

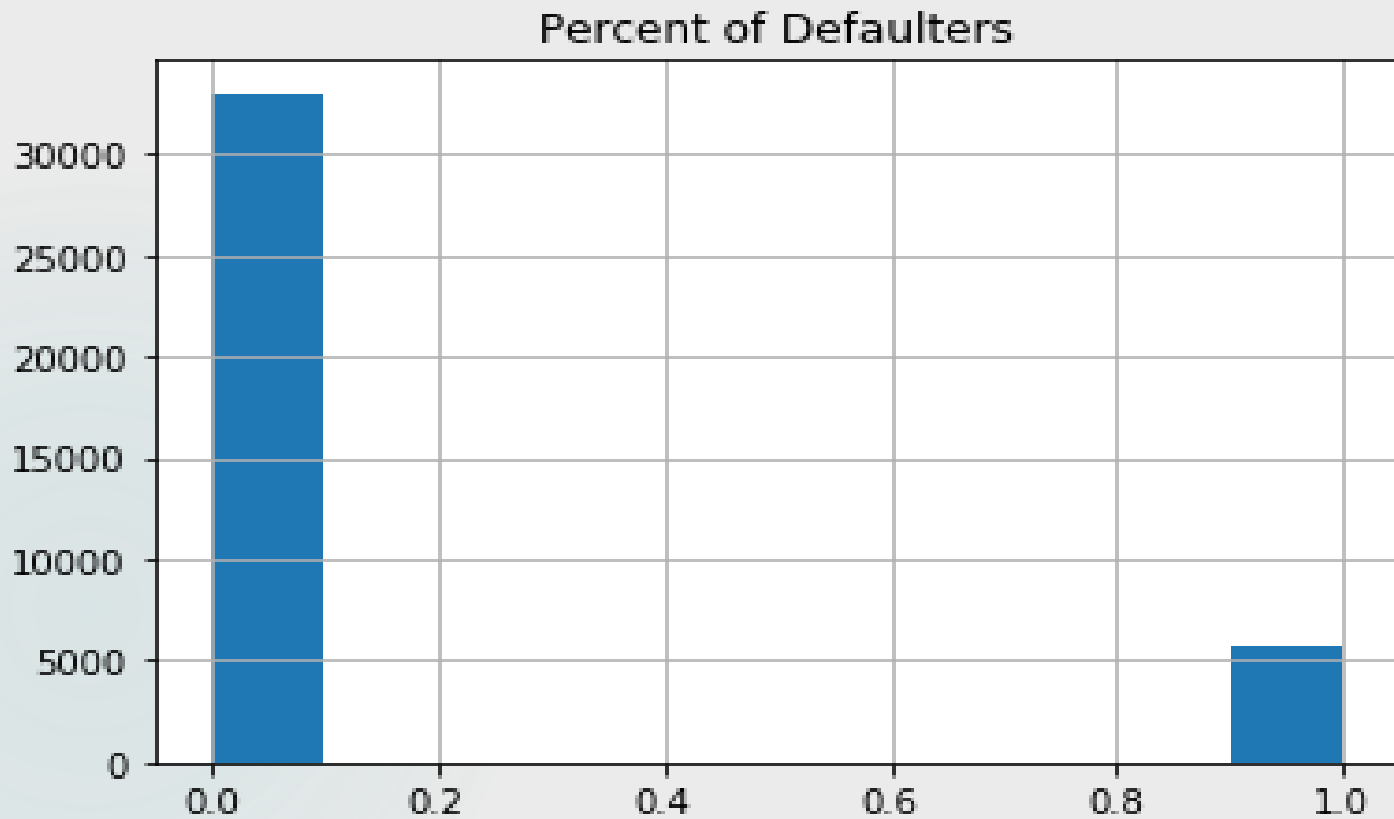
Lending Club Case Study

By : Rushikesh S. Ladke

Introduction

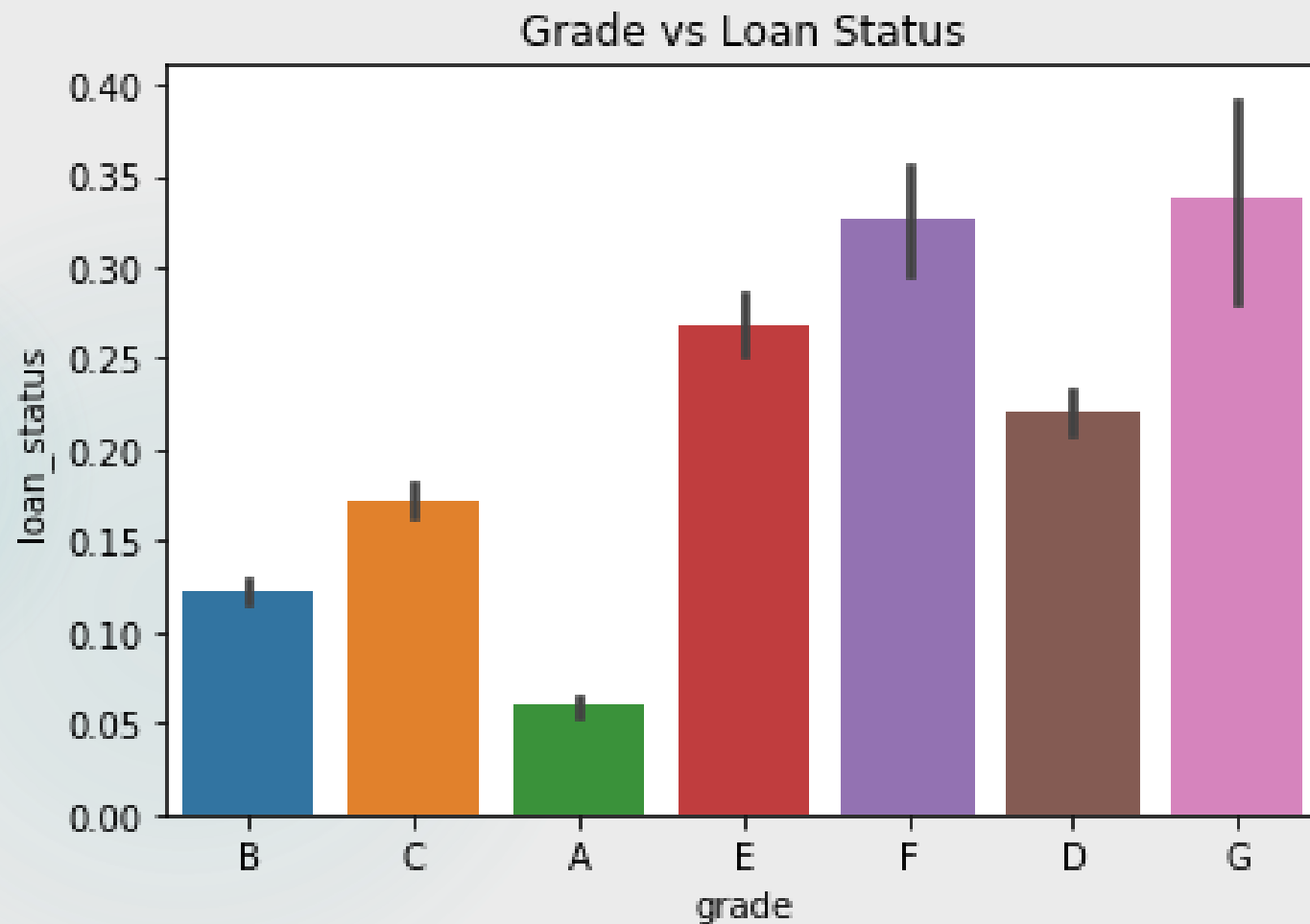
- ▶ We are working with a **consumer finance company**
- ▶ They are lending various loans and want to do the analysis on the variables which lead to a defaulter.
- ▶ If applicant is likely to repay loan, then it's the loss of Company
- ▶ If applicant is not likely to repay loan, then it's financial loss for the Company.
- ▶ So we need to analyse the variables which leads to defaulters.

Percent of Defaulters



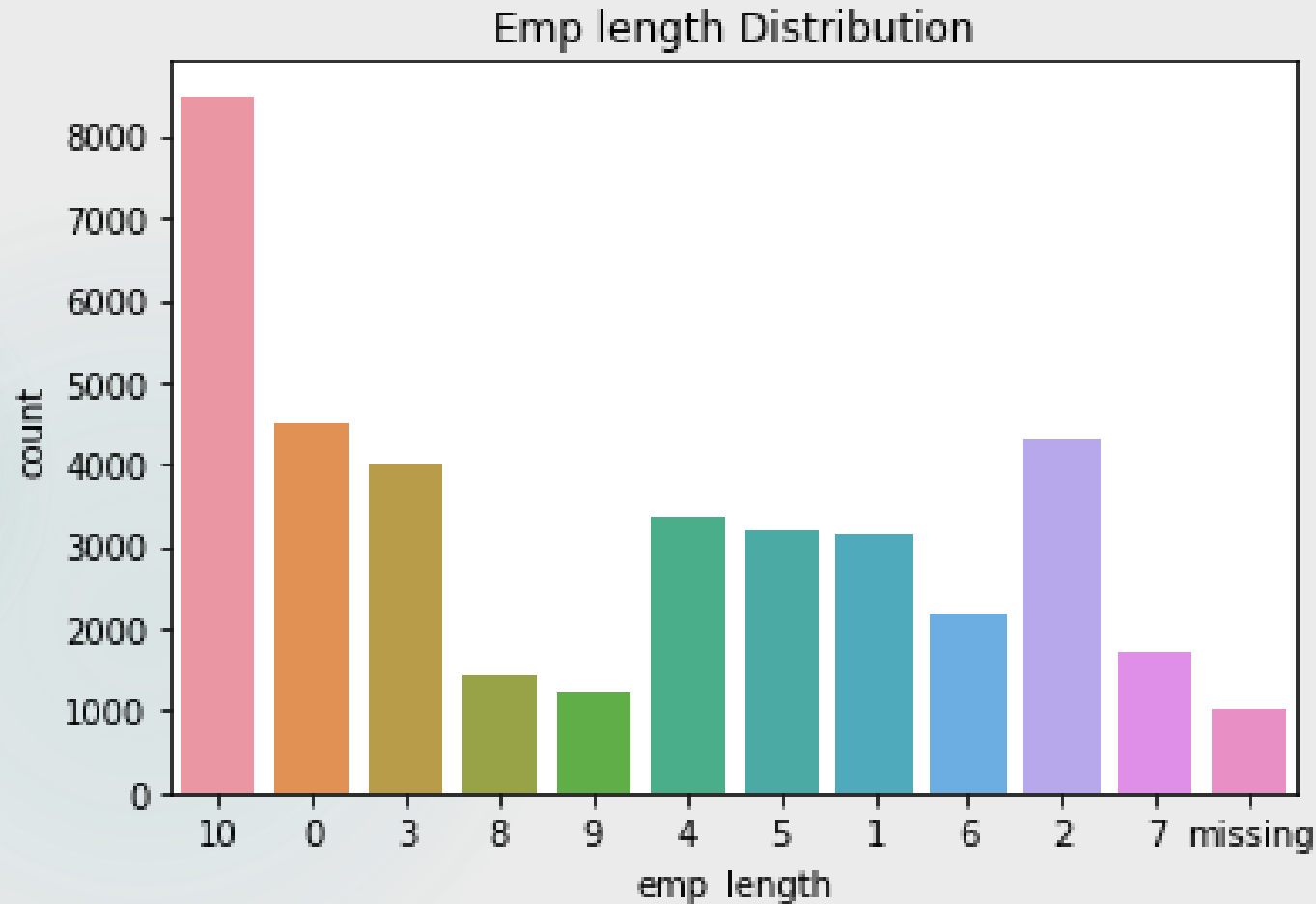
Non-defaulters(85.4%)
Vs
Defaulters (14.6%)

Grade vs Loan Status



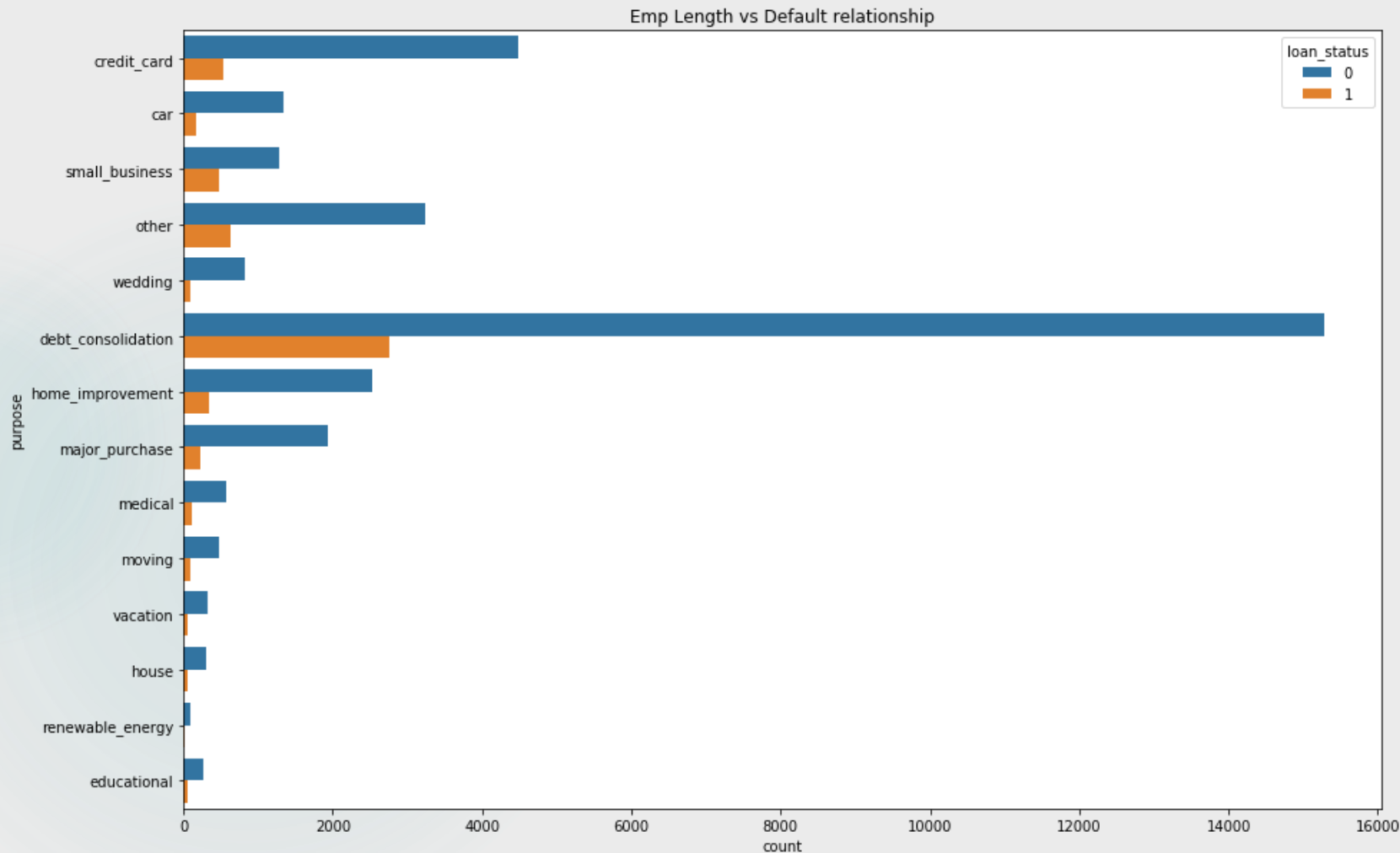
As the LC assigned loan grade increases from A to G the default rate increases

Emp length Distribution



Emp with 10+ Years
experience tent to
take more loan

Emp Length vs Default relationship

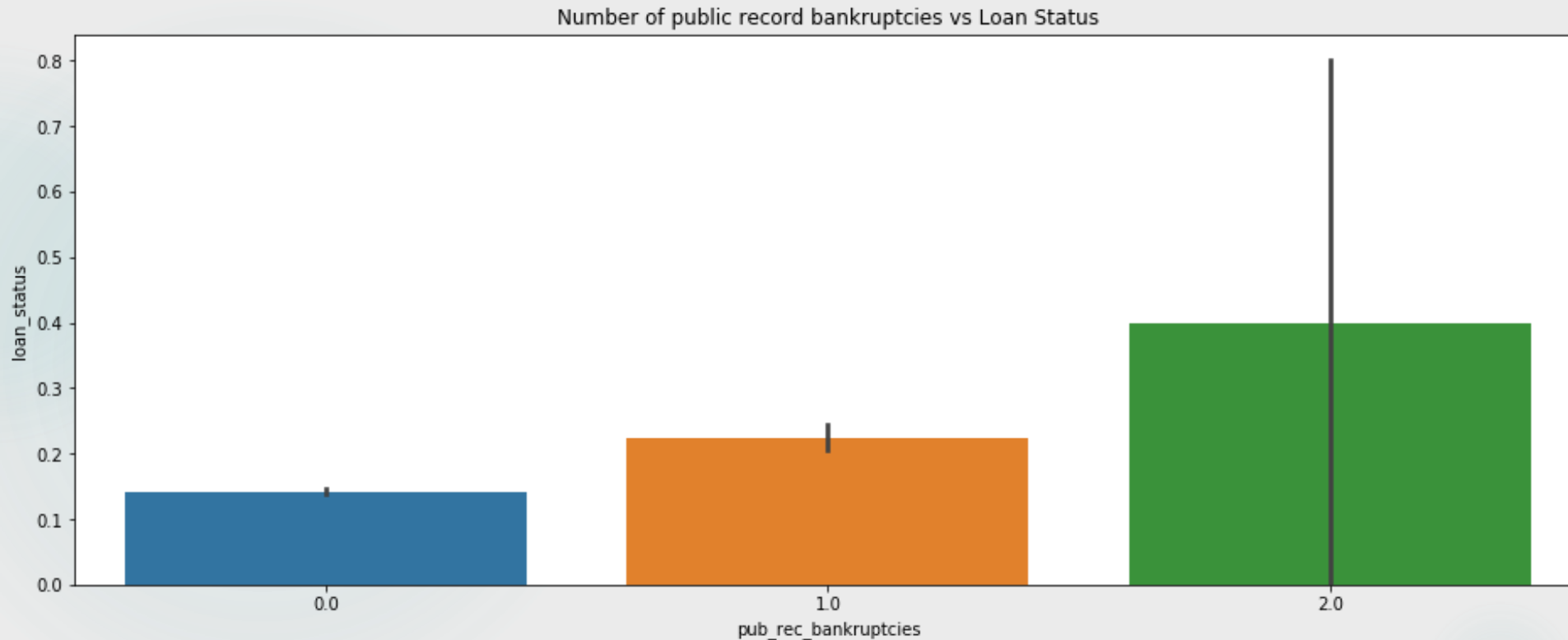


0 = Fully paid
1 = Defaulter

So debt consolidation has most number of defaulters

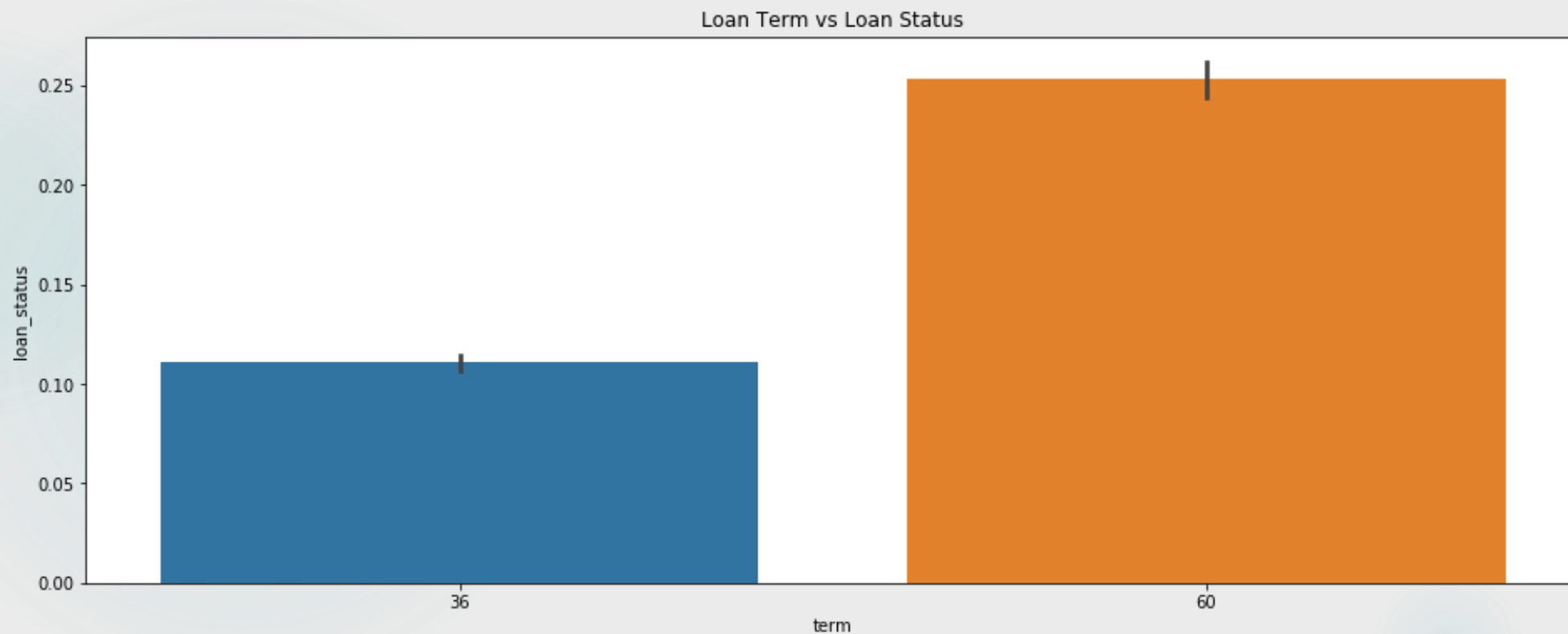
Number of public record bankruptcies vs Loan Status

More the number of Bankruptcies more is the chance to default.



Loan Term vs Loan Status

The people with 60 months of term has defaulted more than 36 months.

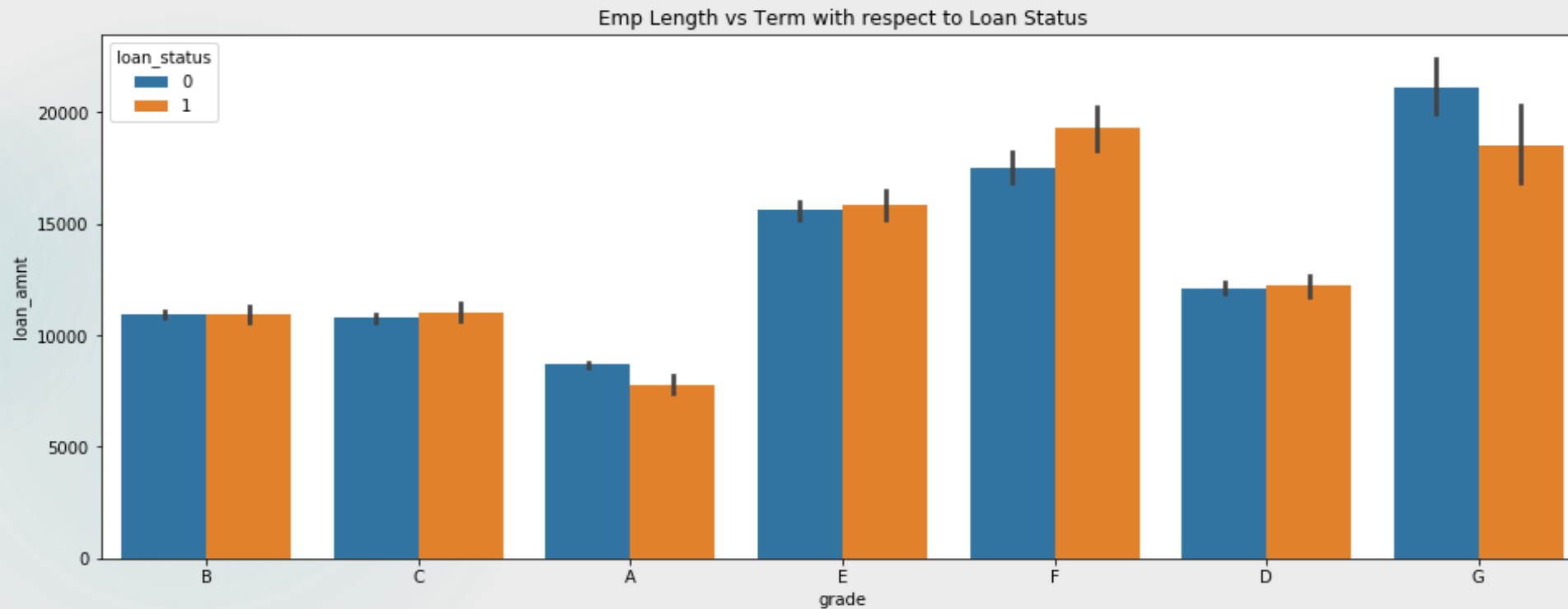


Univariate Analysis

- ▶ As the LC grade increases from A to G – risk of default increases.
- ▶ Employees with 10+ yrs experience tend to take more loan.
- ▶ Purpose debt consolidation has most number of defaulters.
- ▶ As the number of Bankruptcies increases risk of default also increases.
- ▶ Applicant with loan term 60 are more likely to default, than 36 months.

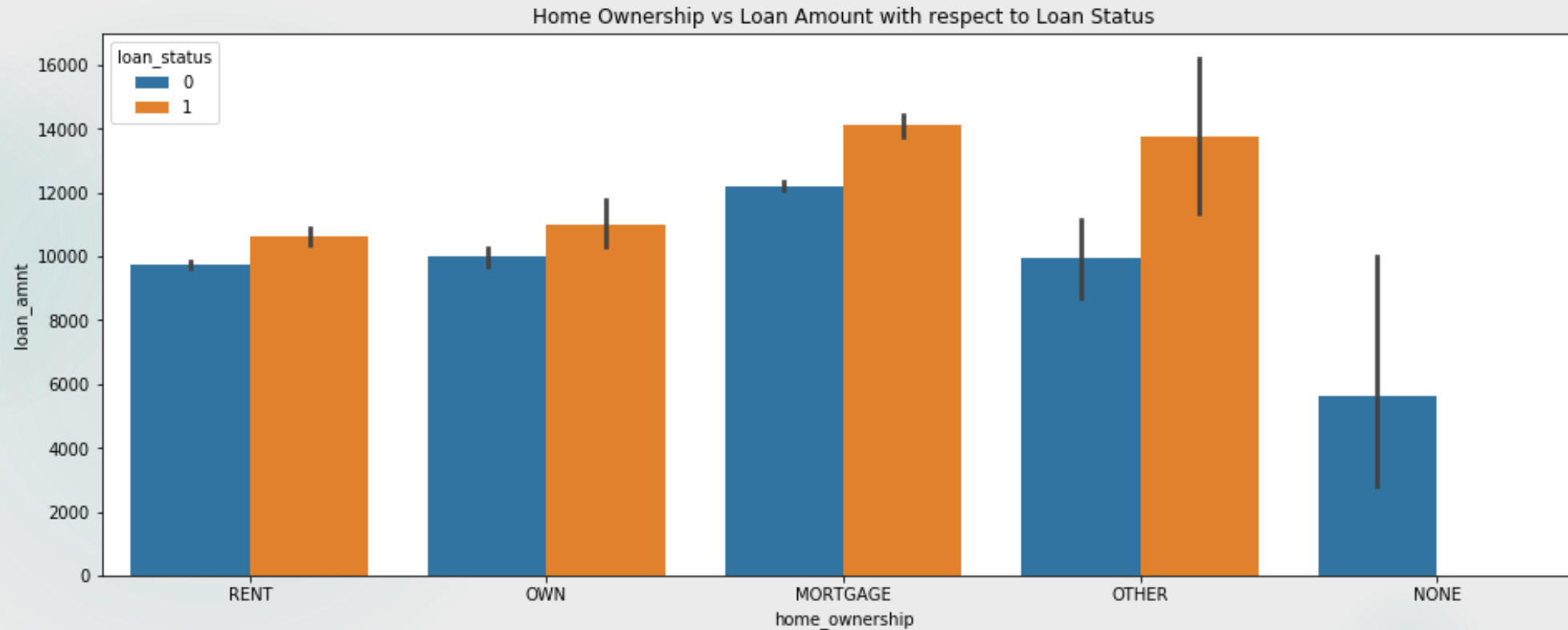
Emp Length vs Term with respect to Loan Status

People form G grade tend to take more amount of loan amount and has more defaulters.

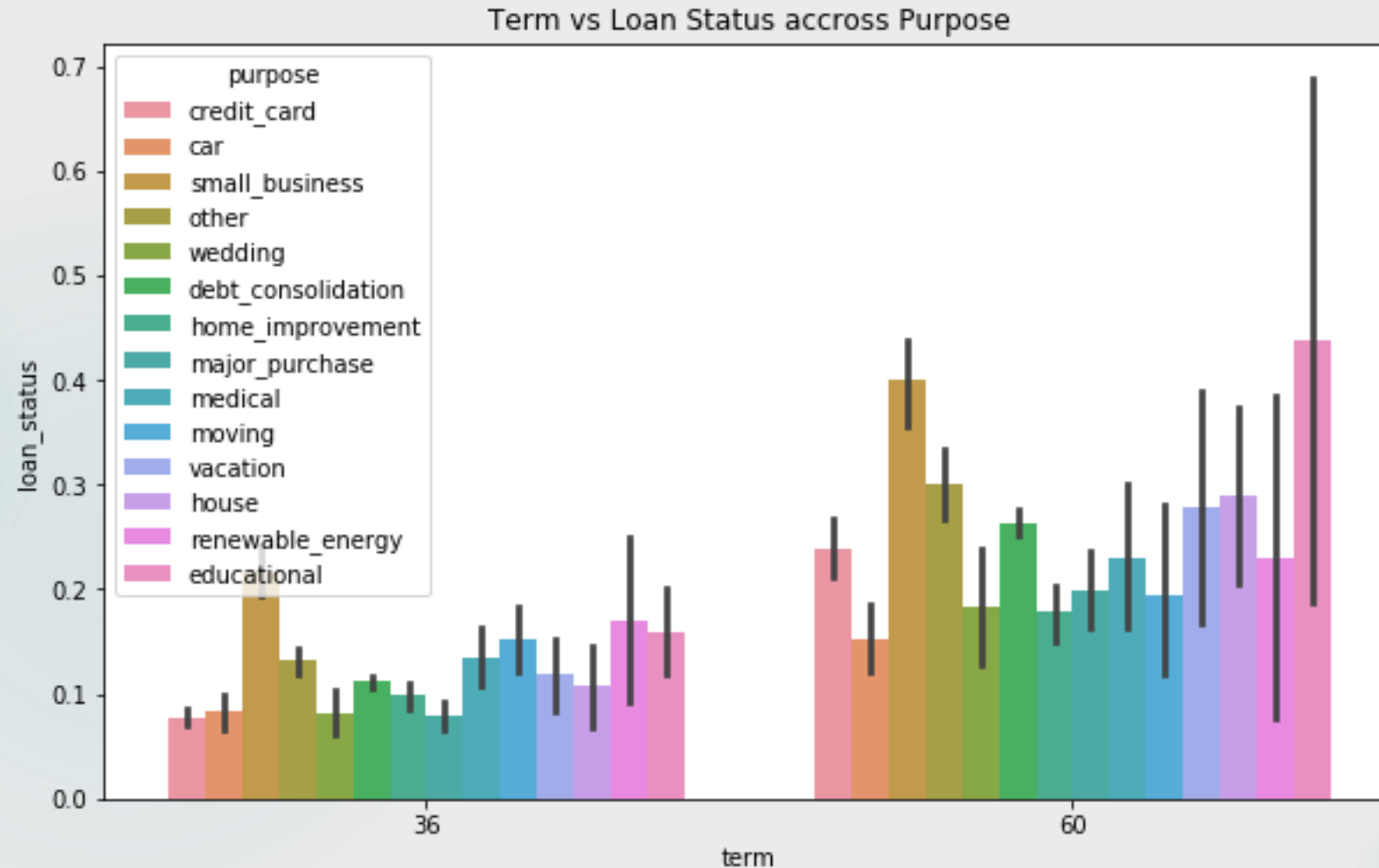


Home Ownership vs Loan Amount with respect to Loan Status

People with home ownership => Mortgage have more defaulters.



Term vs Loan Status across Purpose



In 60 months term more defaulters are in education.

Bivariate Analysis

- ▶ People from G grade tend to take more amount of loan amount and has more defaulters.
- ▶ People with home ownership, Mortgage have more defaulters.
- ▶ In 60 months term more defaulters are in education.