Business Summary Report: Predictive Insights for Collections Strategy

1. Summary of Predictive Insights

Our analysis used a logistic regression model on a dataset of 500 customer profiles. The goal was to understand who is most at risk of becoming delinquent. We identified the following patterns:

- Customers with low income and high debt-to-income ratios are at greater risk.

- Accounts with short tenure and recent missed payments are strong indicators of delinquency.

- High credit utilization (above 80%) and credit scores below 600 are top predictors.

Key Insights Summary Table

Key Insight	Customer Segment	Influencing Variables	Potential Impact
High credit utilization and low credit score increase delinquency risk.	Customers using >80% credit and scores <600	Credit Utilization, Credit Score, Missed Payments	Targeted outreach to reduce delinquency risk

2. Recommendation Framework

Restated Insight:
Customers with high credit utilization and low credit scores are at a greater risk of becoming delinquent.

Proposed Recommendation:

 Specific:
 Launch a focused outreach campaign to support customers with >80% credit utilization and credit scores under 600.

 Measurable:
 Reduce delinquency in this group by 15% within 6 months.

Actionable:
Use Geldium's CRM platform to contact approximately 80 high-risk customers with guidance or relief options.

Relevant:
This aligns with the company's goal to reduce credit losses while maintaining strong customer relationships.

Time-bound:
Design and deploy the campaign within 30 days.

Justification and Business Rationale:
This approach enables early intervention with at-risk customers, reducing the chance of missed payments. It's efficient, uses existing tools, and promotes financial wellness.

3. Ethical and Responsible AI Considerations

- Potential for bias: Customers in low-income areas or with short account histories could be disproportionately flagged. We plan to regularly audit outcomes across demographic groups and manually review edge cases.

- Explainability: We use logistic regression to ensure model decisions are easy to understand and communicate.

- Responsible AI: Geldium commits to transparent modeling, regular fairness evaluations, and including human oversight in high-risk decisions.