Predictive Insights Report

Step 1: Summary of Predictive Insights

High-Risk Customer Segments

- Customers with high credit utilization (>70%) and low credit scores (<500) are most prone to delinquency.
- Customers with multiple missed payments in the last 6 months show a significantly higher risk of default.
- Younger customers (<30 years) with unstable employment (e.g., part-time, gig economy) are more vulnerable.

Top 3 Risk Factors

1. High Credit Utilization – Customers using most of their available credit are far more likely to miss payments.
2. History of Missed Payments – Past delinquency strongly predicts future delinquency.
3. Low Credit Score + Low Income Combination – Customers with poor credit scores and limited income are at highest risk.

Step 2: Recommendation Framework

SMART Business Recommendation

Goal: Reduce delinquency rates by 10% within the next 12 months by introducing a proactive credit utilization monitoring and customer support program.

Specific – Target customers with credit utilization above 70%.
Measurable – Aim for a 10% reduction in delinquency among this group.
Achievable – Use existing transaction and utilization data to flag at-risk customers.
Relevant – Directly supports Geldium's goal of lowering default rates and improving portfolio health.
Time-bound – Achieve results within 12 months.

Stakeholder Explanation: By proactively monitoring and reaching out to customers with high credit utilization, we can reduce defaults, protect customer relationships, and strengthen overall portfolio performance.

Step 3: Ethical & Responsible AI Considerations

Fairness Risks & Mitigation

1. Bias against low-income customers – Risk: Over-penalizing vulnerable segments.
Mitigation: Offer financial counseling and flexible repayment plans instead of blanket restrictions.

2. Geographic/Employment bias – Risk: Model may unfairly disadvantage customers from certain regions or job types.
Mitigation: Regularly audit model outcomes by demographic groups to ensure fairness.

Transparency & Stakeholder Communication

- Use plain language explanations: 'This customer is flagged at risk because they are using most of their credit and have missed several payments.'
- Provide clear, non-technical dashboards to show how risk scores are calculated.
- Ensure decisions are explainable, with human oversight in credit actions.