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## ◆ Actionable Insights & Business Recommendations

Based on the credit-risk analysis and Power BI dashboard findings, the following strategies are proposed to reduce loan-default risk and strengthen credit policies:

### 1. Tighten approval criteria for Individuals and Large Enterprises.

- Both segments exhibit a relatively higher default count compared with Small Businesses.
- Before loan approval, ensure stricter verification of income stability, past repayment behaviour, and credit utilization ratio.
- Implement an additional risk-score threshold for these customer types.

### 2. Set a minimum threshold for Account Age.

- Default analysis shows that newly opened accounts are riskier.
- Establish a **minimum account-age requirement** before granting loans.
- For customers with shorter account histories, approve only **small initial loan amounts** until consistent activity is established.

### 3. Account Type prioritization for risk control.

- Default rates follow: **Savings > Business > Youth** (decreasing order).
- Savings accounts should undergo **extra due diligence**, such as verifying saving patterns and transaction consistency, before sanctioning any loan.

### 4. Monitor and re-engage inactive accounts.

- Although inactive accounts are fewer in number, they show notable defaults.
- Proactively contact customers whose accounts have been inactive for an extended period to confirm repayment capacity or encourage account reactivation.

### 5. Re-evaluate loan allocation to Small Businesses.

- The **total loan amount** distributed to Small Businesses is comparatively higher, yet the **default rate** is greater among **Large Enterprises**.
- Maintain support for Small Businesses but strengthen the monitoring framework for Large Enterprise loans to ensure timely repayments.

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- ◆ **Overall Recommendation**

Implementing the above measures—especially enhanced screening for Individuals and Large Enterprises, account-age verification, and targeted follow-ups for Savings and Inactive accounts—will help the institution **reduce default exposure, improve portfolio quality, and enhance overall profitability.**

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