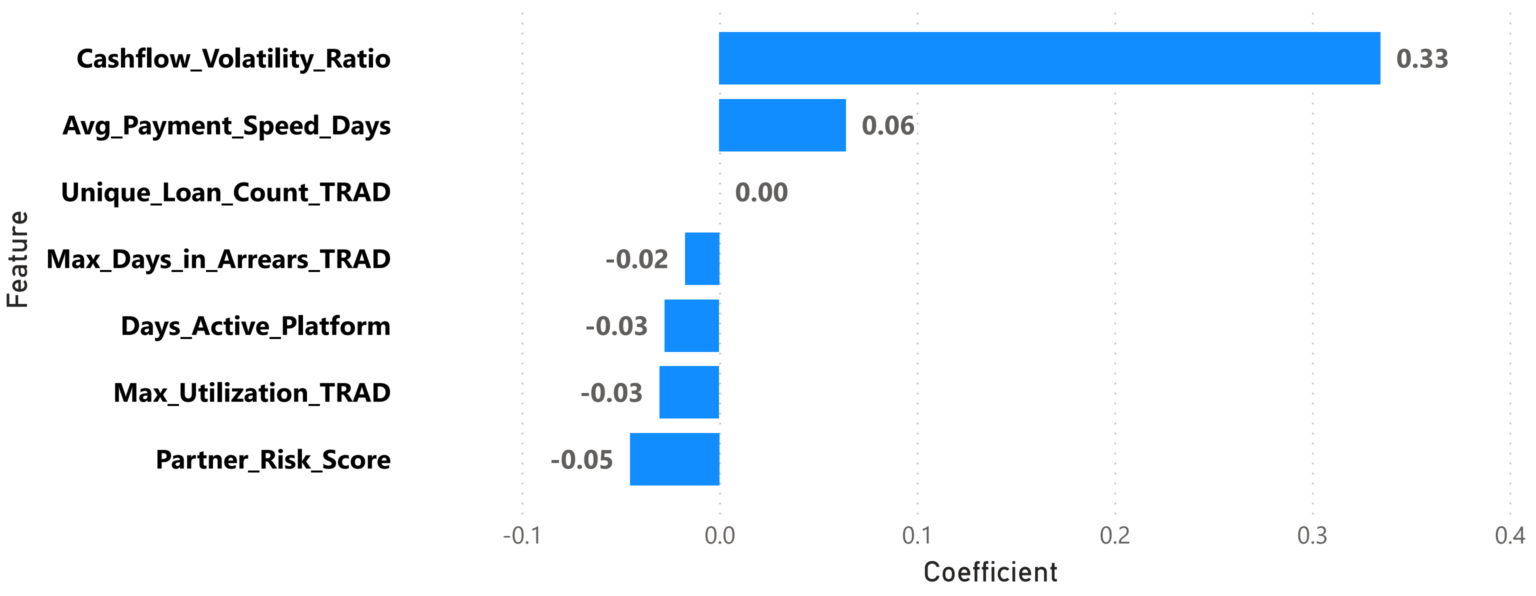
Chain Forward Profitability Analysis: Strategic Path to Viability

Feature Importance

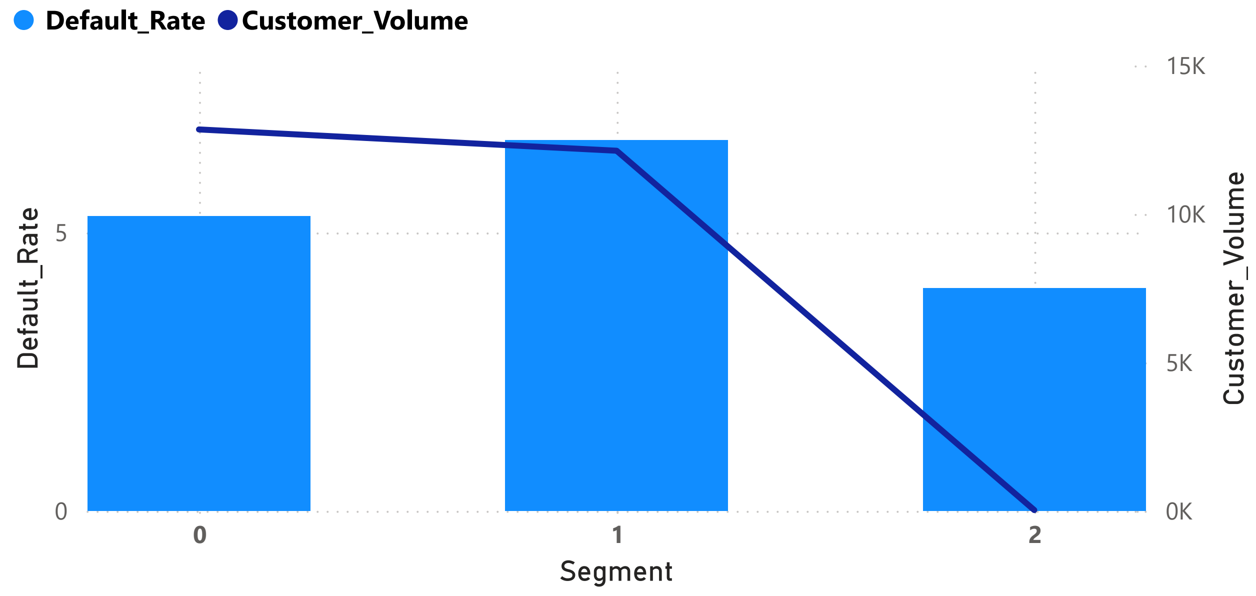


Insight & Recommendation

Insight: The model confirms that the **Cashflow Volatility Ratio** is the strongest predictor of default, validating the core strategy of using alternative data. However, the overall **ROC AUC score of 0.5962 is too low**, indicating the model is not reliable enough for automated decision-making.

Recommendation: Immediate Action on Volatility. Use Cashflow Volatility as the central filter for automated loan decisions and implement a **Dynamic Pricing Floor** tied directly to the magnitude of this coefficient.

Segmentation Performance



Insight & Recommendation

Insight: Risk is highly concentrated in **Segment 1**, which accounts for **48.5%** of the portfolio and has an unsustainable **6.66%** default rate. This segment is the source of the product's failure.

Recommendation: Targeted Risk-Based Pricing. Do not reject all customers, but charge Segment 1 a substantial risk premium. This differential pricing strategy will increase the average revenue per borrower above the threshold needed to cover the **6.66%** losses.

Scenario Analysis

Scenario	Active Borrowers	Average Default Rate (%)	Monthly Profit ($)	NPV ($)
Base Case	20000	6.00	$-72,000.00	$-6,745,425.01
Optimistic	22000	4.50	$-8,800.00	$-4,774,440.83
Pessimistic	18000	7.80	$-131,040.00	$-8,586,673.51
Total	**60000**	**6.10**		

Insight & Recommendation

Insight: The product is **fundamentally mispriced** for the level of risk it currently accepts. The Negative NPV in all scenarios proves that operational efficiency alone cannot solve the problem; the revenue structure is the bottleneck.

Recommendation: Non-Negotiable Pricing Increase. The investment committee must approve a new **Risk-Based Pricing strategy** based on the segmentation analysis. Without a pricing change, all investment should be **halted**.