

LENDING CLUB CASE STUDY

SUBMISSION

Sridhar Byle
Deepak Batra
Nabila Popatiya
Venkateswara Rao Rajanala

Agenda

- Problem Statement
- Approach and Expected Result
- Data Exploration
- Summary

Company Profile

- ➔ Lending Club is a Peer-to-Peer consumer finance company. It is the largest online loan marketplace, facilitating personal loans, business loans, and financing of medical procedures. Borrowers can easily access lower interest rate loans through a fast online interface

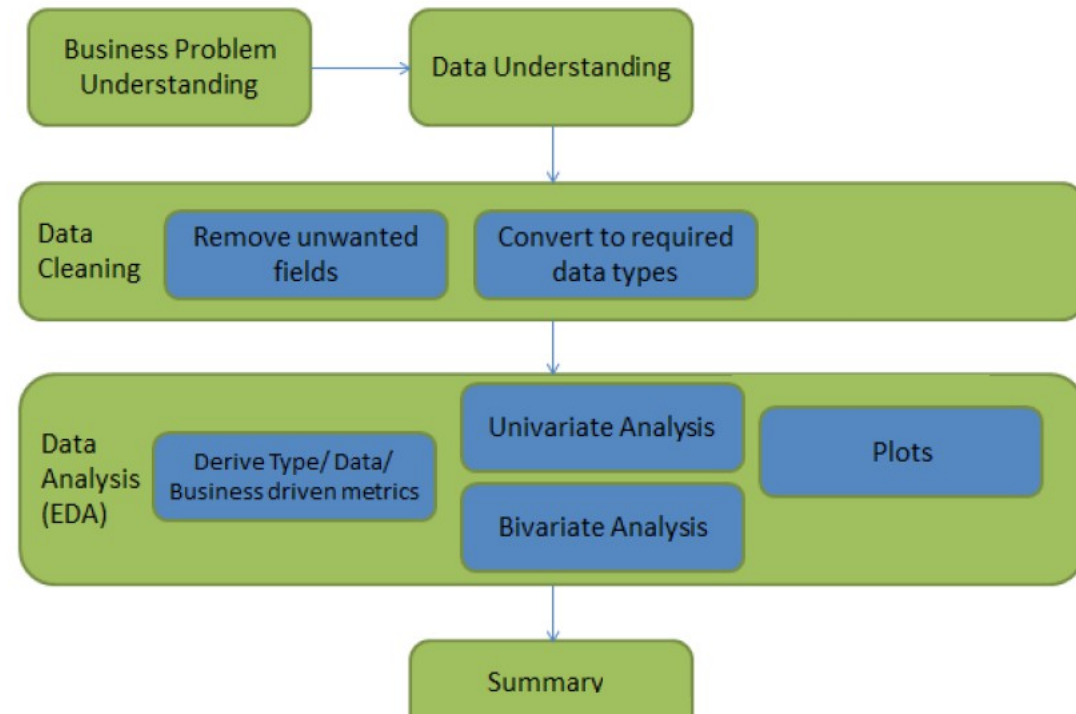
Problem Statement

- ➔ To understand the driving factors for loan default. The company can utilize this knowledge for its portfolio and risk assessment.

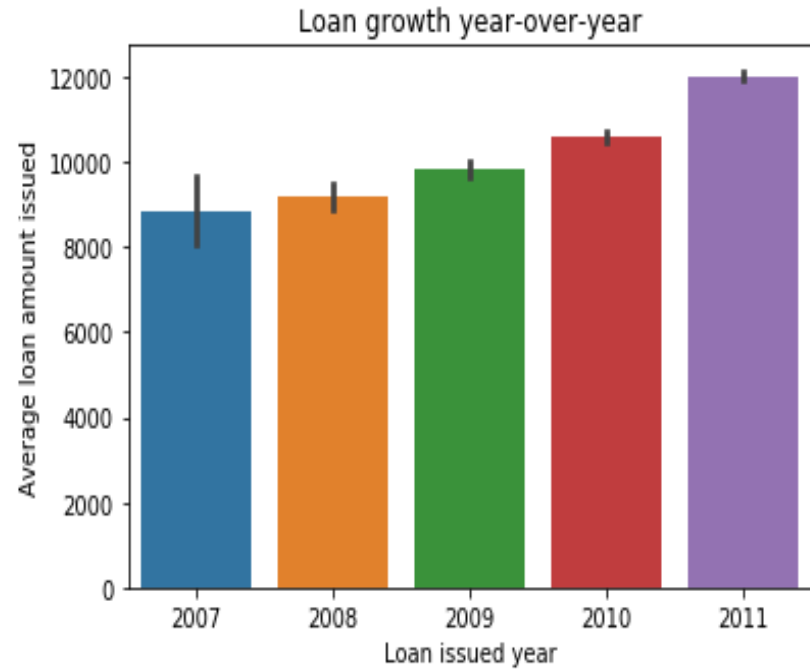
Expected Result

➔ Perform Exploratory Data Analysis and recommend 5 important driving factors towards loan default

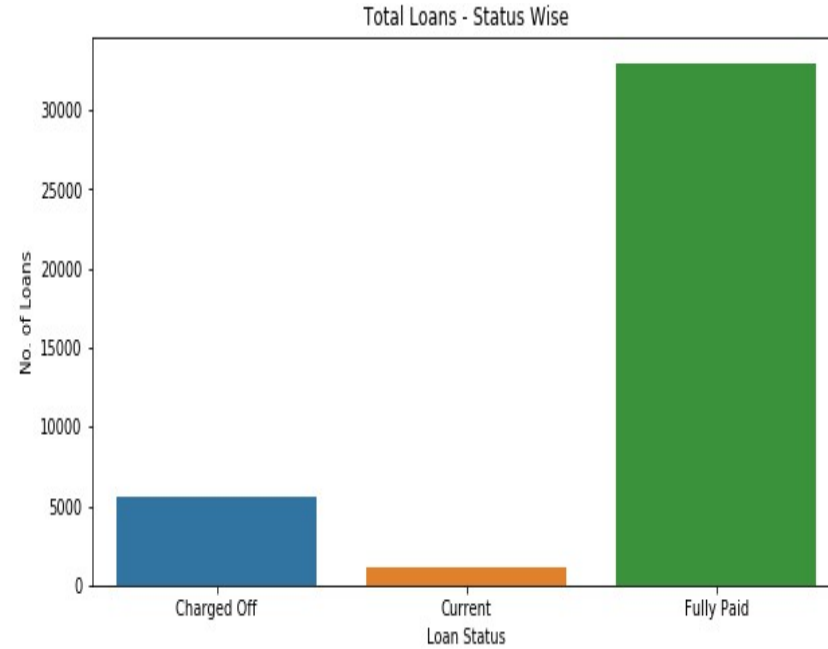
Analysis approach



Data Exploration

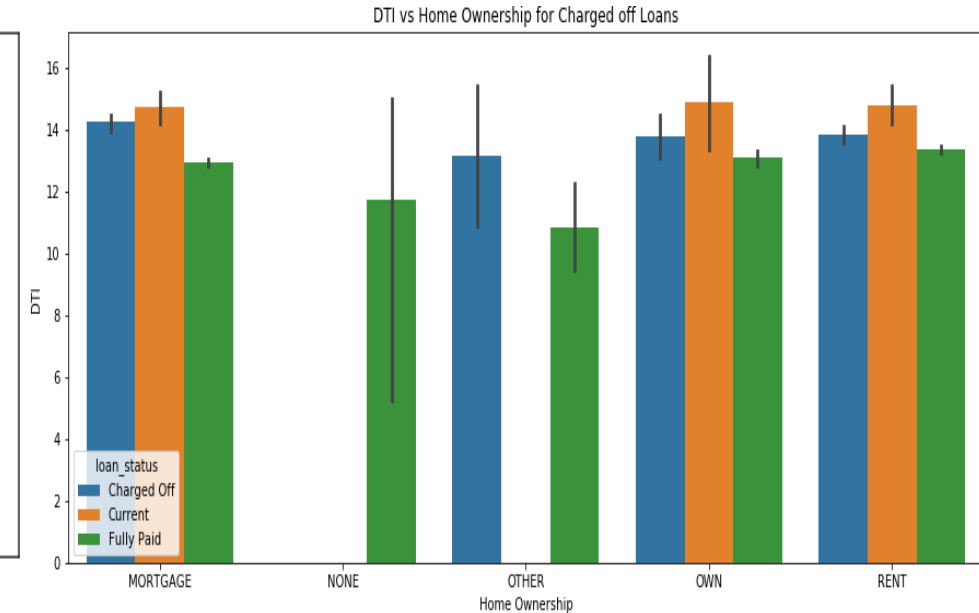
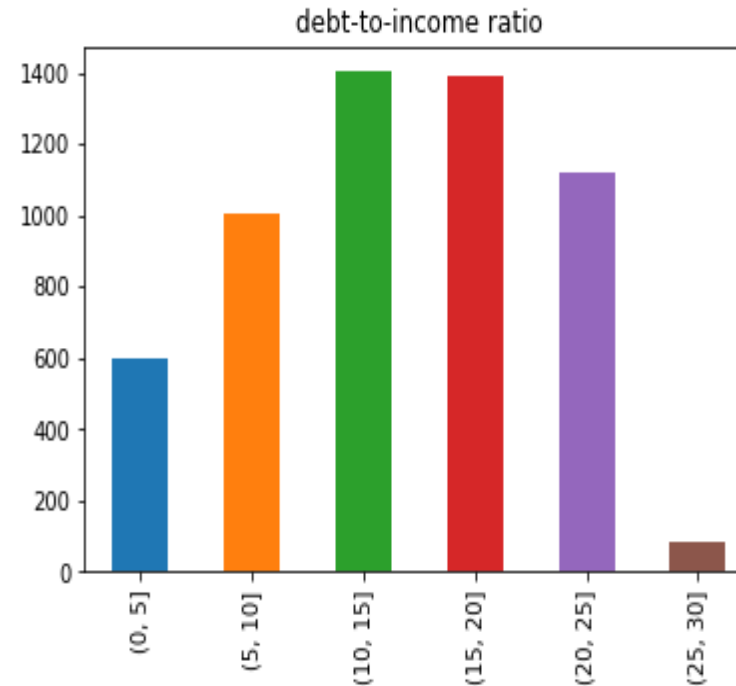
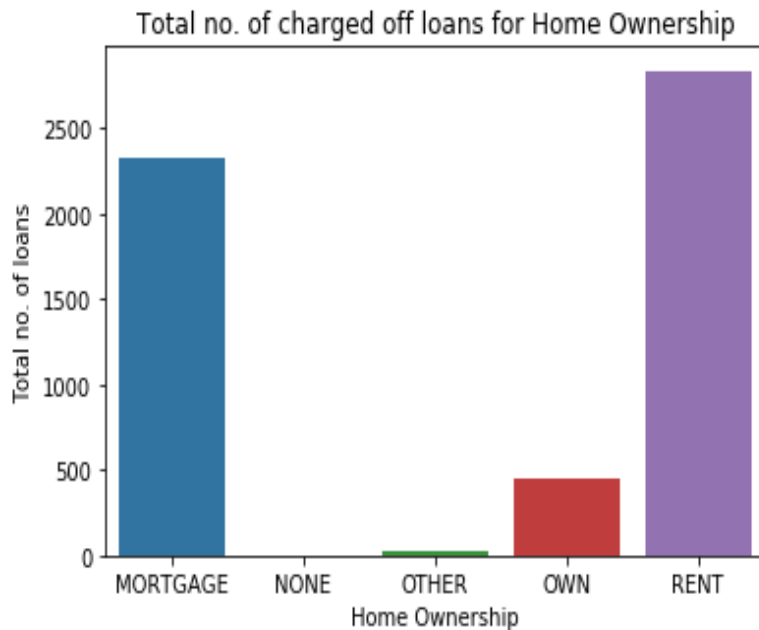


Business growth year-over-year



Small inventory of bad loans

Data Exploration

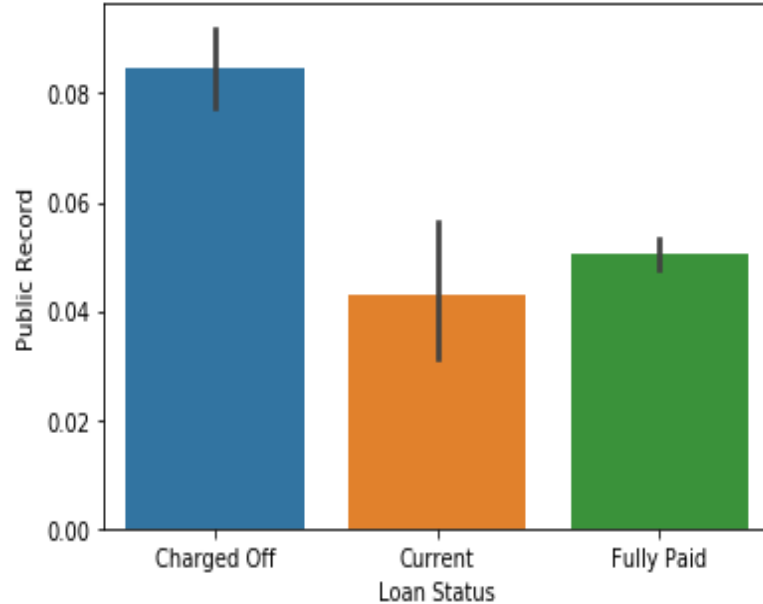


Customers having home ownership type as Rent/Mortgage are more likely to default

Higher the dti, higher the risk of loan default

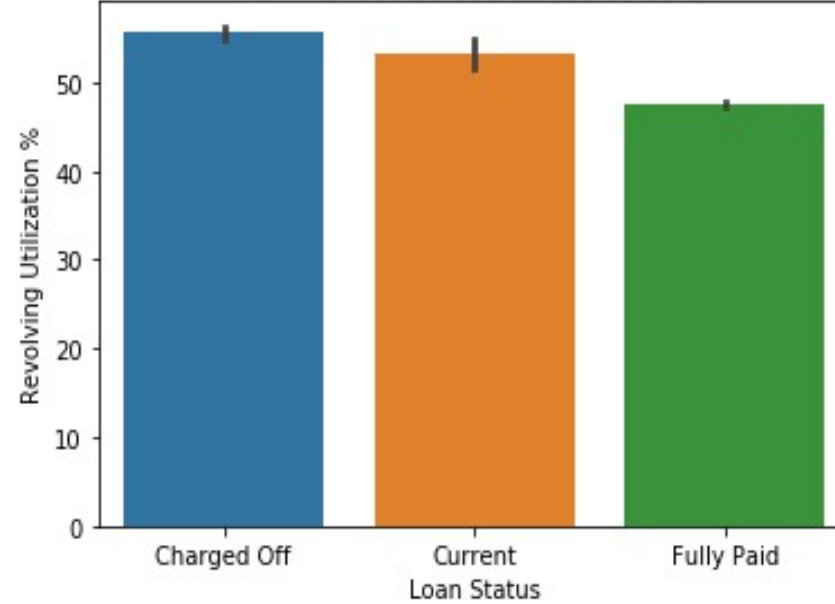
Data Exploration

Loan Status vs Public Record



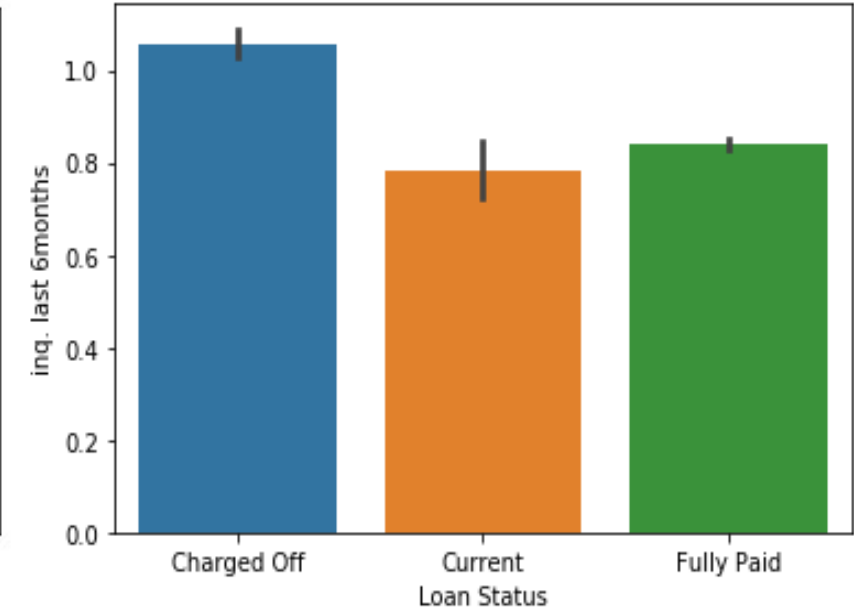
Higher the public records, higher the risk of loan default

Loan Status vs Revolving Utilization



Higher the revolving utilization, higher the risk of loan default

Loans Status vs Inq.Last 6months



More the inquiry, higher the risk of loan default

Summary

- ➔ Post the data analysis, we find that the following 5 factors/variables are identified as important contributors to determine the risk of lending loan to customers:
 - ➔ DTI : Debt to Income Ratio
 - ➔ Home Ownership : Home Ownership status
 - ➔ Public Record : Number of derogatory public records
 - ➔ Revol Util : Revolving line utilization rate
 - ➔ Inquiry last 6 months : Number of inquiries in past 6 months