

Business Report: Banking Churn Analysis

Executive Summary

This report outlines the insights derived from the Banking Churn Analysis project. The objective was to identify trends, patterns, and actionable insights regarding customer churn in the banking sector. Using SQL for data preprocessing and Power BI for visualization, we developed a comprehensive dashboard that highlights key metrics, customer segmentation, and factors influencing churn.

Objectives

1. **Understand Churn Behavior:** Identify the key drivers behind customer churn.
 2. **Segment Customers:** Analyze customers based on demographics, financial metrics, and behavior.
 3. **Provide Actionable Insights:** Offer recommendations to reduce churn and improve customer retention.
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Key Findings

1. Overall Metrics

- **Total Customers:** 116K customers were analyzed.
- **Churned Customers:** 14K customers have churned, leading to a churn rate of **12%**.
- **Average Credit Score:** 574.
- **Average Customer Balance:** \$125K.

2. Customer Segmentation

- **By Customer Segment:**
 - Retail segment had the highest churn rate at **13%**.
 - Corporate and SME segments maintained slightly lower churn rates.
- **By Occupation Group:**
 - Customers categorized as "Others" showed the largest customer base, but detailed segmentation revealed higher churn in groups like "Healthcare" and "Engineering."

3. Geographic Analysis

- States with higher churn rates were concentrated in specific regions, which could indicate localized competition or service dissatisfaction.

4. Credit Score Analysis

- Customers with credit scores below 500 had significantly higher churn rates compared to those above 700, suggesting financial instability as a key driver.

5. Product Analysis

- Customers with fewer products (1 or 2) exhibited higher churn, indicating that upselling or cross-selling opportunities may improve retention.
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Insights and Recommendations

Insights

1. Churn Drivers:

- Low product engagement and financial instability are primary churn factors.
- Customers with only one or two products are more likely to leave the service.
- States with higher churn rates suggest localized competition or dissatisfaction.

2. Customer Segments:

- Retail customers exhibit the highest churn rates, indicating a need for better engagement strategies.
- Occupations such as "Healthcare" and "Engineering" show notable churn patterns, which might align with work-life challenges or economic factors.

3. Credit and Financial Stability:

- Customers with credit scores below 500 are at higher risk of churn, pointing to financial instability.
- This group may benefit from targeted financial education or support programs.

4. Geographic Trends:

- Certain states have disproportionately high churn rates, which may be tied to regional economic conditions or service competition.

Recommendations

1. Customer Retention Strategies:

- Introduce loyalty programs targeting Retail customers and those with fewer banking products. Benefits such as fee waivers or reward points can boost retention.
- Establish a customer feedback loop to understand and address service gaps contributing to churn.

2. Financial Support Programs:

- Provide financial counseling to customers with low credit scores. Tailor offerings such as budget management tools or credit improvement plans.
- Promote affordable loan products or overdraft protection to ease financial stress.

3. Cross-Selling and Product Engagement:

- Upsell bundled services to customers with one or two products, such as combining savings accounts with investment plans.
- Launch personalized marketing campaigns for segments likely to adopt additional products.

4. Geographic Focus:

- Enhance service offerings in high-churn regions by conducting regional surveys and addressing localized issues.
- Deploy regional relationship managers to build stronger connections with customers in these areas.

5. Real-Time Monitoring:

- Utilize the developed dashboard to continuously monitor customer behavior and churn trends.
- Integrate predictive analytics to flag high-risk customers proactively.

Conclusion

The Banking Churn Analysis project provides a data-driven framework for understanding customer behavior and implementing retention strategies. By addressing the identified drivers of churn and focusing on actionable insights, the bank can reduce churn rates, improve customer satisfaction, and enhance profitability.
