Kueski

Q1 Portfolio Analysis

Analytics Engineer Challenge
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The Problem

Assess how profitable the KueskiPay portfolio is under current acquisition and pricing policies, and make an evidence-based recommendation: keep the policies, or change them (and how).

Executive Recommendation

Modify both acquisition and pricing policies to improve returns. While the portfolio is profitable ($449K net profit, 28.5% margin), **specific segments are losing money** and dragging down overall performance.

Key Findings:

- Profits are heavily skewed by risk segment and customer type.
- High Risk recurrent customers generate 9,11x LTV/CAC, while Low Risk customers only achieve 2,17x.
- Low Risk Segment is Unprofitable
- Recurrent Customers Drive Profitability
- High Risk Recurrent Customers generates the best overall results

	Low Risk	Medium Risk	High Risk
Revenue	45.393	480.328	1.041.583
Funding Cost	34K	239K	440K
Financial Margin	12K	242K	602K
Cogs	15K	61K	104K
Contribution Margin	-3K	180K	498K
Cac	21K	93K	114K
Net Profit	-24K	87K	384K
#Loans	567	2.785	5.991
#Customers	228	1.316	2.934

Table of contents

01 - Key Findings

Low-Risk Segment is Unprofitable

Pricing doesn't cover high CAC ($91.82 per customer).

- LTV/CAC Ratio is too low (2.17)
- Monthly Contribution: -$4.40 per customer
- Volume: 567 loans (6% of portfolio)
- **Solution: Implement a maximum investment limit for acquiring a new low risk customer.**

Medium-Risk First-Loans Loose Money

First-time borrower pricing doesn't account for high CAC without proven repayment behavior

- $125 avg loss per loan (vs recurrents +$50.30 per loan)
- Volume: 302 loans with significant negative impact
- **Solution: Since recurrent customers are profitable, analyze which variables can be adjusted to reduce losses**

01 - Key Findings

Recurrent Customers Drive Profitability

Recurrent customers are 4.2x MORE profitable than first-time borrowers ($54 vs $13 in average)

- Lower CAC plus Proven Repayment Behavior drives sustainable profitability in the long term
- **Possible Action: Creates marketing retention campaigns and commercial plans to build customer loyalty**

High-Risk Customers are the best performers

When priced correctly, higher-risk doesn't mean lower profitability

- 85% of total profits | 64% of portfolio
- High LTV/CAC Ratio: 9,11
- **Possible Action: Diversify services and offer new products to this customer segment. Create referral mkt campaigns.**

01 - Key Findings

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Profit

Buckets Risk x Loan Type - **Net Profit**

Customer Risk Segment	First Loan	Following Loan
High Risk	179.903	203.699
Medium Risk	-81	86.935
Low Risk	-24.021	78

Buckets Risk x Month - **Net Profit**

Customer Risk Segment	enero de 2025	febrero de 2025	marzo de 2025
High Risk	54.601	163.677	165.324
Medium Risk	2.161	39.564	45.129
Low Risk	-8.332	-11.042	-4.568

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02 - Portfolio Indicators

PnL Waterfall

Revenue	**$1.575 K (100%)**
(Funding Cost)	($716 K) (45%)
= Financial Margin	**$859 K** (not credit loss data available) (55%)
(COGS)	($181 K) (11%)
= Contribution Margin	**678 K (43%)**
(CAC)	($229 K) (15%)
= Net Profit	**$449 K (28%)**

Overall Metrics

- Total Loans: 9,396
- Total Customers: 4,500
- Net Profit per Loan: $47,80

Risk Metrics

- Recovery rates are strong (75-88% by segment)
- Delinquency is minimal (1.7%)
- Current pricing includes adequate buffer for expected losses

03 - Recommendations

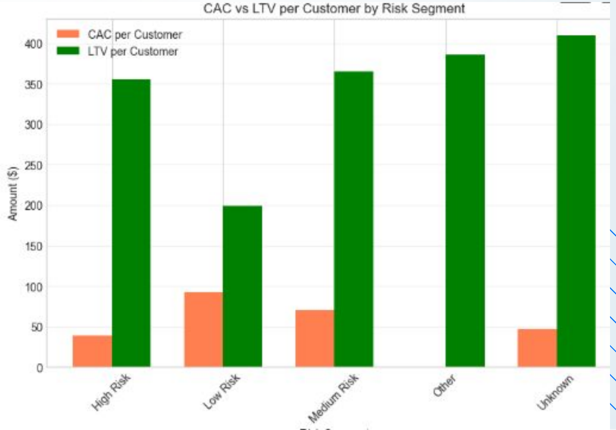
What to Keep

High-Risk Strategy

- 9.11x LTV/CAC demonstrates optimal pricing
- Continue current acquisition and pricing
- Consider scaling up volume if risk appetite allows

Recurrent Customer Focus

- 4.2x more profitable than first-time borrowers
- Already 84% of portfolio
- Maintain/expand retention programs



03 - Recommendations What to Change

Double Down on Recurrent Lending

- Launch automated re-lending campaigns
- Shift 30% of CAC budget from acquisition to retention
- Introduce "platinum" tier for 3+ loans

Optimize CAC Efficiency

$55.64 CAC for first loan vs $18.78 for recurrent
- Reduce paid acquisition by 20-30% (focus exclusively on High/Medium Risk)
- Expand Retention Actions
- Invest in organic channels: Referral Programs

Reduce Low-Risk Segment

Reduce CAC or Increase Pricing
1) Reduce CAC spend by 50% ($45/customer → $23/customer)
2) Increase pricing by 15-20% (by adding 2-3% to interest rates or $30-50 origination fee)

Fix Medium-Risk Pricing

First-time borrowers have unproven repayment behavior and higher CAC burden.
- Fix pricing for new customers only

Expected Financial Results

Initiatives & Impact

Low Risk Optimization	**+$50 K** (Implementation Difficulty: Low)
Medium Risk Pricing Fix	**+$40 K** (Implementation Difficulty: Low-Medium)
Recurrent Focus	**+$150 K** (Implementation Difficulty: Medium)
CAC Optimization	**+$75 K** (Implementation Difficulty: Medium)

Timeline

- **Pricing Changes**: Immediate (next vintage)
- **CAC optimization**: 1-2 months
- **Recurrent programs**: 2-3 months for full impact

ROI

+70% profit improvement ($449K → $764K/quarter)

Suggested Roadmap

Phase 1

Next Week
- Increase Medium Risk first-time borrower rates by 2.5%
- Pause Low Risk paid acquisition campaigns
- Launch automated re-lending SMS/email campaign

Phase 2

Month 1
- Implement referral program ($10 bonus)
- Create "platinum" tier for 3+ loan customers
- Reallocate 30% of acquisition budget to retention

Phase 3

Month 3
- Monitor Q2 2025 vintage performance
- Adjust Low Risk pricing (if maintaining segment)
- Expand High Risk acquisition if performing well

Conclusion

We've assessed how profitable the KueskiPay portfolio is under current acquisition and pricing policies.

Our recommendation is to **modify both acquisition and pricing policies to improve returns**, since **specific segments are losing money** and **dragging down overall performance**.

Key Concepts:

- Low Risk loses money (2.17x LTV/CAC)
- Medium Risk first loans lose $125.96 each
- Opportunity cost: High Risk (9.11x) and recurrent customers (4.2x better) should receive more focus

Expected Outcome: +$315K/quarter (+70% profit) with moderate implementation effort

Thanks