



Data Glacier

Your Deep Learning Partner

Final Presentation

XYZ BANK CUSTOMER SEGMENT

Data Innovators

10/30/24

XYZ Bank Customer Segmentation Analysis

Background & Investment Objective



Investment Focus: The Cab Industry



Background: XYZ, a U.S.-based private equity firm, is poised to capitalize on the significant growth potential of the rapidly expanding cab industry.



Objective: Our aim is to identify and invest in the most promising cab company, using comprehensive data-driven insights to ensure a strategic and profitable investment.

Methodology

Recency:

Active customers score 0; recently inactive ones score 50, and long-term inactive ones 100 based on activity indices.

Frequency:

Evaluated by the total number of products each customer uses.

Monetary Value: Assessed by multiplying the customer's income by their number of bank products.

Cluster Overview Summary



Cluster 0: Cluster 0: Young, low engagement—focus on digital products.



Cluster 1: Senior, affluent—tailored wealth management.



Cluster 2: Middle-aged, moderate engagement—credit products and digital services



Cluster 3: Older, low engagement—personalized outreach and digital education.



Cluster 4: High-value, frequent interactions—exclusive financial services.

Comprehensive Christmas Marketing Campaigns

Cluster 0: Young, Low-Engagement

Focus: Enhance digital engagement with youth-oriented content and low-barrier financial products.

Campaign Highlights: Digital challenges and incentives to foster product adoption among young users.

Cluster 1: Senior, High-Spending

Focus: Tailor exclusive financial services and wealth management tailored for affluent seniors.

Campaign Highlights: Premium offers on wealth management and exclusive retirement planning services.

Cluster 2: Moderately Engaged, Middle-Aged

Focus: Promote convenience through digital-first offers and attractive credit or loan promotions.

Campaign Highlights: Incentives for early investment and digital engagement enhancements.

Cluster 3: Older, Low-Engagement

Focus: Personalized outreach with a focus on retirement planning and digital education to reconnect.

Campaign Highlights: Educational campaigns to increase product familiarity and financial security.

Cluster 4: High-Value, Frequent Interactions

Focus: Offer exclusive, sophisticated financial products and personalized services.

Campaign Highlights: Luxury investment opportunities and tailored perks to enhance customer loyalty.

Overview of Young Low-Engagement Customers

Recency: 99.99 - Customers have not engaged recently.

Frequency: 1.01 - Indicates a very low number of transactions.

Monetary Value: \$111,062.39 - Lower overall contribution from this group.

Age: 26.14 - Primarily younger customers, early in their financial lifecycle.

Income: \$109,712.25 - Generally lower income, possibly early in their careers.

Seniority: 31.52 - Newer to the bank, shorter duration of the banking relationship.

Overview of Product Distribution

High Adoption:

- Checking Account: 170,346 users
- Payroll Account: 757 users
- E-Account: 2,616 users (indicating a digital preference)

Low Adoption:

- Savings, loans, credit cards, and investment products have very low engagement. Mortgages and guarantees have zero adoption

Customer Behavior Insights

Digital-First but Inactive: Prefers digital products but has low overall engagement; recency and frequency scores are low.

Financial Immaturity: Limited use of advanced financial products suggests early financial lifecycle.

Risk of Churn: Low tenure and engagement suggest a high risk of churn; customers are likely still exploring suitable financial options.

Christmas Marketing Campaign Goals

Increase Engagement:

Focus on enhancing interaction with the bank through digital and user-friendly initiatives.

Encourage Product

Adoption: Introduce financially underdeveloped customers to basic financial products tailored to their needs.

Comprehensive Christmas Campaign Strategy



Christmas Savings Challenge:

Engage customers by introducing a digital savings challenge with rewards such as raffles for those who meet savings targets by Christmas.



“Build Your Future” Bundle:

Offer bundled products—savings accounts, credit cards, and personal loans—with no fees for the first six months to encourage product adoption.



Mobile Banking Promotions:

Provide cashback on transactions made via mobile or online banking during the holiday season to increase digital engagement.



Personalized Alerts and Financial Education: Send tailored messages and holiday-themed financial education through app notifications, email, or SMS to enhance financial literacy.



E-Commerce Partnerships:

Collaborate with online platforms to offer exclusive discounts for debit/credit card users during the holiday shopping season.



Refer a Friend for Christmas:

Implement a referral program where customers can refer friends to open new accounts or sign up for specific products, with rewards such as cash bonuses or Christmas gift packs for both parties.

Success Metrics

Product Sign-Ups: Monitor new account openings and service subscriptions.



Transaction Increase: Track changes in transaction frequencies.



Customer Feedback: Assess satisfaction and engagement through post-campaign surveys.

Overview of Senior High-Spending Customers

Key Attributes: **Recency:** 0.00 - Engaged very recently.

Frequency: 2.19 - Moderate engagement with more than one transaction regularly.

Monetary Value: \$299,271.06 - Indicates high spending.

Age: 54.56 - Nearing retirement, established in careers.

Income: \$139,744.68 - Affluent customer group.

Seniority: 141.20 - Long-standing relationships with the bank.

Product Utilization and Engagement Insights

High Product Adoption:

- Checking Accounts, Payroll/Pension Accounts, Direct Debit, Long-Term Deposits, E-Accounts, Pension-related Products.

Key Insights:

- High engagement with a range of financial products.
- Significant adoption of products suited for retirement planning.
- Preference for e-accounts shows comfort with digital banking.

Christmas Campaign Goals and Strategy



Goals]: Deepen relationships.



Offer personalized rewards.



Promote wealth management products.



Strategy: Wealth Management

Bundle: Tailored packages including financial advisory, discounts on mutual fund fees, and special rates for long-term investments.



Priority Banking Services:

Exclusive services like personal banking advisors and VIP customer service lines for a personalized experience.



Luxury Gift Promotions:

High-end gifts for significant investments or account top-ups.

Promotions and Retirement Solutions



Christmas Rewards for High Spenders: Bonus interest rates on long-term deposits during the holiday period.



Luxury gifts such as electronics, travel packages, or exclusive dining experiences.



Retirement and Pension Solutions: "Holiday Security" campaign focused on pension and retirement planning.



End-of-Year Tax Advisory offering free consultations to maximize tax benefits.

Channels for Engagement

Email and Direct Mail: Personalized investment opportunities and holiday greetings to maintain a premium experience.

Relationship Managers: Dedicated personal banking advisors to offer tailored consultations and enhance customer service.

Mobile Banking App: Use push notifications and in-app banners to promote exclusive offers, emphasizing convenience and accessibility.

Christmas Campaign Strategies

Luxury Gift Promotions & Bonus Interest Rates: Offer high-end gifts for significant investments in long-term deposits or mutual funds during the holiday season. Enhance incentives with bonus interest rates to encourage further deposits and investments.

Retirement and Pension Solutions: Launch a "Holiday Security" pension campaign themed around securing a prosperous future. Provide personalized pension plan reviews and end-of-year tax advisory to maximize tax benefits.

Digital Wealth Tools & Referral Incentives: Enhance the online investment experience with updated portals and mobile banking features. Implement a holiday-themed referral program that rewards both the referrer and the referee with bonuses or higher interest rates on deposits.

Success Metrics

Investment Tracking:

Monitor new or increased investments in long-term deposits and mutual funds.

Pension Product Uptake: Track sign-ups and contributions to pension-related products.

Advisor Engagement:

Assess the uptake of financial advisory sessions and personalized reviews.

Overview of Moderately Engaged Young-Middle Customers

Recency: 0.02 - Recently engaged, indicating active involvement.

Frequency: 1.48 - Engages slightly more than once, showing moderate interaction.

Monetary Value: \$170,320.31 - Moderate spending compared to higher clusters.

Age: 31.79 - Young to middle-aged, entering prime earning years.

Income: \$115,876.07 - Stable but moderate-income level.

Seniority: 36.07 - Relatively new to the bank, high potential for increased engagement.

Product Usage Insights

High Adoption:

- Checking Accounts: 122,829 customers.
- Direct Debit: 28,054 customers for regular payments.
- E-Accounts: 14,026 customers, indicating comfort with online banking.

Emerging Interest in Future Planning:

- Payroll Accounts: 13,110 customers.
- Pension-related Products: Not fully adopted but growing interest.

Christmas Marketing Campaign Goals and Strategies



Goal: Increase adoption of credit, loan, and long-term savings products; enhance digital engagement.



Credit Products: Launch a Christmas Credit Card Campaign with special cashback or rewards for new sign-ups.



Personal Loans: Offer holiday personal loans with attractive rates to help with holiday expenses.



Long-Term Financial Planning: Promote mutual funds and pension plans with a "Start the New Year with Financial Security" campaign.

Digital Engagement and Convenience Campaigns

E-Account Promotion: Special offers on transactions made via mobile or online banking during the holiday season.

Mobile-Only Promotions: Discounted subscriptions or partnerships with streaming services tailored for younger customers.

Payroll Account Expansion: Incentives for existing customers to refer payroll accounts with rewards for both parties.

Success Metrics

Credit Product Adoption: Monitor new sign-ups for credit cards and personal loans.

Investment Product Uptake: Track openings and contributions to mutual funds and pension plans.

Digital Engagement: Assess the increase in mobile app usage and engagement with digital banking features.

Overview Older Low-Engagement Customers

Recency: 100.00 - Inactive recently.

Frequency: 1.07 - Occasional engagement.

Monetary Value: \$145,878.37 - Moderate monetary value.

Age: 55.79 - Nearing or in retirement.

Income: \$136,945.51 - Moderately high income.

Seniority: 137.27 - Long-term customers with high loyalty.

Product Distribution Insights

High Usage:

- Checking Accounts: Primary banking product for 67,240 customers.
- Payroll/Pension Accounts: Significant for receiving salary/pension.

Low Usage:

- E-Accounts: Limited digital engagement.
- Credit Cards: Minimal use, suggesting potential for growth.

Key Customer Insights

Investment Products: Low engagement with mutual funds, securities, loans.

Digital Adoption: Minimal, indicating a need for digital literacy initiatives.

Financial Security Focus: Primarily using products that ensure financial stability without high risk.

Comprehensive Christmas Campaign Strategies

Digital Banking Awareness:

- Launch a campaign to educate older customers on the benefits of digital banking.
- Offer one-on-one tutorials or in-branch workshops.
- Introduce a special Christmas-themed user interface for the mobile app to enhance engagement.

Incentives for E-Account Usage:

- Offer exclusive holiday deals such as higher interest rates or cashback rewards for customers who start using or open new e-accounts during the holiday season.

Retirement Planning Promotions:

- Promote pension products with a campaign focused on "Ensuring Your Financial Security for the Holidays."
- Offer personalized retirement consultations and matching contributions for new or increased pension plan deposits.

Credit and Direct Debit Promotions:

- Encourage the use of credit cards and direct debit services by promoting them as tools for convenient holiday shopping.
- Special offers such as 0% interest for the first 6 months on new credit cards and free setup for direct debits.

Channels for Engagement and Campaign Measurement

Direct Mail and Email: Tailored communications with holiday-themed offers.

Branch-Based Events: Personal consultations to discuss financial needs and new products.

Traditional Media: Use media outlets favored by older demographics to promote the campaign.

Success Metrics

Digital Adoption: Track sign-ups and usage of e-accounts.

Financial Product Uptake: Monitor new enrollments in pension plans and credit product usage.

Customer Feedback: Assess satisfaction and engagement post-campaign.

Overview of High-Value Frequent Middle-Aged Customers

Recency: 0.23 - Recently engaged with high activity.

Frequency: 6.04 - Engages frequently with the bank.

Monetary Value: \$1,090,769.62 - Very high spending and income generation.

Age: 48.36 - In their peak earning years, middle-aged.

Income: \$206,112.84 - High income, ample financial resources.

Seniority: 148.10 - Long-standing, loyal customer base.

Product Distribution and Key Insights

High Product Adoption:

- Direct Debits: 41,162 customers - Frequent transactions.
- Payroll Accounts: 35,328 customers - Regular salary/pension deposits.
- Pension Products: Active involvement in retirement planning.
- Credit Cards: 22,782 customers - High credit utilization.

Emerging Engagement:

- Investment Products: Engagement in securities, mutual funds, but potential for greater involvement.
- Loan Products: Minimal use, indicating financial stability without needing loans.

Christmas Marketing Campaign Strategy

Exclusive Investment Opportunities:

- Launch "Elite Wealth Growth" campaign focused on advanced financial products such as securities and mutual funds with holiday bonuses.

Personal Financial Planning:

- Free financial advisory sessions to customize retirement planning and wealth-building strategies.

VIP Wealth Management Events:

- Host exclusive events to discuss new investment opportunities and market trends tailored for high-net-worth individuals.

Enhancements in Credit and Digital Services

Holiday Credit Card Rewards:

- Higher cashback rates, exclusive holiday discounts, and airline miles for purchases with bank credit cards.

Luxury Holiday Experiences:

- VIP travel packages, luxury hotel stays, and concierge services for high spenders.

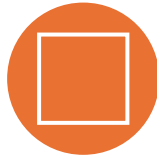
Premium E-Account Features:

- Customized digital dashboards to manage holiday spending and investments, enhanced security features for safe online transactions.

Channels for Engagement and Measuring Success



Direct Mail and Email:
Premium direct mail and
personalized emails with
tailored offers.

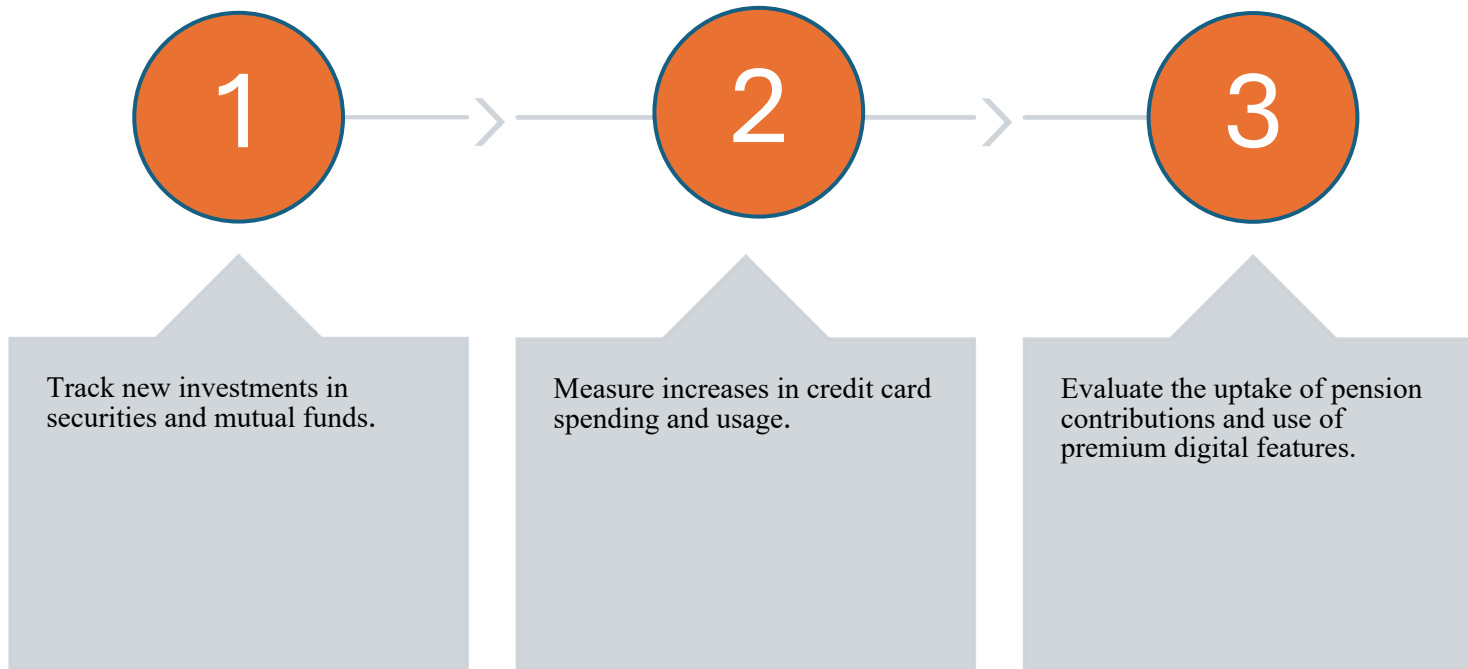


VIP Events: Exclusive
webinars and in-person
events with insights into
financial strategies.



Mobile App: Introduce app-
based features for real-time
tracking and financial
management.

Success Metrics



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Thank You



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