# Identify and document the key features of the lending product.

**Key Features of the Lending Product**

Based on the provided data, here are the key characteristics of the lending product:

**1. Loan Structure**

* **Short-Term Loans**: The product primarily offers **30-day loans**.
* **Fixed Loan Amounts**: Loan amounts range from **$70 to $3,500**, with a median of **$420** and an average of **$1,001**.

**2. Pricing Model**

* **Loan Fees**: The fee ranges from **$7 to $525**, with a median of **$50** and an average of **$129.70**.
* **Effective Interest Rates (EIR)**:
  + If the loan fee represents the total cost of borrowing, the implied interest rate varies significantly based on the loan amount.
  + Example:
    - **$3,500 loan with $525 fee** → 15% cost of borrowing per 30 days.
    - **$420 loan with $50 fee** → 11.9% cost of borrowing per 30 days.
  + This suggests a **tiered interest rate structure** or flat fees depending on the amount borrowed.

**3. Repayment Terms**

* **Repayment Frequency**: Data suggests repayments are made in **lump sums**, implying single-payment loans.
* **Repayment Methods**: Primarily **Automatic** and **Manual** payments, with a high reliance on automated deductions.
* **Repayment Trends**:
  + The average repayment amount is **$462**, but the minimum repayment is **$0.01**, indicating partial payments or possible delinquencies.

**4. Credit Risk and Defaults**

* **Presence of Overdue Payments**: Some loans have only partial repayments recorded, indicating potential defaults or extended repayment terms.
* **High Credit Turnover**: Given the short loan tenures, customers frequently re-enter the borrowing cycle.

**5. Target Market**

* **Unbanked & Underbanked Consumers**:
  + The product is structured for individuals with limited access to traditional banking.
  + Likely caters to **gig workers, low-income earners, or small business owners** who need quick liquidity.

# Key Performance Metrics for the Lending Product

To evaluate the lending product's performance, we need **key financial, credit risk, and operational metrics**. Below are the most relevant ones:

**1. Financial Performance Metrics**

These help assess **profitability** and **loan portfolio growth**.

**1.1 Revenue Metrics**

* **Total Loan Disbursements** = Sum of all loan amounts disbursed.
* **Total Loan Fees Collected** = Sum of all loan fees charged.
* **Average Loan Fee (%)** = (Average Loan Fee / Average Loan Amount) × 100
* **Revenue per Loan** = Average Loan Fee per disbursed loan.

**1.2 Profitability Metrics**

* **Net Interest Margin (NIM)** = (Total Loan Fees - Loan Losses) / Total Loan Amount
* **Loan Portfolio Growth Rate** = (New Loans Disbursed / Previous Period Loans) × 100
* **Loan Turnover Rate** = Total Disbursements / Average Outstanding Loan Balance

**2. Credit Risk Metrics**

These assess **default risks, delinquency, and loss exposure**.

**2.1 Delinquency Metrics**

* **On-Time Repayment Rate** = (Total On-Time Repayments / Total Loans Repaid) × 100
* **Delinquency Rate** = (Loans with Late Payments / Total Loans) × 100
* **Partial Repayment Rate** = (Loans with Partial Payments / Total Loans) × 100

**2.2 Default & Loss Metrics**

* **Default Rate** = (Number of Defaulted Loans / Total Loans Disbursed) × 100
* **Loan Recovery Rate** = (Recovered Amount / Defaulted Loan Amount) × 100
* **Net Charge-Off Rate** = (Charged-Off Loans - Recoveries) / Total Loans

**2.3 Credit Exposure**

* **Outstanding Loan Balance** = Sum of all loans not yet fully repaid.
* **Average Loan Exposure per Customer** = Total Loan Balance / Active Customers

**3. Operational Efficiency Metrics**

These measure **loan processing efficiency** and **repayment behavior**.

* **Average Loan Processing Time** = Time from application to disbursement.
* **Average Repayment Time** = Time taken to fully repay a loan.
* **Repayment Mode Breakdown** = % of repayments by Automatic vs. Manual.
* **Customer Retention Rate** = (Repeat Borrowers / Total Borrowers) × 100