A1: Simulation: Data-Driven Strategic Recommendations and Business Report by Awale Abdi

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1. Executive Summary

This report delves into the complex landscape of credit distribution across demographics, **with a specific focus on seniors aged 65 and above**. By dissecting variables such as credit status, employment patterns, credit spending habits, and housing situations, we aim to extract actionable insights for strategic credit management. The six distinct data visualizations across two Tableau dashboards provided offer an interactive exploration of credit distribution among different age groups, providing a nuanced understanding of trends. Initial observations highlight the conservative credit profile of seniors, characterized by lower credit utilization and a higher prevalence of favorable credit status. However, their unique market demands, employment-related credit behaviors, and housing-linked credit dynamics warrant closer scrutiny. This demographic's distinct characteristics underscore the need for tailored credit strategies to meet their specific needs and behaviors. Through a deeper analysis of these aspects, financial institutions can refine their credit allocation strategies and ensure that product offerings align effectively with consumer preferences. This executive summary sets the stage for an examination of senior credit demographics, offering hopefully valuable insights to inform decision-making for our client.

2. Analysis

Please note that the analysis follows the intended flow of the dashboards going from left to right, down then left and starting with Dashboard 1 (see appendix for dashboards)

2.1. Credit Distribution Across Age Groups

The 'Credit Distribution Across Age Groups' analysis presents a stark contrast in credit status between the younger and older populations. For instance, those under 25 show a higher propensity for bad credit, while those above 65 maintain a predominantly good credit status and overall a lower need for credit by the looks of it as they are underrepresented in count as a whole (good or bad credit wise). This could be indicative of greater financial stability or conservative financial practices as individuals age. Furthermore, it raises questions about the credit education and management skills imparted to younger generations and those seemingly acquired over-time by senior citizens and how much they benefit them.

2.2. Employment Status and Credit Allocation

This section of the analysis reveals that employment status is a strong indicator of credit volume. While 'Big Earners' and 'Skilled' workers have access to larger credit amounts, they also appear to boast about as much bad credit as they do good credit and despite their favorable job status should, in the future, be approached with caution.

Furthermore, there is an untapped market in the 'Unskilled' and 'Unemployed & Unskilled' segments. Despite their lower credit amounts, these groups represent a customer base that could benefit from specifically designed credit products catering to their financial capabilities. They also appear to surprisingly show mostly good credit profiles in the case of unskilled and unemployed elderly workers. This maybe skewed strongly by the small number of samples in the dataset, but it is still worth exploring. This demographic may prove fruitful to market to in the future.

2.3. Credit Behavior and Account Status

The data concerning the credit behavior and account status of seniors over the age of 65 indicates that a significant portion of this demographic has been consistent with their payments until recently, showcasing a responsible credit management history. However, there's a notable shift toward 'Critical Accounts', which are accounts with overdue payments that could potentially signal a recent change in financial stability for these individuals. This trend suggests that while seniors have traditionally been reliable in managing their debts, factors such as fixed retirement incomes, medical expenses, or other unforeseen financial burdens may now be impacting their ability to maintain their previously good standing. It is important to approach this information with a strategy that addresses the financial support and services that can assist seniors in regaining control over their credit health, ensuring their financial security and dignity are preserved.

2.4. Market-Specific Credit Data

An analysis of the market-specific credit data uncovers that the senior demographic is less inclined to take credit for education or business endeavors, contrary to younger age groups. This shift is likely due to life stage changes, with a notable emphasis on automobile acquisition, uses for business and for radio/television related services perhaps suggesting the elderly are more likely to try and start their own business to derive an income from and also entertain themselves with the latter. Nevertheless, the data suggests, in particular, a potential market for auto-related financial products aimed at seniors.

2.5. Housing Status and Credit Distribution Among Seniors

The correlation between housing status and credit distribution is quite telling. Seniors owning homes tend to have more credit, both of the good and bad kind, possibly leveraging their property as collateral. In contrast, those in rented housing appear to be credit-averse and have far more bad credit overall. They are possibly credit-constrained, highlighting a demographic that may require more flexible credit solutions or financial guidance services.

2.6. Implications of Credit Status on Senior's Loan Conditions

The pattern observed in the data suggests a direct relationship between the credit status of seniors and the terms of credit they receive. Seniors with a good credit history appear to have access to more substantial loan amounts with the privilege of extended repayment periods, reflecting lenders' trust in their financial reliability and long-term stability. This trust likely stems from a demonstrated history of consistent repayment and financial prudence. On the other hand, seniors with a poor credit rating are seemingly confined to acquiring smaller loans, which typically need to be repaid over shorter timescales.

Lenders may impose these restrictions as a risk mitigation strategy, given the higher probability of default associated with bad credit. This disparity highlights the importance of maintaining a positive credit status, particularly as it significantly impacts the ability of seniors to secure favorable loan conditions that can affect their financial flexibility and overall quality of life in their later years.

2.7. Foreign Worker Status and Credit Analysis

It appears to be, based on the data available, that elderly (over the age of 65) foreign workers are a notable source of credit among seniors although caution must be exercised as they produce a good proportion of both bad and good credit, although the latter usurps the former. Non-Foreign workers amongst the elder, a small subset of this already small sample of the elder further generally only seem to boast good credit. However, caution must again be advised as the overall population for the elderly in this dataset appears small. In fact, that is a problem with this dataset as a whole. It is far too small a sample size as a whole to make any real informative decisions based on. It is not scientifically or statistically sound so all the findings of this section and all the others must be viewed **as food for thought at best**; place to get the ball rolling for further analysis.

3. Strategic Recommendations

1. **Tailored Auto-Financing Packages for Seniors:** Develop auto-financing packages specifically designed for seniors, offering favorable terms such as low-interest rates and extended repayment periods to encourage new car purchases. These packages should take into account factors such as retirement income and fixed budgets to ensure affordability for elderly customers.
2. **Financial Literacy Programs for Elderly Customers:** Extend financial literacy programs to cater specifically to elderly customers, focusing on credit management, retirement planning, and understanding loan terms. These programs should be accessible and tailored to the unique needs and preferences of seniors to empower them with the knowledge and skills to make informed financial decisions.
3. **Specialized Credit Products for Elderly Workers:** Design credit products tailored for elderly individuals in the 'Unskilled' and 'Unemployed & Unskilled' worker segments, utilizing adjusted risk models to cater to their financial capabilities. Offer flexible repayment options and lower interest rates to accommodate their income levels and enhance their access to credit.
4. **Support Systems for Seniors with Credit Challenges:** Implement dedicated support systems for seniors facing credit challenges, particularly those with 'Critical Accounts'. Provide personalized financial counseling, debt management solutions, and assistance in negotiating with creditors to prevent further financial deterioration and restore stability.
5. **Rental Housing-Oriented Financial Products for Seniors:** Create specialized credit lines or financial products tailored for seniors in rental housing, ensuring they have access to necessary funds without over-leveraging or compromising their financial security. These products should offer flexibility in repayment and competitive terms to meet the unique needs of elderly renters.

By incorporating these tailored recommendations into the bank's strategy, it can effectively address the specific financial needs and challenges faced by the elderly demographic, ultimately reducing risk and increasing customer satisfaction within this segment.

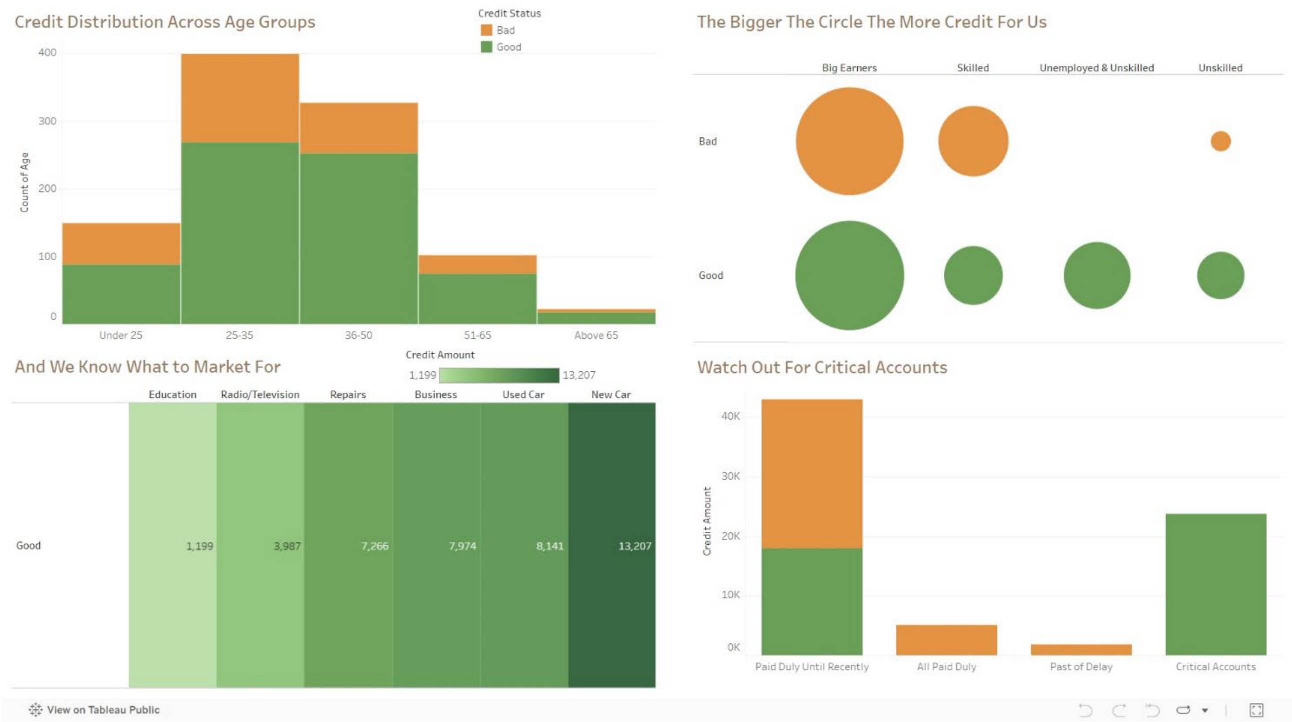
4. Conclusion

In summation, the analysis highlights the senior, above 65, demographic's conservative credit profiles but reveals nuanced trends in employment, housing, and credit behaviors. Tailored strategies including specialized auto-financing, financial literacy programs, and support for those facing credit challenges are also recommended. However, **the limited dataset necessitates caution and further research for robust conclusions**. Regardless, this report endeavoured to offer valuable insights to inform strategic credit management for our client, emphasizing the importance of tailored approaches to meet the unique needs of the senior demographic and hopefully it gets the ball-rolling for deeper analysis with larger datasets.

5. Appendix

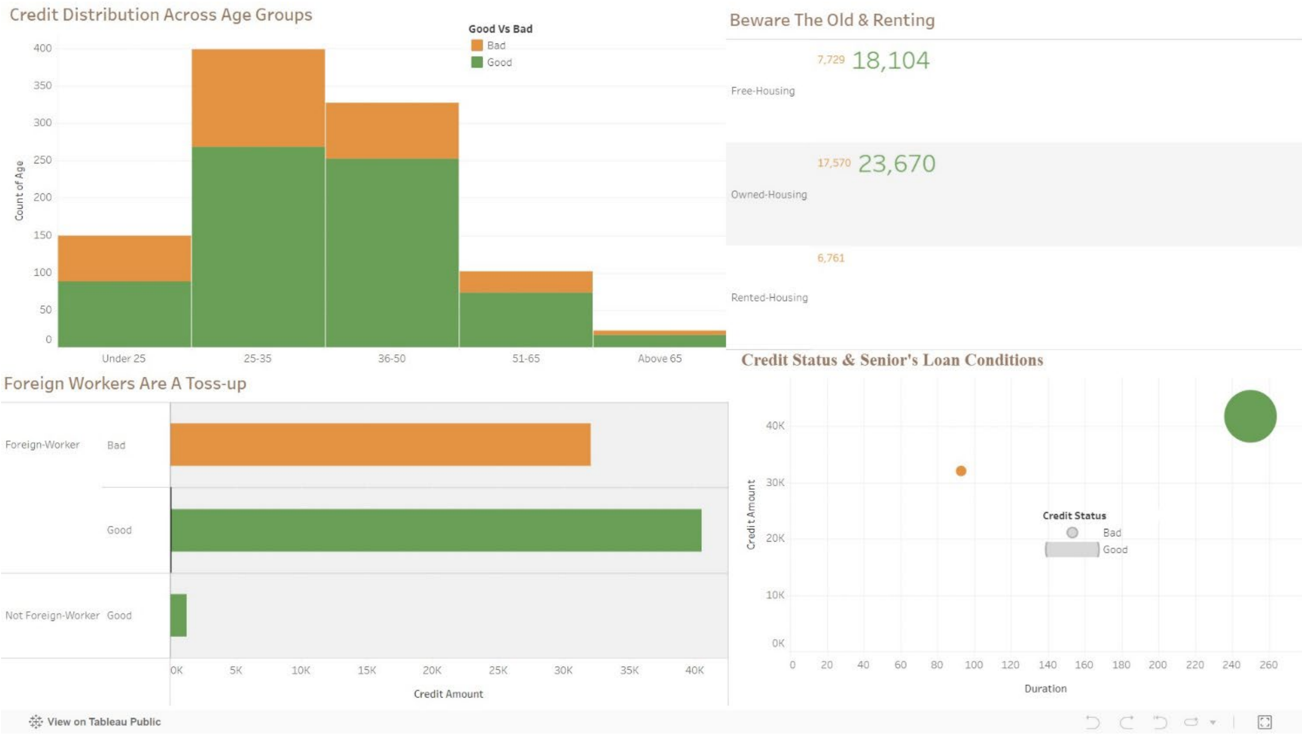
Below are screenshots of the **2** Dashboards created for this report's analyses as well as links to them:

Dashboard 1:



[Link to Dashboard]

Dashboard 2:



[Link to Dashboard]

Please keep in mind that while the data screenshotted focuses on seniors after the repeated first visualization for both dashboards, they are both interactive and interconnected within their respective dashboards. You can click on each age-segment's good or bad segments and get different results for all of the other charts and in that case please do ignore the senior-specific titles. These screenshots and the main chart results you will be linked to were filtered specifically for the **overall** "Above 65" demographic in Tableau but I felt it would be nice for you to be able to toggle about with the charts based on each demographic as you see fit. Enjoy.

Thank you for your time!