

Problem Statement

To understand how consumer attributes and loan attributes influence the tendency of loan default.

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Observations:

1. More defaulters belong to category of “Not Verified Income Source”, though defaulters exist in “Verified Income Source” category as well.
2. More defaulters had taken loan for debt consolidation/s.
3. More defaulters fall under range of 37K to 75K annual Income.
4. More defaulters had taken short term/s loan.
5. More defaulters had taken loan with interest rate which falls under middle category.
6. More defaulters had paid monthly instalments in middle range.
7. More defaulters stay in rented house or mortgage properties.
8. More defaulters had taken loan of high amount, whose monthly instalment is high.
9. More defaulters had less monthly income.

Recommendation/s:

1. Before approving loan, “dti” should be verified and should be low.
2. Bank should avoid to approve loan for those applicants whose “dti” is high and doesn’t have own property.
3. Bank should avoid to approve loan for those applicants whose annual income is in mid range and taking loan for short term.
4. Bank should avoid to approve loan for those applicants whose revolving utilization is high and annual income is low.