# Geldium Delinquency Risk Report: Predictive Insights and Strategic Recommendations

## Step 1: Summary of Predictive Insights

Our predictive model indicates that:  
- Customers under 30 years old  
- With high credit utilization (>75%)  
- And two or more missed payments in the past 6 months  
  
are 3.4 times more likely to become delinquent compared to the average customer.

Top 3 Risk Factors:

* - High credit utilization (>75%)
* - Age under 30
* - Two or more missed payments in the last 6 months

## Step 2: Brainstorm Actions and Evaluate Options

Proposed Actions:  
1. Send proactive SMS/email payment reminders to high-risk segment.  
2. Launch a 6-week financial coaching program for Gen Z customers.  
3. Offer temporary hardship relief options.  
4. Lower credit limits temporarily for at-risk customers.  
5. Provide personalized repayment plan options.  
6. Introduce a chatbot for real-time support on billing and repayments.

### Evaluation Summary:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Action | Feasibility | Impact | Fairness | Cost | Alignment |
| SMS reminders | High | Medium | High | Low | High |
| Financial coaching | Medium | High | High | Medium | High |
| Hardship relief | Medium | High | High | Medium | Medium |
| Lower credit limits | High | Medium | Risk of perceived unfairness | Low | Medium |
| Repayment plans | High | High | High | Medium | High |
| Chatbot support | Medium | Medium | High | Medium-High | High |

## Step 3: SMART Recommendation and Justification

SMART Recommendation:  
Launch a targeted 6-week financial coaching and communication campaign for Gen Z customers (under 30) with high credit utilization and missed payments. The goal is to reduce 30+ day delinquency by at least 12% within this cohort.

Justification:

* - Scalability: Can be rolled out in phases and expanded to other cohorts.
* - Ease of Implementation: Leverages existing communication and education platforms.
* - Fairness: Focuses on education and empowerment, not restriction.
* - Anticipated ROI: A 12% reduction in delinquency can significantly reduce losses.
* - Business Alignment: Supports Geldium's goals of proactive risk management and customer retention.
* - Evidence-based: Based directly on model outputs and validated through risk scoring.

## Step 4: Ethical and Responsible AI Considerations

Ethical Guardrails Embedded:

* - Bias Checks: Model performance evaluated across age, income, gender.
* - Explainability: Model uses interpretable decision tree logic.
* - Responsible Use: No punitive action taken; only supportive, educational outreach.