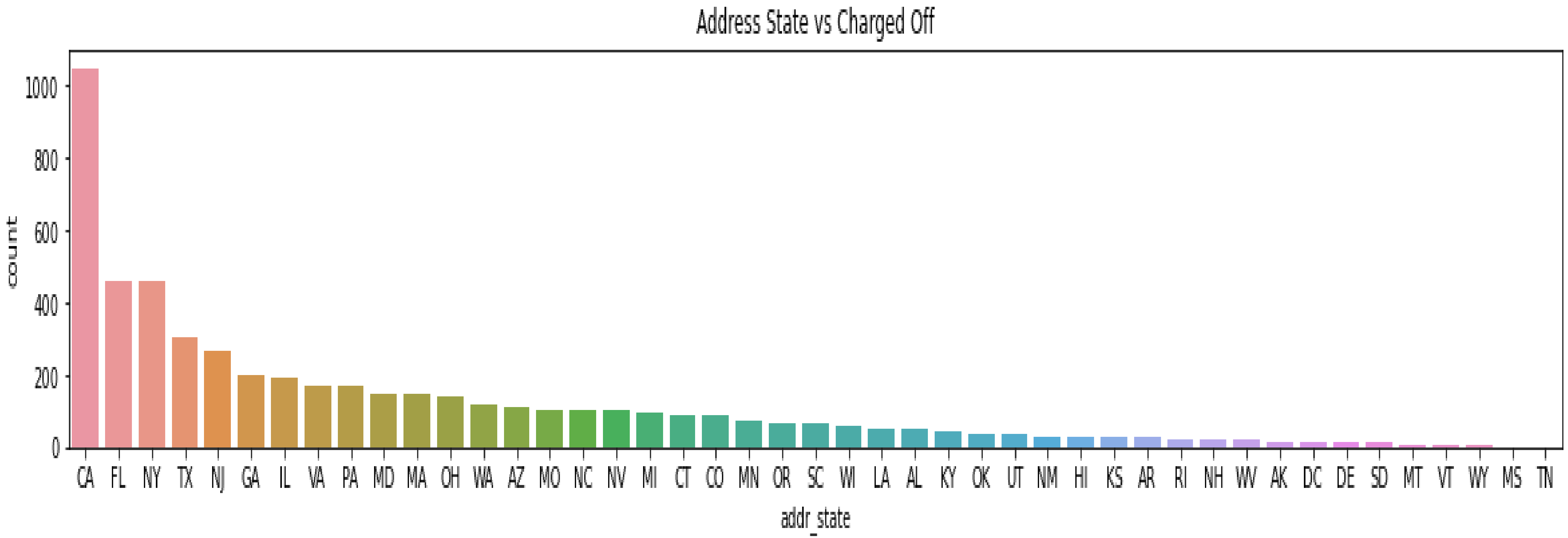


People taking loans for debt consolidatio are in huge number but the good point is they are also clearing their loans.

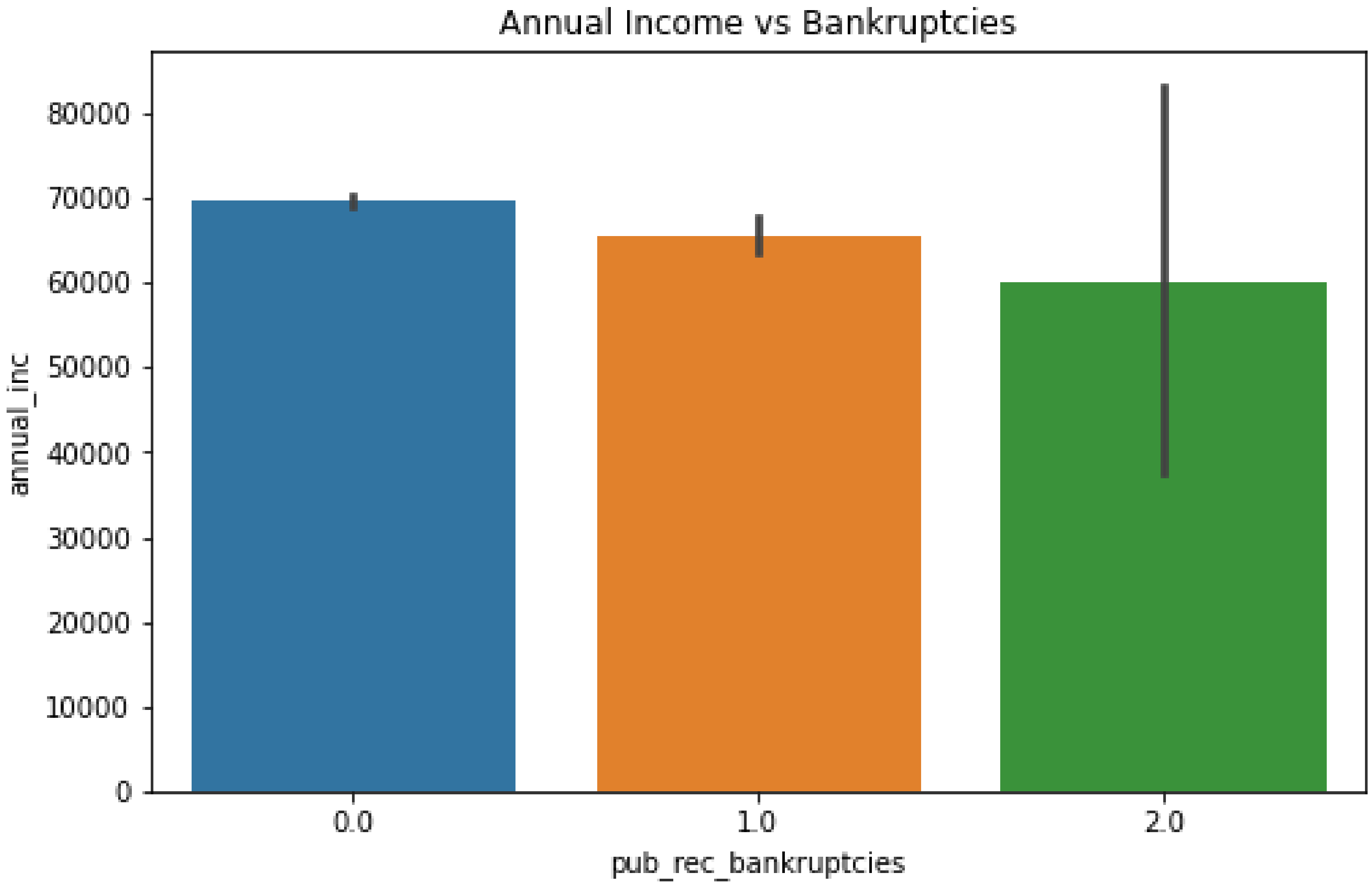


It is observed that verified applicants tend to get higher loan amounts where as not verified people tend to get less loan amounts which is a good sign while comparing this with univariate verification status plot.

Bivariate Analysis

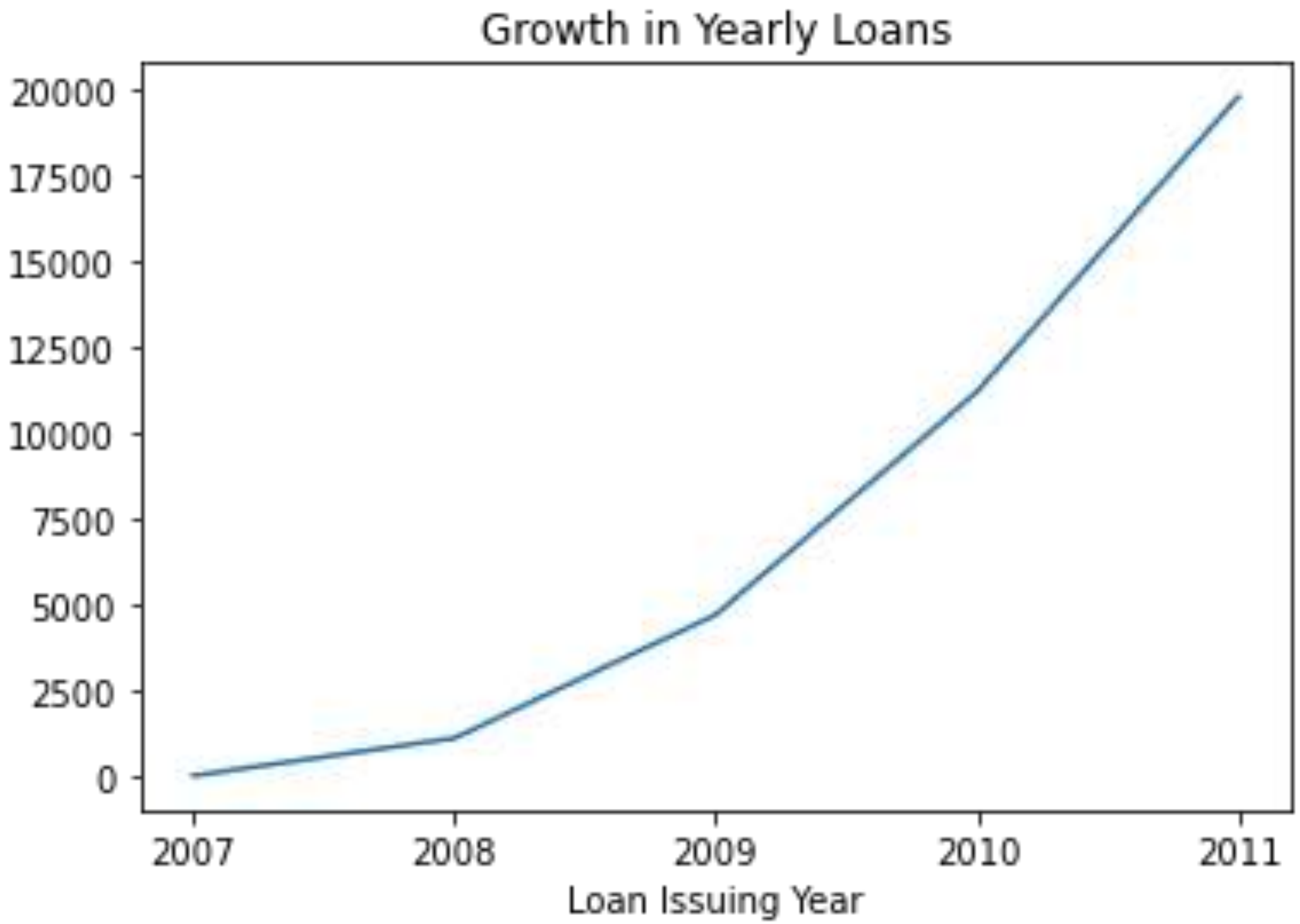


We see there are high number of defaulters from the state of CA.



Bankruptcies are more when the annual income is less.

Growth Over Years



The growth of loans sactioned are significantly rising every year.

Insights

- Grading system is very good for identifying customers and their payment model.
- Lending club should check the amount of loans being issued to specific state and neutralize it.
- Providing small business loans should be taken care may be including some market analysts who can analyze the small business idea and see how far it can be profitable or atleast how much % of loan can we recover back.
- Providing loans to people with bankruptcies records are a risky step and it should be avoided to maintain credit profit and loss.