IIIT - BANGALORE

LENDING CLUB CASE STUDY

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ABSTRACT

- **Lending Club** is a lending platform that lends **money** to people in need at an interest rate based on their credit history and other factors.
- Borrowers can easily access lower interest rate loans through a faster online interface.
- Online lending services continue to grow and develop, investors behave like, and transform into, bank-like entities themselves.
- Understanding the driving factors (or driver variables) behind the loan defaulters.

BUSINESS UNDERSTANDING

A consumer finance company which specializes in lending various types of loans to urban customers. When the company receives a loan application, the company has to make a decision for loan approval based on the applicant's profile. Two types of risks are associated with the bank's decision:

- If the applicant is likely to repay the loan, then not approving the loan results in a loss of business to the company
- If the applicant is not likely to repay the loan, i.e. he/she is likely to default, then approving the loan may lead to a financial loss for the company.

BUSINESS OBJECTIVE

The company 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.

The case study focuses on EDA mainly, to understand which parameters are major to detect whether a customer will default loan or not.

PROBLEM SOLVING METHODOLOGY

DATA CLEANING

Removing the null valued columns, unnecessary variables and checking the null value percentage. And dropping all the respective columns.

DATA ACKNOWLEDGEMENT

Understanding and working with the data dictionary, gaining the knowledge of all the columns . And understanding the uses of specific domain.

DATA ANALYSIS

Analyzing each column, plotting the distributions of column while performing Univariate analysis.
Analyzing two variable behaviour with respect to the loan amount while performing Bivariate analysis.

Thank you