Business Summary Report: Predictive Insights for Collections Strategy

# 1. Summary of Predictive Insights

Our predictive model analyzed customer loan and repayment data to identify key risk indicators for delinquency. The most important findings are:

* High Credit Utilization Ratio
* Missed or Late Payments
* Low Income-to-Debt Ratio

**Key Insights Summary Table**

|  |  |  |  |
| --- | --- | --- | --- |
| **Key Insight** | **Customer Segment** | **Influencing Variables** | **Potential Impact** |
| High risk of delinquency among heavy credit users | Customers with >70% credit utilization | Credit utilization, repayment history | Early intervention can reduce loan losses by 20% |
| |  | | --- | | Increased defaults with repeat late payments |  |  | | --- | |  | | |  | | --- | | Customers with ≥2 missed payments in past 6 months |  |  | | --- | |  | | |  | | --- | | Payment history, overdue balance |  |  | | --- | |  | | |  | | --- | | Prioritize collections outreach to this segment |  |  | | --- | |  | |
| |  | | --- | | Low repayment capacity |  |  | | --- | |  | | |  | | --- | | Customers with low income-to-debt ratio |  |  | | --- | |  | | |  | | --- | | Income, outstanding loan, EMI burden |  |  | | --- | |  | | Offer restructuring options to prevent default |

# 2.1. Recommendation Framework

* 1. Restated Insight:

Customers with >70% credit utilization are 3x more likely to become delinquent.

* 1. Proposed Recommendation:

Introduce a Proactive Customer Engagement Program to reach out to high utilization customers before they default.

* + 1. Specific: Target customers with >70% utilization and >2 recent late payments for early repayment reminders and financial counseling.
    2. Measurable: Aim to reduce delinquency rate in this segment by 15% within 6 months.
    3. Actionable: Deploy automated alerts via SMS/Email, and assign collections agents to top 10% of high-risk accounts.
    4. Relevant: Aligns with Geldium’s goal to improve collections efficiency and reduce financial risk.
    5. Time-bound: Launch pilot program within 1 month; full rollout within 3 months.
  1. Justification and Business Rationale:

By proactively engaging with high-risk customers, Geldium can minimize revenue loss, reduce collection costs, and maintain customer trust by offering support rather than reactive penalties.

# 3. Ethical and Responsible AI Considerations

* 1. Fairness & Bias**:** The model excludes sensitive attributes (e.g., gender, ethnicity, religion). Risk predictions are based solely on financial behavior.
  2. Explainability**:** Insights are transparent — credit utilization and missed payments are easy for both the business and customers to understand.
  3. Responsible Decision-Making: Recommendations promote **customer support** (reminders, counseling, restructuring) rather than purely punitive actions, aligning with ethical finance.
  4. Transparency & Accountability: All predictions and interventions will be auditable, ensuring compliance with financial regulations.
  5. Data Privacy: Customer data will be handled securely, with strict adherence to GDPR and RBI data protection guidelines.