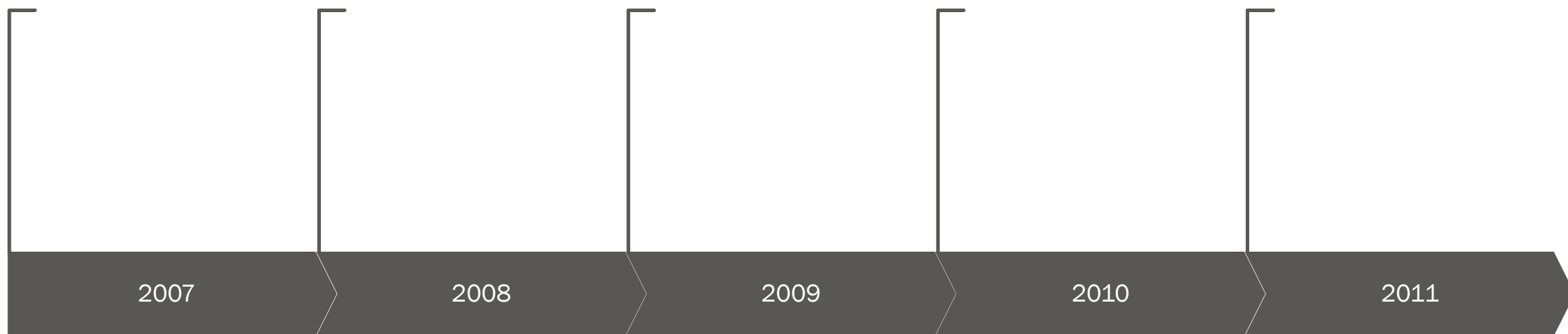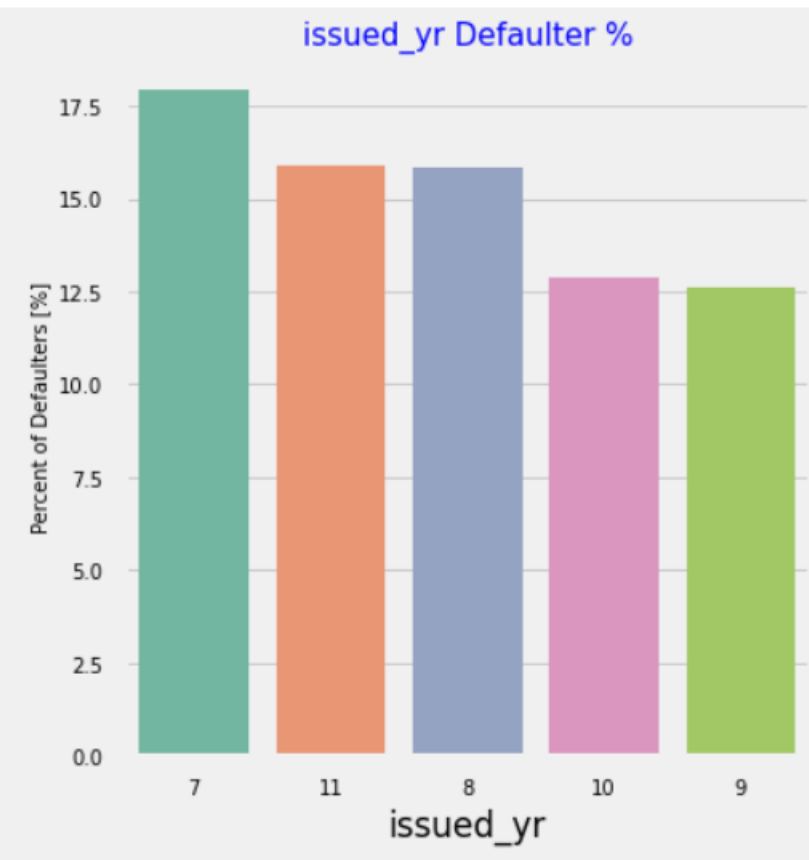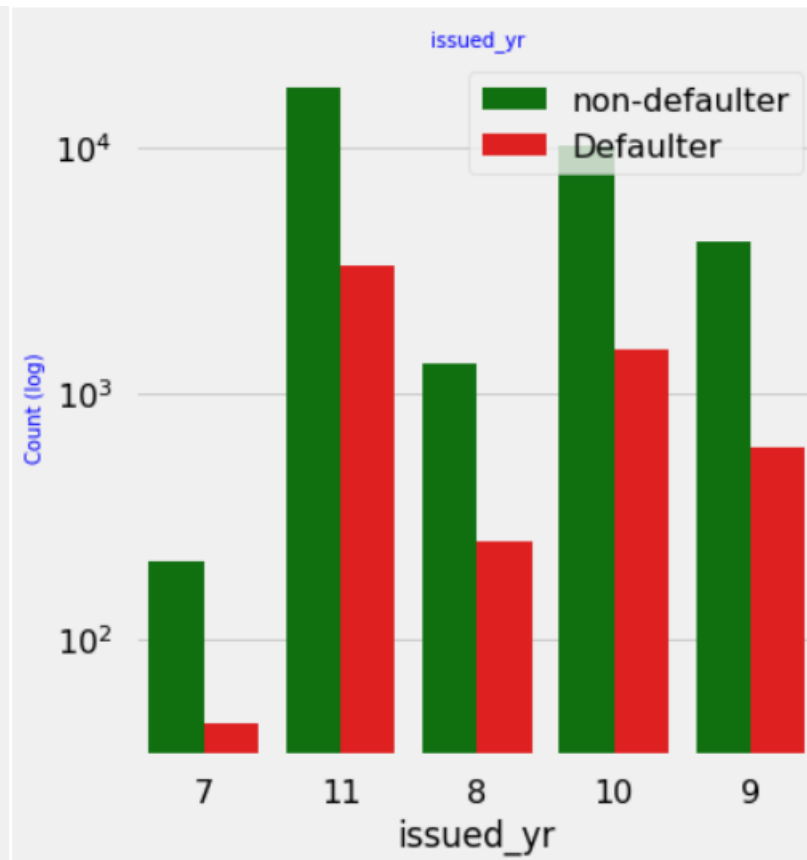# LENDING CASE STUDY

-- BANKING AND FINANCIAL LOAN SERVICE SECTORS

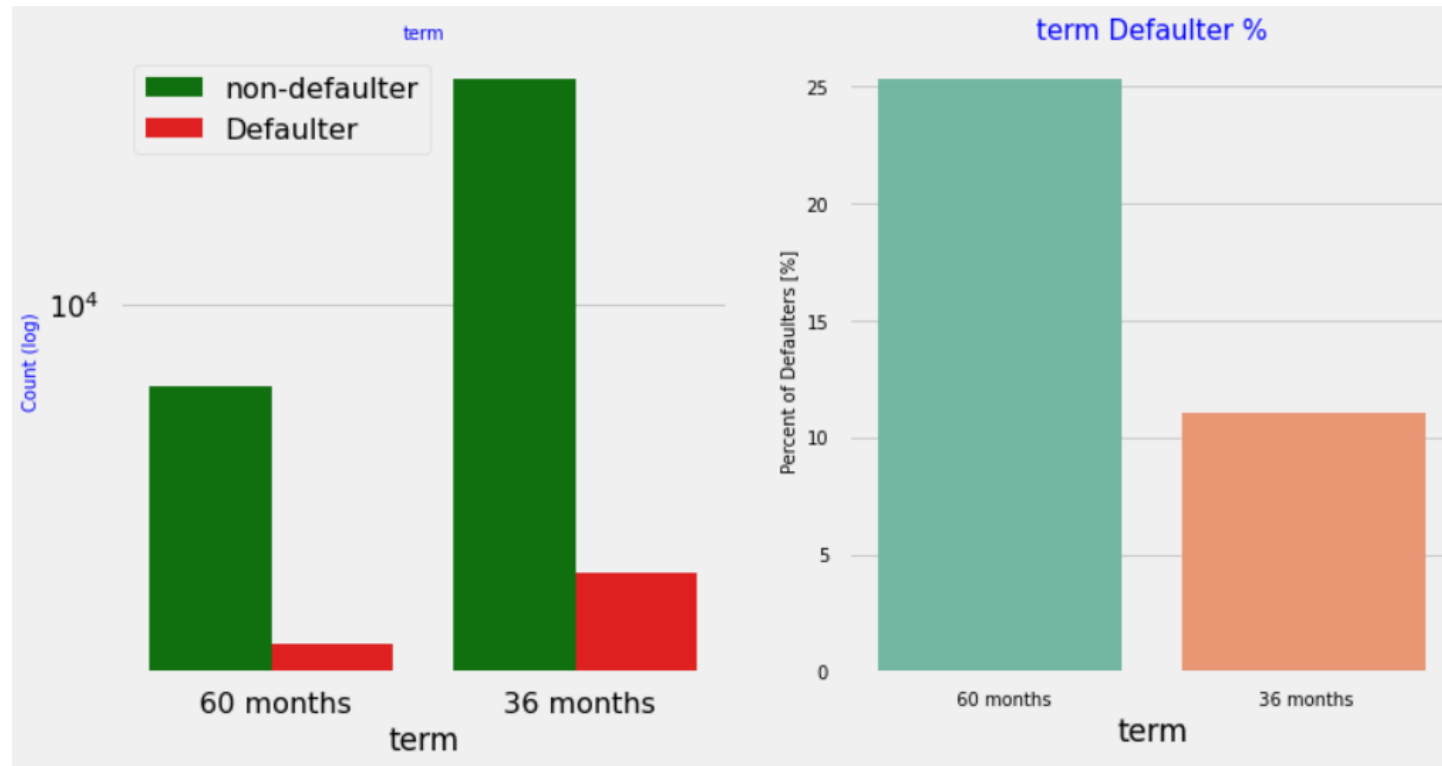# A CASE STUDY TO IDENTIFY THE RISKY LOAN APPLICANTS
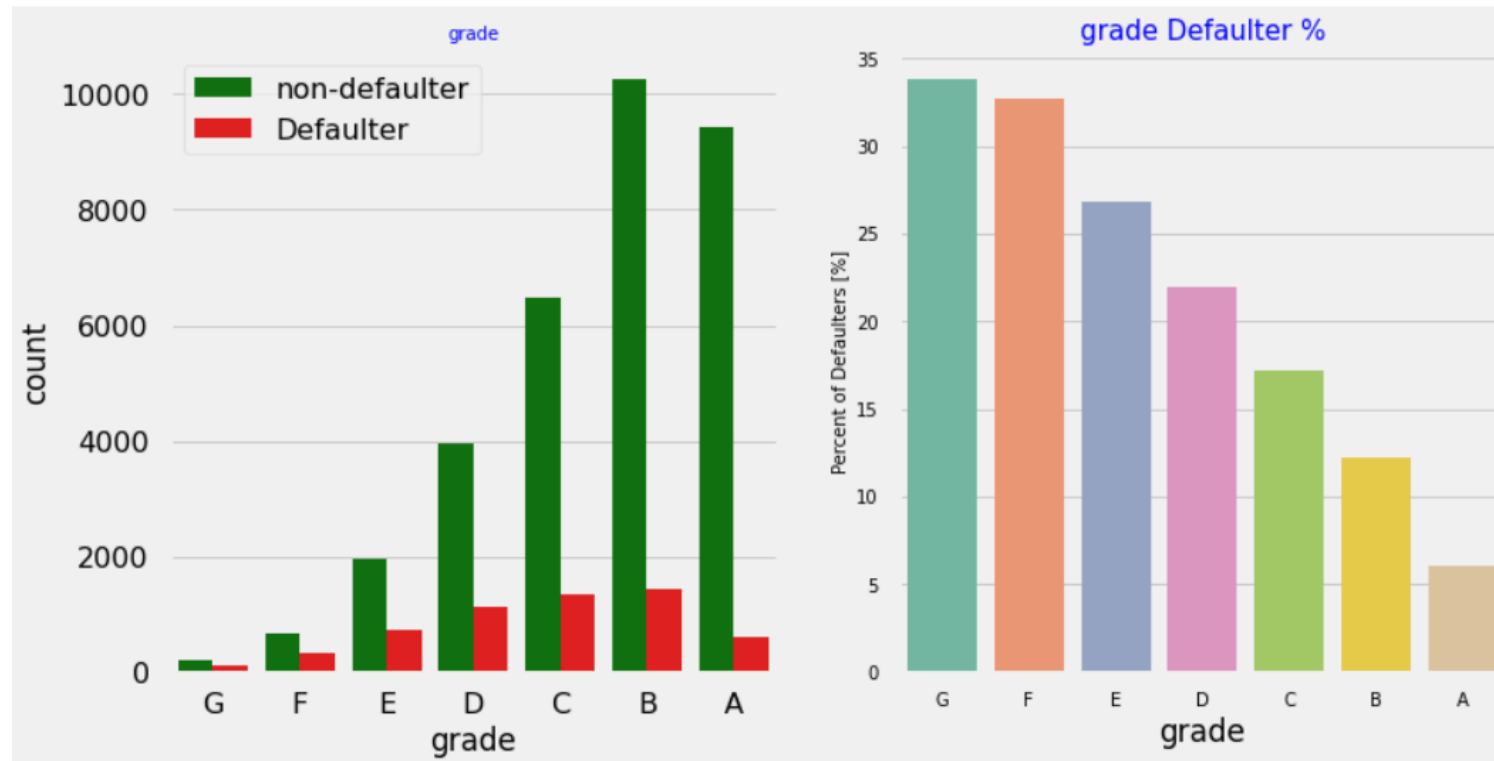
| 2007 | 2008 | 2009 | 2010 | 2011 |

FROM THE YEAR 2007 - 2011, LOAN ISSUED TO APPLICANTS RANGE IS GRADUALLY INCREASED AND THE DEFAULTER LIST IS DECREASED GRADUALLY.

MOST OF THE APPLICANTS ISSUED FOR A TERM OF 36 PAYMENTS ARE REPAYING. BUSINESS SHOULD CONSIDER THIS INSIGHT AND APPROVED THE LOAN WITH LESS NUMBER OF PAYMENTS.
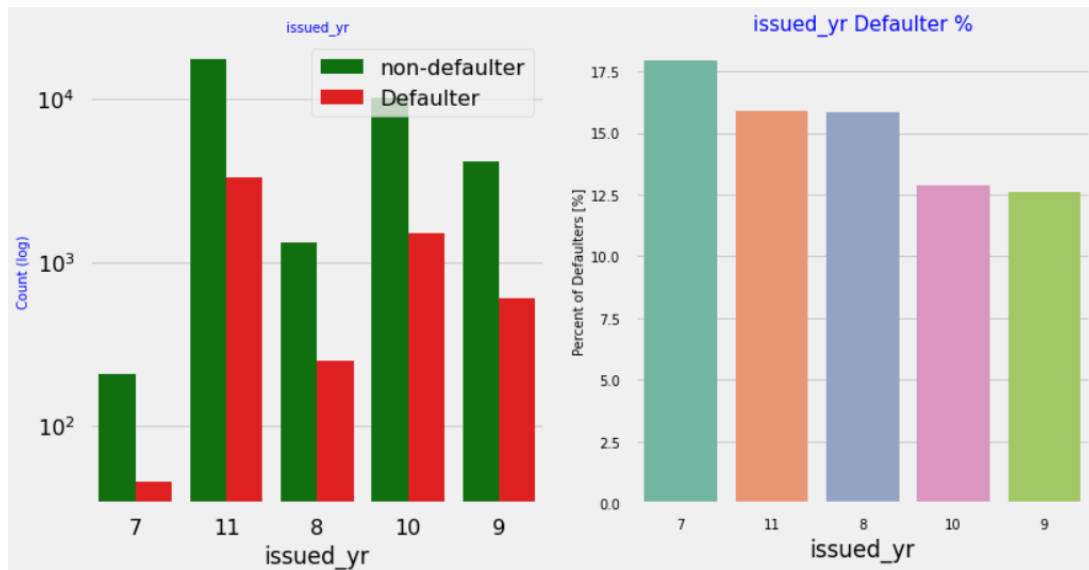
LENDING CLUB GRADE A HAS LOW RISKY APPLICANT AND GRADE G & F HAVE HIGH RISKY APPLICANTS. SO BUSINESS SHOULD CONSIDER THIS INSIGHT AND REDUCE THE LOAN APPROVAL TO RISKY GRADE'S.
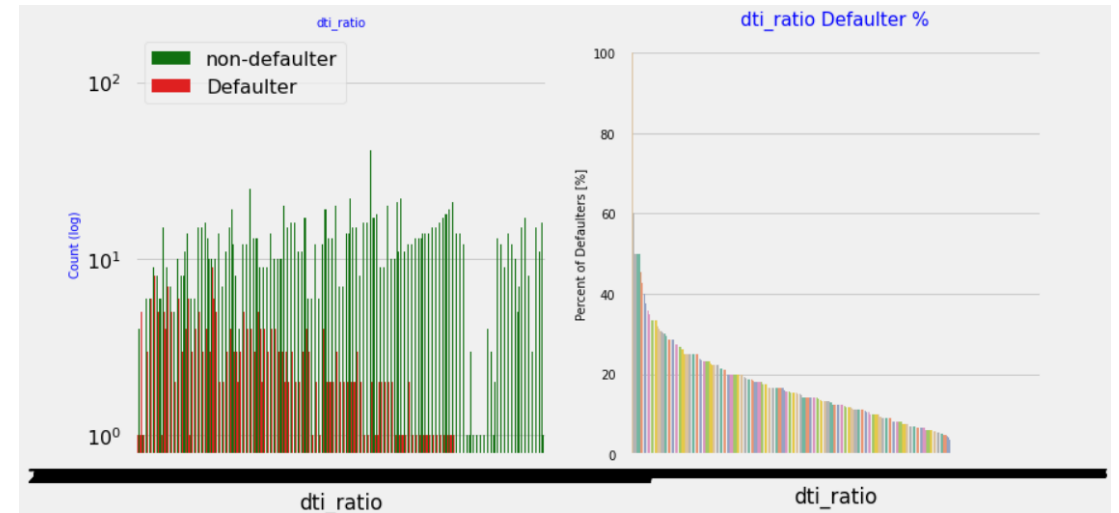
IN THE YEAR 2007/2008/2009, THE LOANS ARE ISSUED TO PEOPLE WITHOUT CALCULATING OF APPLICANT INCOME AND LOAN. SO MOST OF THE PEOPLE WHO ARE EARNING LESS INCOME BUT RECEIVED HIGH AMOUNT OF LOANS BECOME A DEFAULTER.

Count of Loan Issued

Debt to Income Ratio

CONCLUSION

- **Driving factors** like Debt to income, employment years, lending club grade and borrow purpose should consider against the loan applicants before issuing the loans.

- Un-employment/<3 years of employment applicants are more in default list.

- If Debt to income ratio is high, then Lender's should reject the loan approval to be safer side.

- Very less number of risky applicants in Lending club Grade A.

- More number of applicants who received loan for Small business recorded as defaulters.