1. Introduce Credit Scoring Algorithms

* The summary dashboard reveals outstanding debt exists mainly because specific clients hold large loans yet maintain bad repayment practices. Half of the whole loan sum still remains unreturned.
* The organization should create a credit scoring algorithms built with machine learning capabilities to enhance consumer risk evaluation accuracy. The algorithm requires additional data sources which should encompass:
* Transaction history (e.g., mobile money transactions, utility bill payments).
* Employment stability (e.g., job duration, income consistency).
* Demographic factors (e.g., age, education level).

The institution will achieve these benefits through the integration of its data analytics system:

* Organizational profitability will improve after the company implements loan term features that match customers' repayment abilities for maximizing interest revenue while avoiding defaults.

2. Dynamic Loan Terms Based on Risk Profile

**The analysis** reveals declining repayment trends through assessment of Loan Disbursement graph and Repayment Trends over time. Some of the customers who took on big loans have faced difficulties with payments possibly because of excessive loan sizes.

**A recommendation** for the application is to implement adaptable loan conditions generated through credit scoring algorithm evaluations for each customer. Specifically:

* All high-risk customers identified by the scoring model need to receive specific loan options through the following choices:
* Shorter loan durations decrease the risks of non-payment during evaluation.
* The company should provide loans at more manageable amounts which match customers' payment abilities.

The risk level justifies higher interest rates for the loan.

The financial institution should provide:

* Larger loan amounts with longer tenures.
* Reduced interest rates which would enhance borrowing while maintaining financial sustainability.

The company achieves better portfolio outcomes when it segments its customers since these methods ensure loans match what borrowers can afford to repay which produces superior financial performance and higher profitability.

3. Proactive Loan Restructuring for At-Risk Borrowers

**Analysis**: Many customers struggle to make scheduled loan payments especially those who took bigger loans according to the Loan Disbursement vs Repayment chart. These customers face life-threatening conditions if the organization fails to take protective measures on their behalf.

**Recommendation:** The company can use its existing credit scoring system to find customers at risk of payment default by assessing both payment behaviours and credit scores. Once identified:

* Offer loan restructuring options such as:
* Extending the term duration of repayment enables customers to obtain lower monthly payment amounts.
* Reduced monthly payments for a set period to ease their financial burden.
* The company provides two solutions to help interested customers who encounter sudden financial problems: temporary interest-only payment arrangements and lower interest rates.

4. Incentivize Early Repayment

• Recommendation: Introduce early repayment incentives, such as:

* The company to grant customers reduced loan fees when they repay loans either fully early or partially early than their scheduled time.
* The initiative to provide customers with reduced interest costs when they pay their bills before the established deadlines.