Project Insights: Credit Card Financial Risk Analysis Dashboard

Project Overview:

This project evaluates key financial risks associated with credit card usage by analyzing customer demographics and transaction patterns. The goal is to identify high-risk segments and provide actionable strategies to reduce credit and operational risk.

Key Risk Insights:

- **Default Risk:**
  The delinquency rate stands at **6.06%**, indicating moderate exposure to potential defaults. Proactive measures are essential to prevent financial losses.

- **Credit Utilization Risk:**
  An average utilization ratio of **74.21%** reflects excessive credit use, increasing the likelihood of missed payments and default.

- **Interest Rate Risk:**
  The mean interest rate of **18.5%** is considerably high, potentially accelerating debt accumulation and customer default rates.

- **Geographic Concentration Risk:**
  TX, NY, and CA contribute **68%** of transaction volume, highlighting a dependency risk on a limited number of regions.

- **Demographic Risk:**

  - **Age:** 44% of customers are aged **20–30**, a group often lacking credit maturity and stable income.

  - **Income:** 34% of users earn **less than $35,000**, further elevating the credit risk profile.

Strategic Recommendations:

- **Mitigating Default Risk:**
  Implement advanced credit checks and AI-driven monitoring to flag high-risk accounts early.

- **Managing Credit Utilization:**
  Introduce financial wellness programs, balance transfer offers, and personalized credit usage alerts.

- **Optimizing Interest Rates:**
  Re-evaluate rate structures to ensure competitiveness and alignment with customer risk segments.

- **Reducing Geographic Dependency:**
  Broaden customer acquisition efforts to include underrepresented states and regions.

- **Addressing Demographic Risk:**
  Offer tailored financial literacy and credit counseling for young and low-income customers.

Key Performance Indicators (KPIs):

- **Delinquency Rate (%)** – Track default trends and recovery effectiveness

- **Avg. Credit Utilization (%)** – Monitor spending behavior vs. credit limits

- **Avg. Interest Rate (%)** – Assess competitiveness and risk-adjusted returns

- **Geographic Revenue Contribution (%)** – Evaluate distribution of income sources

- **Demographic Breakdown (Age & Income)** – Understand and support at-risk customer groups

Conclusion:

By addressing the identified risk factors and monitoring targeted KPIs, credit card providers can enhance financial stability, reduce default exposure, and deliver data-informed customer support strategies.