

Introduction

We are Kubra and Liberty from Kubel Bank. Here at Kubel we strive for excellence in consumer banking. Our goal is to offer solutions to each of our customer's financial situations and be there for all of life's momentous occasions; from graduation and a first credit card to marriage and a new home. No matter where you are, at Kubel, you're always welcome.

Kubel's credit card services offer a dynamic opportunity to bring value to our customers. However, in recent months we've experienced an increase in customer churn. While the financial/credit sectors as a whole saw a [churn rate of 25% in 2020](#), we want to act now and avoid reaching those numbers. By identifying the customers most likely to stay and profiling the customers most likely to leave we can focus our efforts on keeping loyal clients happy and moving the needle on potentially churned customers.

Currently our churn rate stands at 15.72% and we know, by taking the right steps we can minimize that.

Methodology

To find these insights we analyzed 10 thousand customers data by utilizing statistical analysis and visually exploring relationships between different factors. Then we compared attrited customers to existing customers to define important attributes and make informed decisions about which datapoints were more likely to lead to customer churn. Lastly, we utilized predictive modeling and weight of evidence encoding to zoom in on the points that really matter most when identifying potentially churned customers as well as to test our ideas about which data points were the most impactful.

Findings

The two most important steps to reduce customer churn are
increase customer transactions and
increase spending amount

A customer with a blue card is 4 times less likely to be willing to buy than a customer with a silver card. Assigning the right cards to our customers will greatly increase both spending and transaction count. Most customers don't use their cards. 19% of existing customers are at risk to become Roberts. Average utilization ratio is a huge indicator of potential churn. This is another example where a reward system could motivate consumer spending and more frequent card usage.

We focus on two customer profiles. John and Robert.

John is our most loyal customer. He's married and earns less than 60K a year. He has a great relationship with the bank, opting to buy into many of the bank's offered products and managing a higher revolving balance in their accounts. He tends to have higher debt and is very active, with many transactions of low amounts. We want all our customers to be like John!

Robert is a churned customer. He's 40-59 years old and typically earns less than 40k or more than 80k. He has a lower relationship count and lower revolving balance. He also tends to have a low transaction counts and low transaction amounts.

Transaction counts and transaction amounts alone were able to predict customer churn with 92% accuracy.

Recommendations

John is an active customer, already performing a high number of transactions. Compensate him with a reward system to encourage him to spend more. For potential Roberts, we have to address the distribution in card types. 93% of customers have blue cards, despite varying levels of income and willingness to buy.

Conclusion

At Kubel Bank our clients are our highest priority. Focusing on John and Robert allows us to make the most impact. While creating a reward system and assigning the right card categories will allow us to retain our customers and provide them with the best experience.

We hope to help Kubel Bank grow and contribute to our customers' progress and prosperity all around the world. No matter where you are, at Kubel, you're always welcome.