Lending Club Case Study

SUBMISSION

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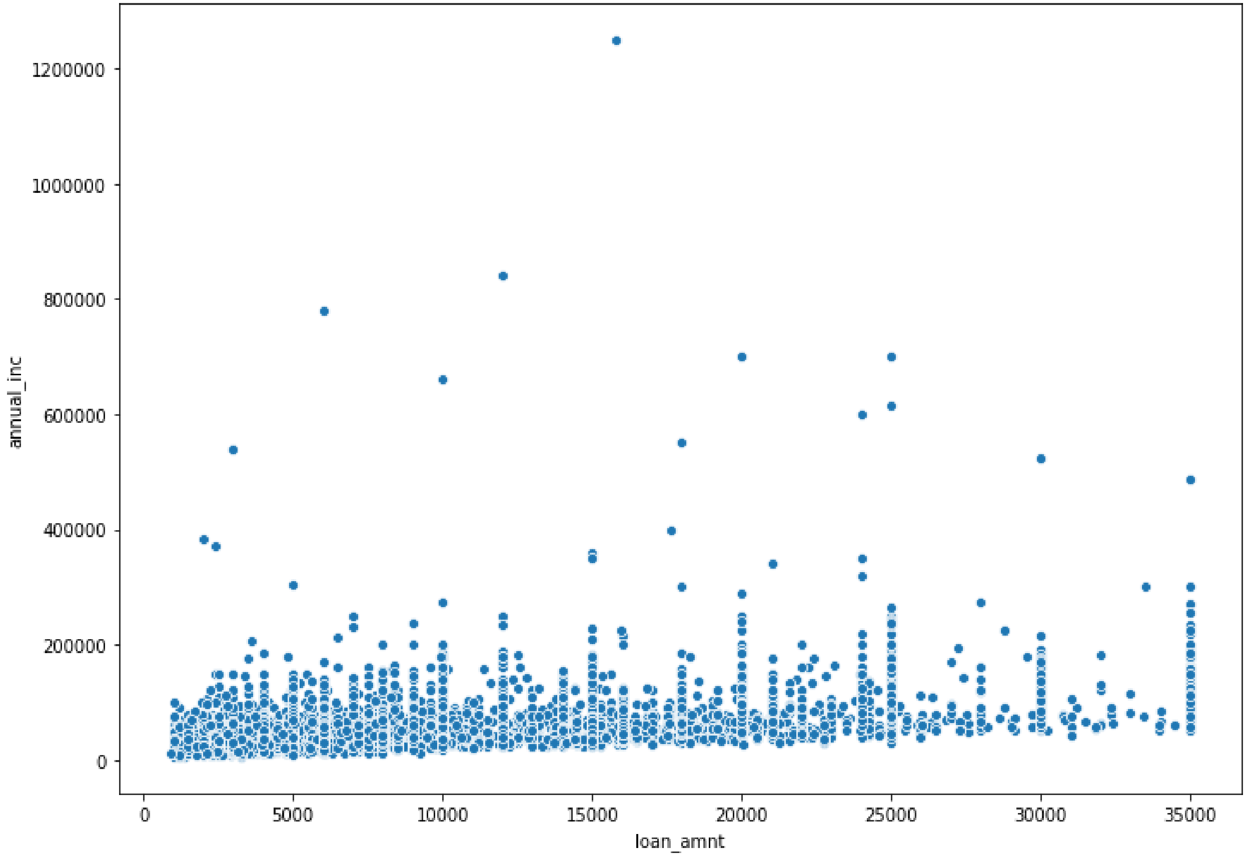
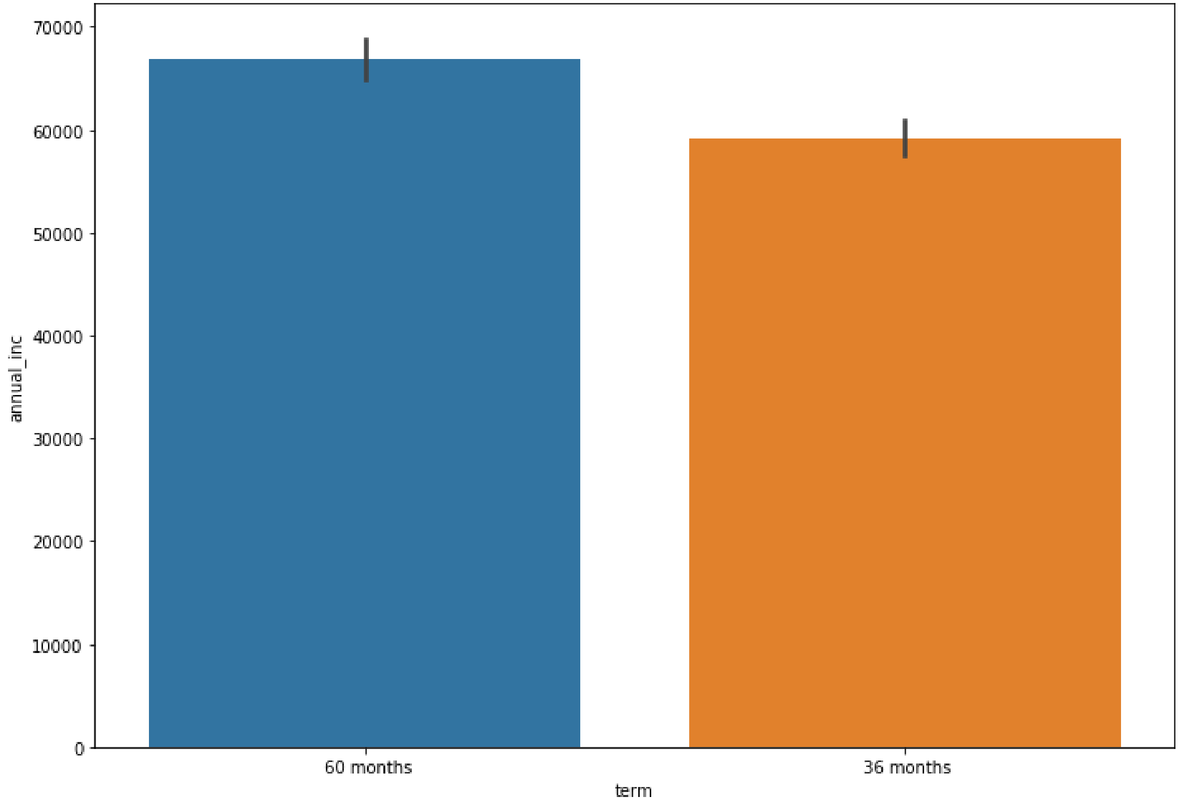
Objectives

- To identify these risky loan applicants, then such loans can be reduced thereby cutting down the amount of credit loss. Identification of such applicants using EDA is the aim of this case study.
- Lending Club wants to understand the driving factors (or driver variables) behind loan default, i.e. the variables which are strong indicators of default. The company can utilize this knowledge for its portfolio and risk assessment.

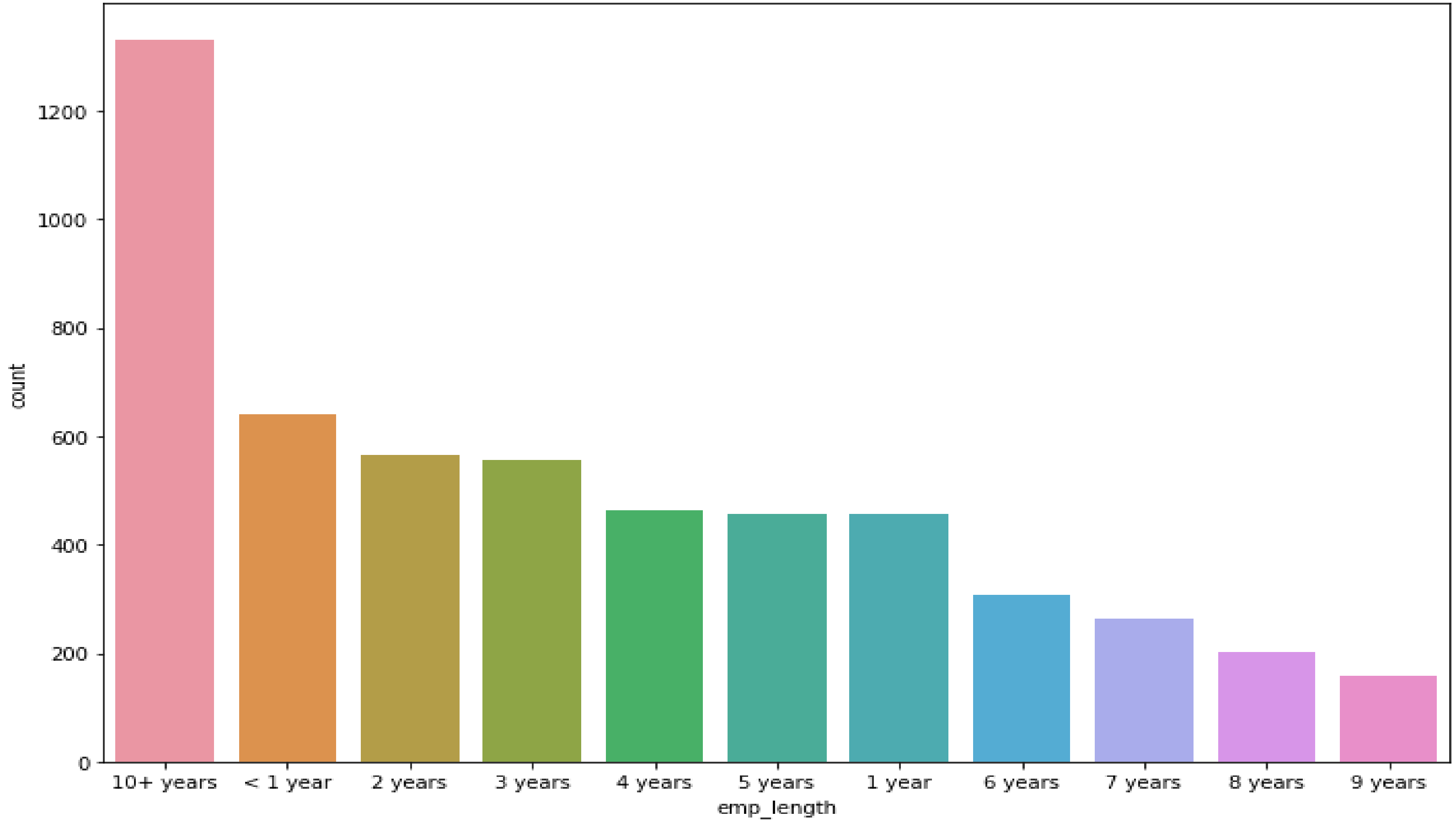
EDA method used

Analysis 1:People with annual salary less than or equal to 300000 tend to default more. They should take loan for longer term

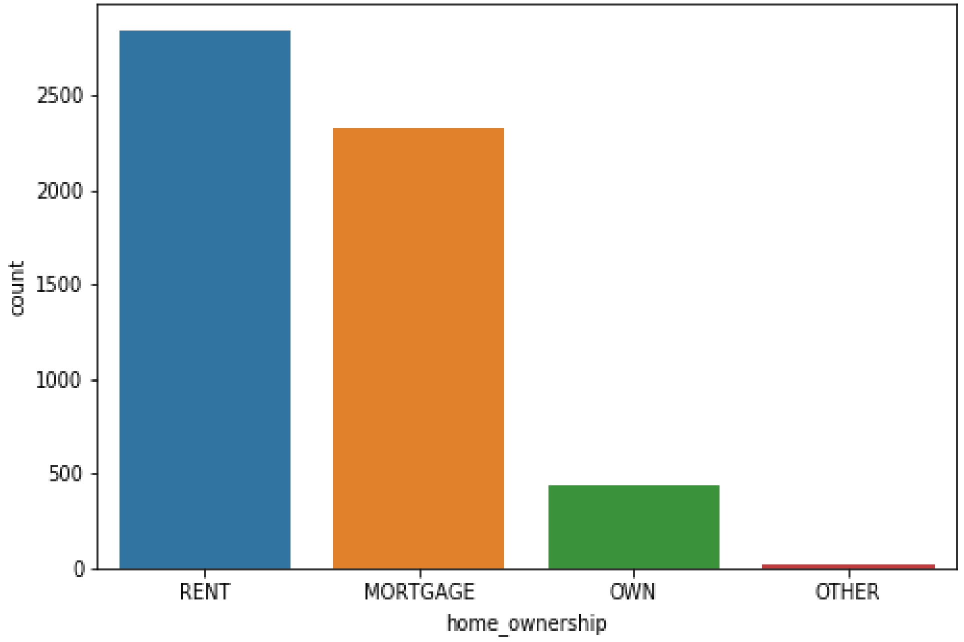


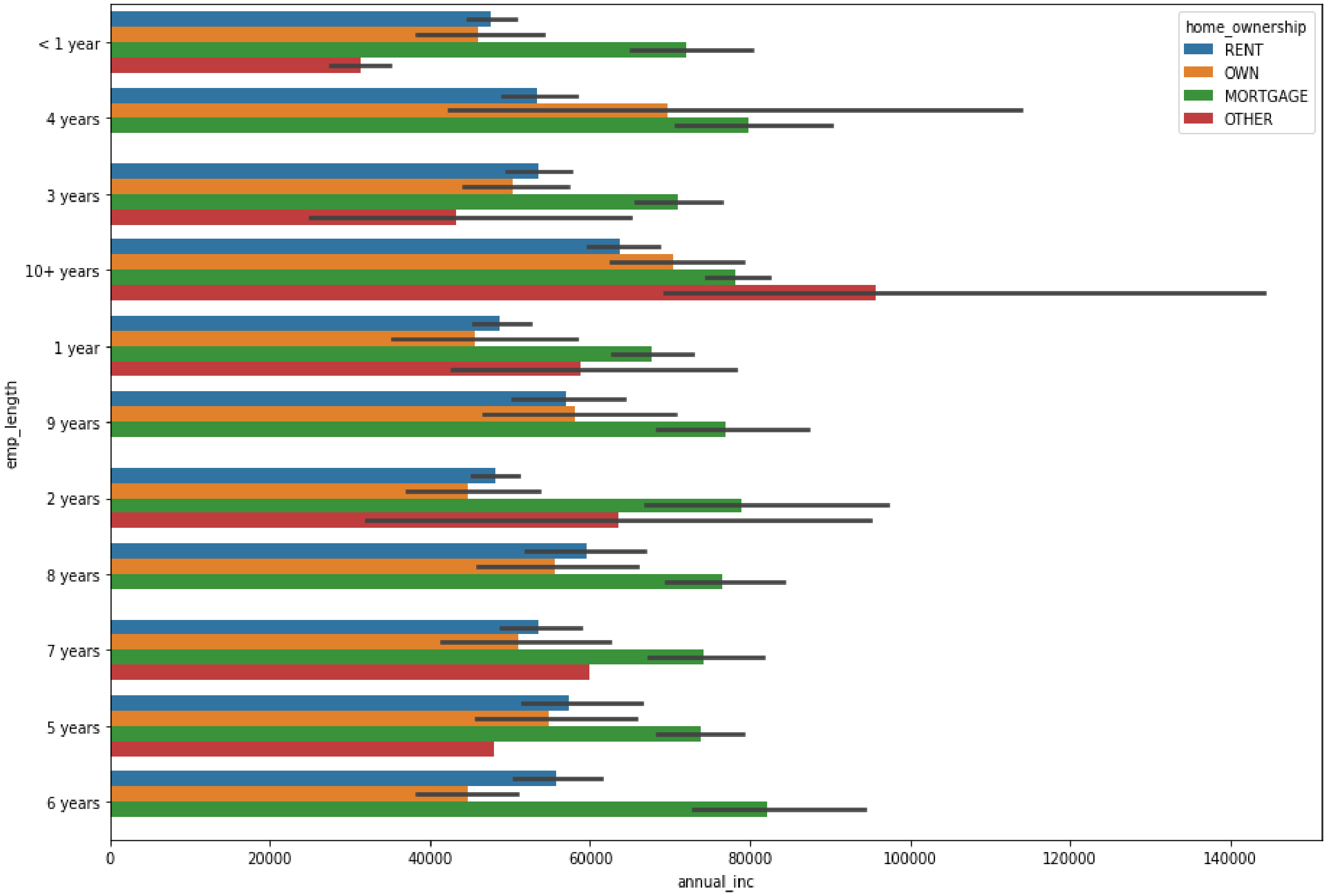


Analysis 2: People with 10+ years experience default most

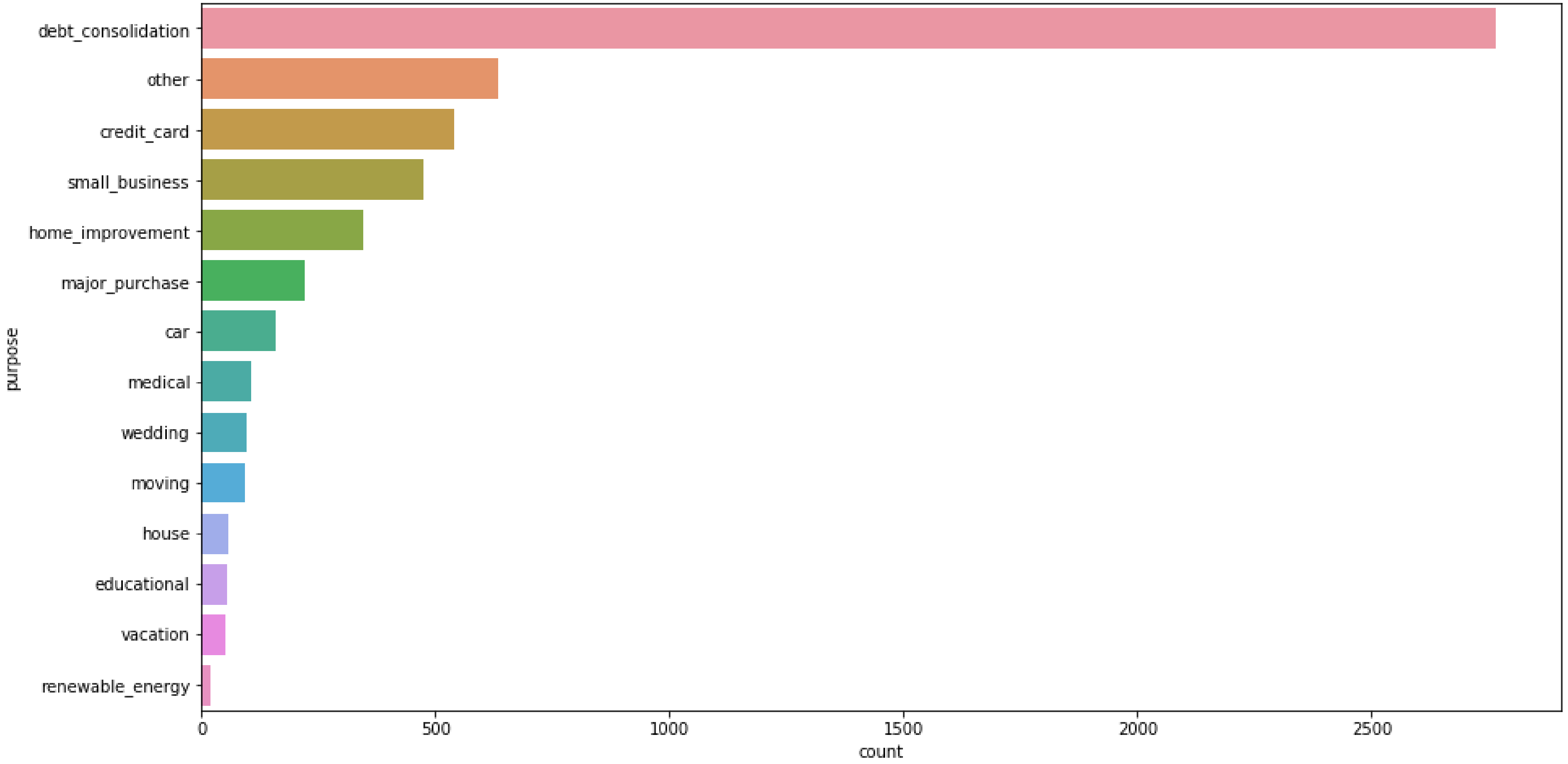


Analysis 3: People living on Rent or have home Mortgage default most

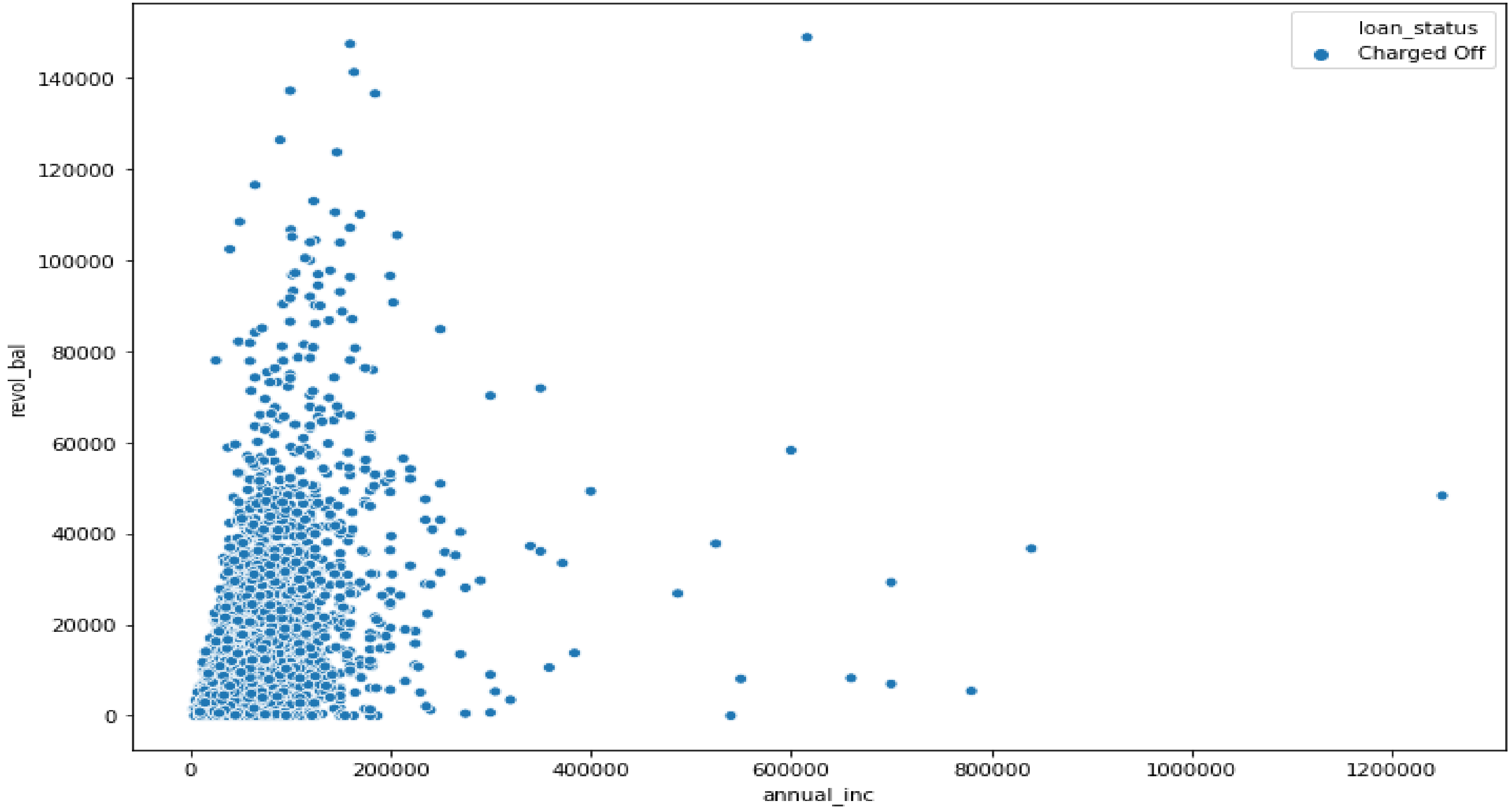




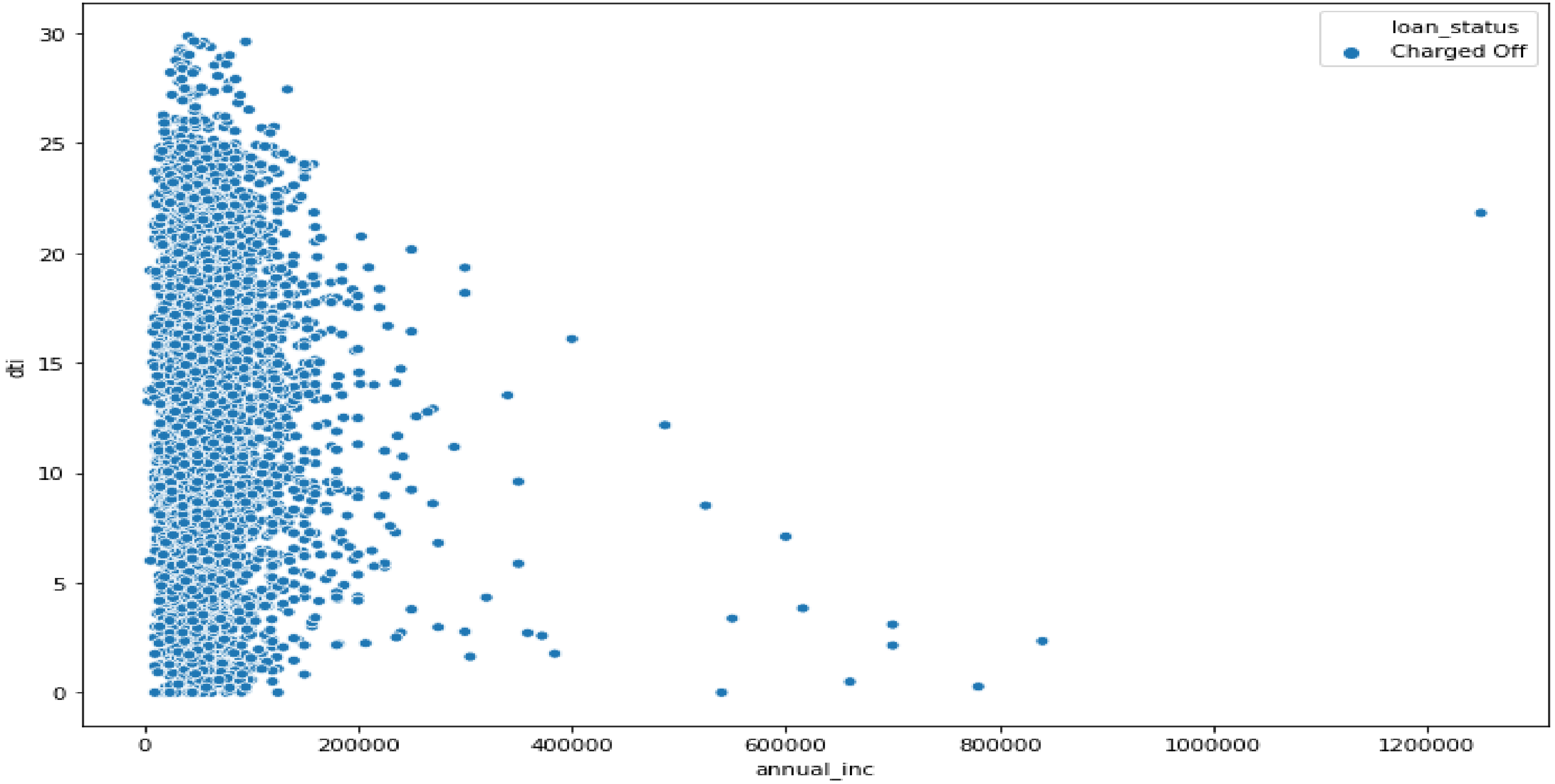
Analysis 4: DEBT Consolidation has most defaulters.



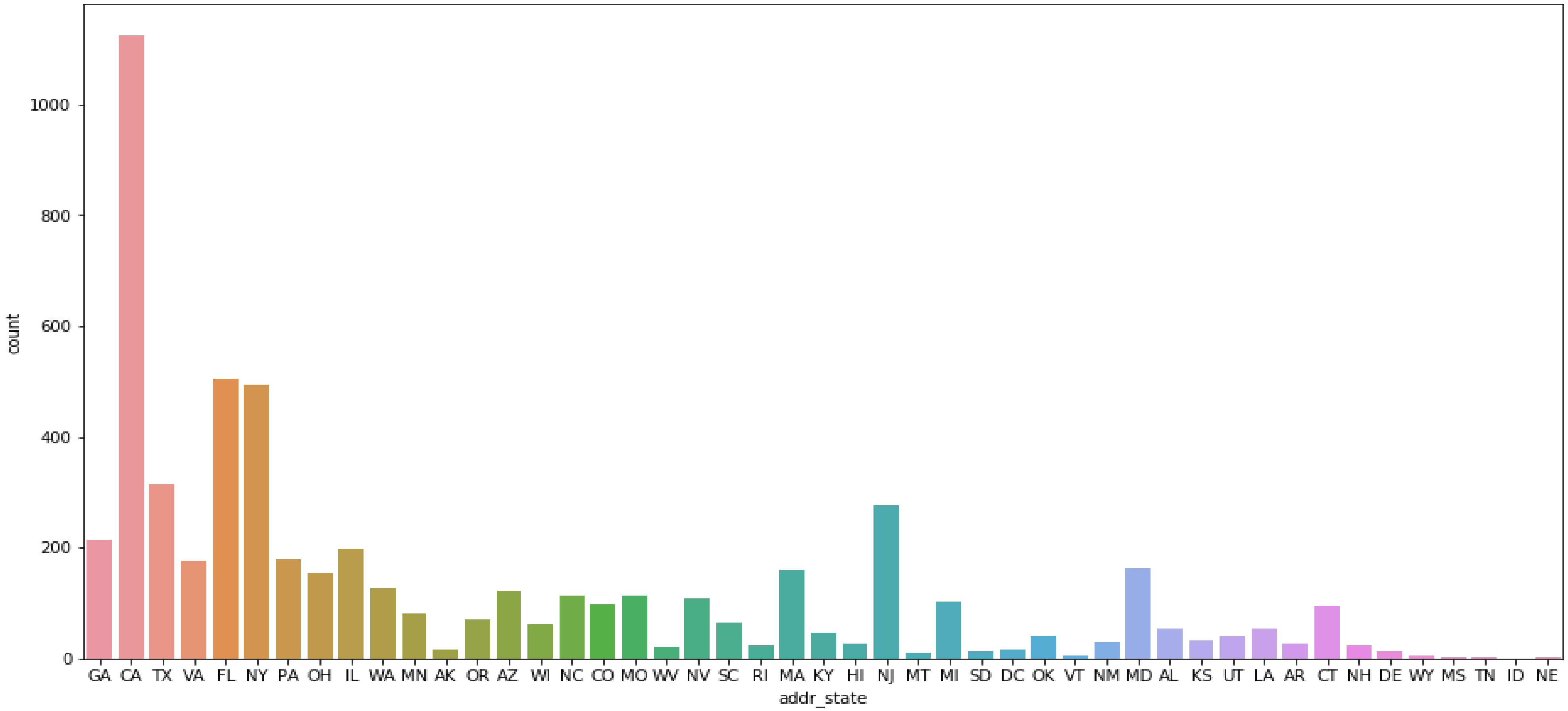
Analysis 5: Less Income and more rotational balance default more



Analysis 6: Higher the DTI, higher the risk



Analysis 7: Highest defaulter are in CA, FL, NY



Conclusion

Key Indicators:

1. Salary with respect to Time Period
2. Employment Length with respect to DTI and annual salary.
3. Loan amount with respect to home ownership
4. Loan taken for debt consolidation
5. Loan applicants applied from CA, FL and NY.