### **The Lending Club Default Prediction**

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Date: April 20, 2018

Subject: A proposal to issue a project to predict ending club loans’ default probability.

### **Problem**

This is a lending data from Lending Club historical loans. In this data, there are information about the customer and the payment situation. How to decide who can get finance and on what terms and can make or break investment decisions is a big problem. To make a guess at the probability of default, are the method banks use to determine whether or not a loan should be granted, algorithms

are needed. To make the better lending decision, this is the purpose for this project.

### **Data**

<https://www.lendingclub.com/info/download-data.action>

**Approach**

1. Manipulate data, including loading, merging and transforming.
2. Analysis data, do some statistical analysis for the data, like mean, medium, mode, and histogram. And for character variables, transfer to numerical for further analysis.
3. Create definition and flag default indicator.
4. Analyze the relation between current variables and default flag, draw plot and do statistical analyst.
5. Using Random Forester to do first round predict.
6. Try other algorithms to do the prediction.
7. Evaluate the results.

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