Pacific Global Bank Churn Intervention Strategy: Executive Report

1. The Business Problem: Quantifying Customer Leakage

The bank is struggling with substantial customer attrition, which negatively impacts overall growth and jeopardises potential future revenue. The core difficulty lies in deploying generic, inefficient retention strategies that fail to address the specific behaviours and demographics driving the most significant customer loss. A precise, data-backed approach is needed to focus resources where they will yield the greatest return, transforming reactive effort into a proactive strategy.

2. Executive Summary

This report delivers a strategic analysis of customer attrition at Pacific Global Bank. Our Power BI and DAX-driven dashboard has successfully quantified the overall portfolio leakage and identified critical, high-risk customer segments. We have found that while the customer base is growing, attrition continues to represent a substantial financial drain. Targeted intervention is immediately required to address specific, highly vulnerable cohorts and protect the bank's bottom line.
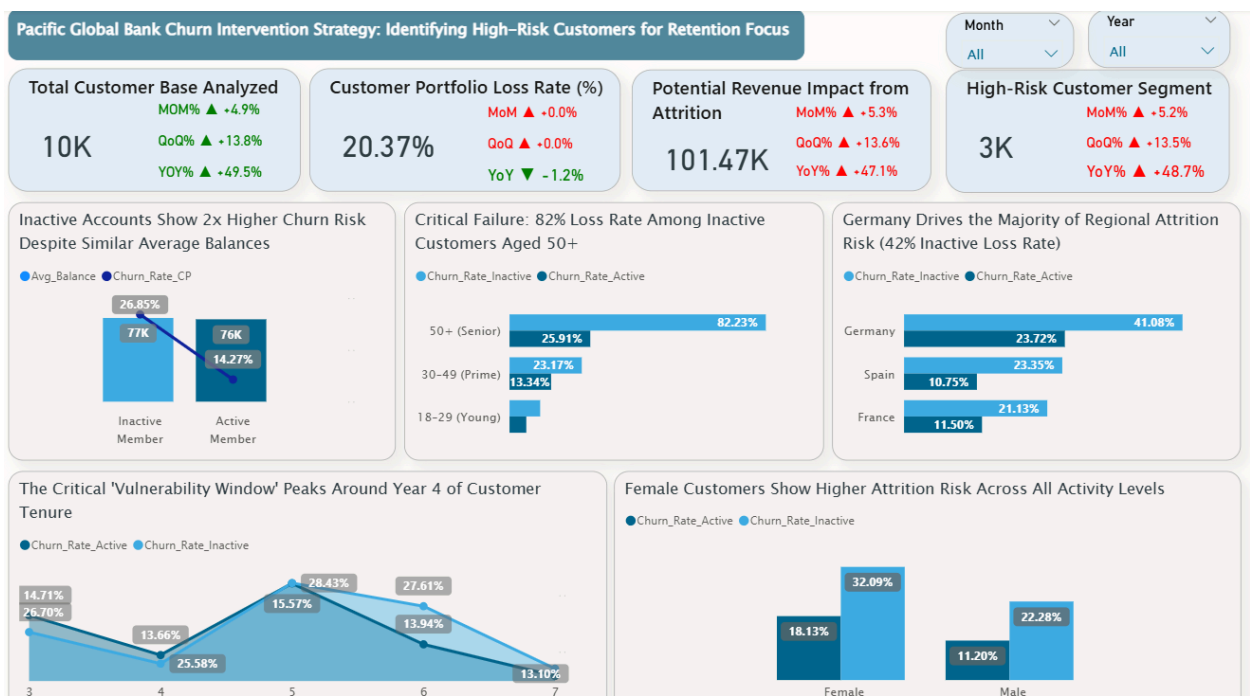
Key Qualitative Insights:

- **Attrition is significant:** The customer base is experiencing a major portfolio leakage.
- **Critical Failure Point:** Customers in the senior age bracket who become inactive show a near-total abandonment rate.
- **Geographic Concentration:** One specific region, Germany, demonstrates the highest level of regional attrition risk.
- **Lifecycle Risk:** A clear vulnerability window exists around the fifth year of a customer's relationship with the bank, indicating a period of peak re-evaluation.

3. Project Objectives and Scope

1. **Define and Measure Attrition:** Accurately measure the scale of customer churn and the resulting financial exposure.
2. **Isolate High-Risk Segments:** Pinpoint specific cohorts (by age, tenure, activity, and geography) that show disproportionately high rates of attrition.
3. **Deliver Actionable Strategy:** Provide clear, evidence-based recommendations for immediate, targeted retention campaigns.

4. Dashboard Interface Overview

The full Power BI dashboard provides the quantitative context and interactive detail that support the findings in this report. It allows stakeholders to dynamically explore the metrics and perform granular analysis on customer segments.

5. Methodology and Data

The analysis was executed entirely within a controlled data environment using Microsoft Power BI for modelling and visualisation.

5.1 Technical Stack

Category	Tools Used
Analysis & Modeling	**DAX (Data Analysis Expressions)** - Employed for creating custom, complex measures, calculating Time Intelligence (trends), and defining segmentation logic.
Visualization	**Power BI** - Utilised for data integration, developing the data model, and designing the intuitive, visual analytics dashboard.

Documentation	GitHub, Markdown

5.2 Key Qualitative Metrics

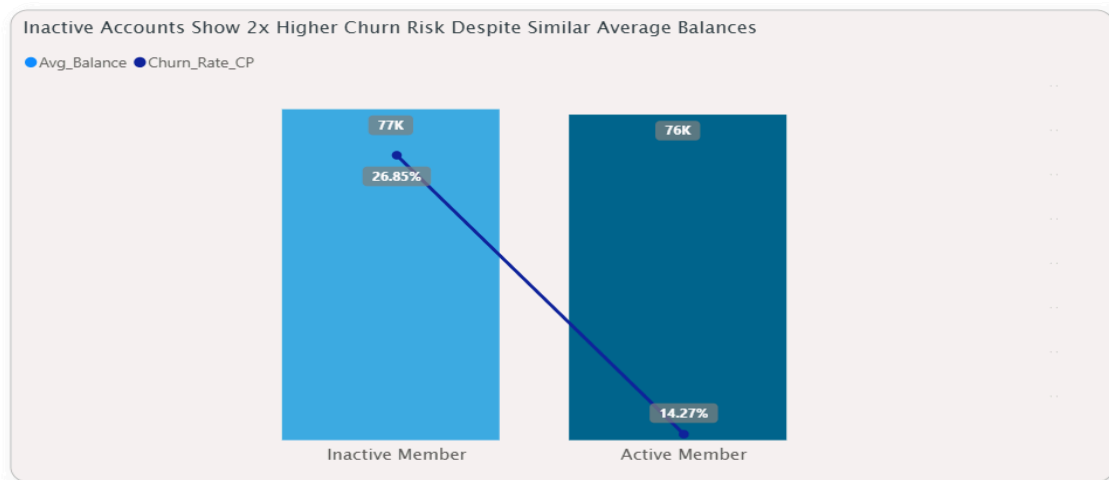The analysis focused on measures that reflect the health of the customer base:

- **Customer Portfolio Loss:** The overall rate of customer leakage from the system.
- **Revenue At Risk:** The estimated financial exposure resulting from the current attrition levels.
- **Time Intelligence:** Analysis of underlying trends to determine if attrition is worsening or improving over time.

6. Detailed Analysis and Key Findings

6.1 Activity vs. Churn Disparity

A clear distinction exists in churn behavior based on customer engagement.

- **Finding:** Accounts that are currently inactive are significantly more prone to attrition compared to actively engaged accounts, even when the average funds held across both groups are similar. This confirms that **lack of customer engagement, not financial resources, is the primary predictor of future churn.**

Inactive Accounts Show 2x Higher Churn Risk Despite Similar Average Balances
● Avg_Balance ● Churn_Rate_CP

77K — 26.85% — Inactive Member
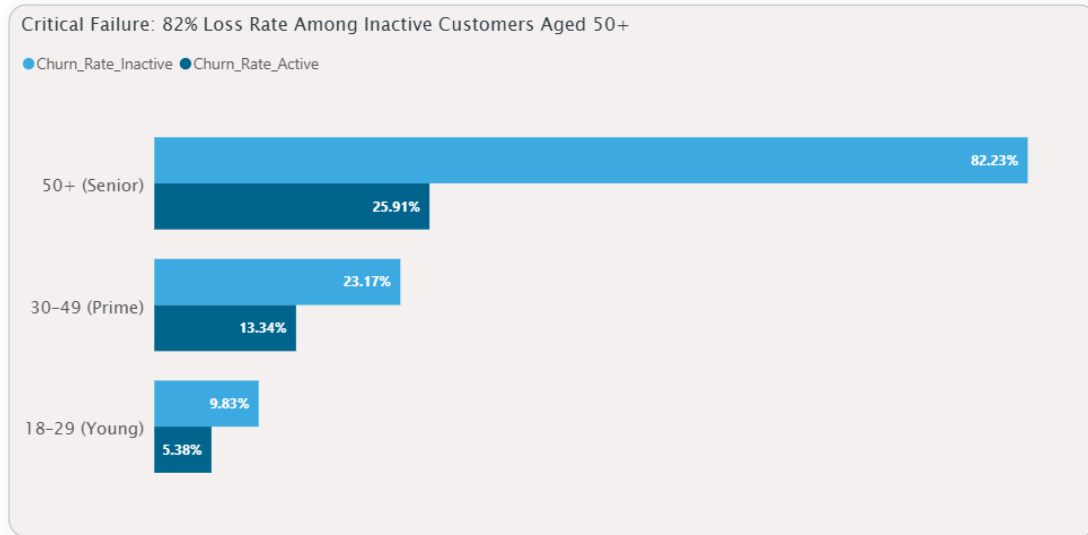76K — 14.27% — Active Member

6.2 Age and Activity Segment Failure

When age and activity are combined, a critical point of systemic failure emerges.

- **Finding:** Inactive customers in the **senior age bracket (50+)** are abandoning the bank at an extreme rate. This indicates a near-total failure to engage and retain older, non-active
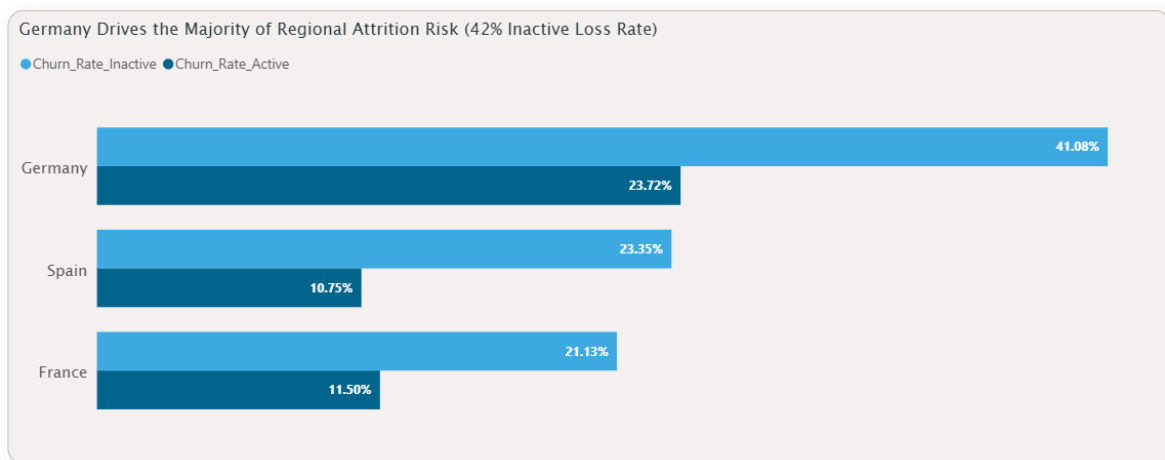
customers.

Critical Failure: 82% Loss Rate Among Inactive Customers Aged 50+

● Churn_Rate_Inactive ● Churn_Rate_Active

50+ (Senior): 82.23% / 25.91%
30–49 (Prime): 23.17% / 13.34%
18–29 (Young): 9.83% / 5.38%
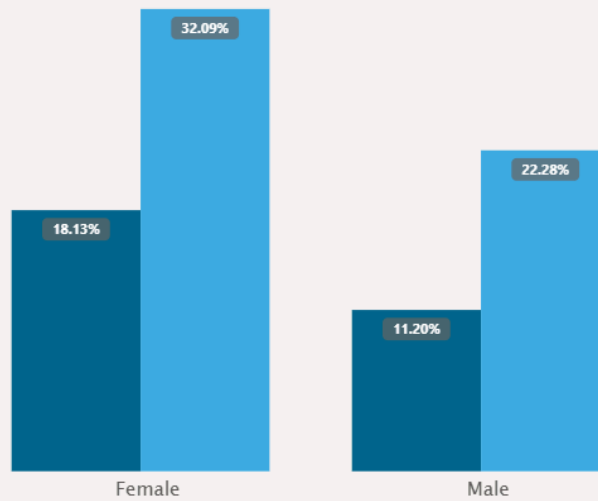
6.3 Geographic and Gender Disparities

Regional and demographic factors amplify the churn risk within the inactive cohort.

- **Geographic Risk:** The attrition rate in **Germany** is notably elevated and represents the largest concentration of regional churn risk, requiring specific local intervention.
- **Gender Disparity:** Inactive **female customers** show a higher propensity to churn than their male counterparts, suggesting underlying needs or service shortfalls specific to this demographic.

Germany Drives the Majority of Regional Attrition Risk (42% Inactive Loss Rate)

● Churn_Rate_Inactive ● Churn_Rate_Active

Germany: 41.08% / 23.72%
Spain: 23.35% / 10.75%
France: 21.13% / 11.50%

Female Customers Show Higher Attrition Risk Across All Activity Levels

● Churn_Rate_Active ● Churn_Rate_Inactive

Female: 18.13% (Active), 32.09% (Inactive)
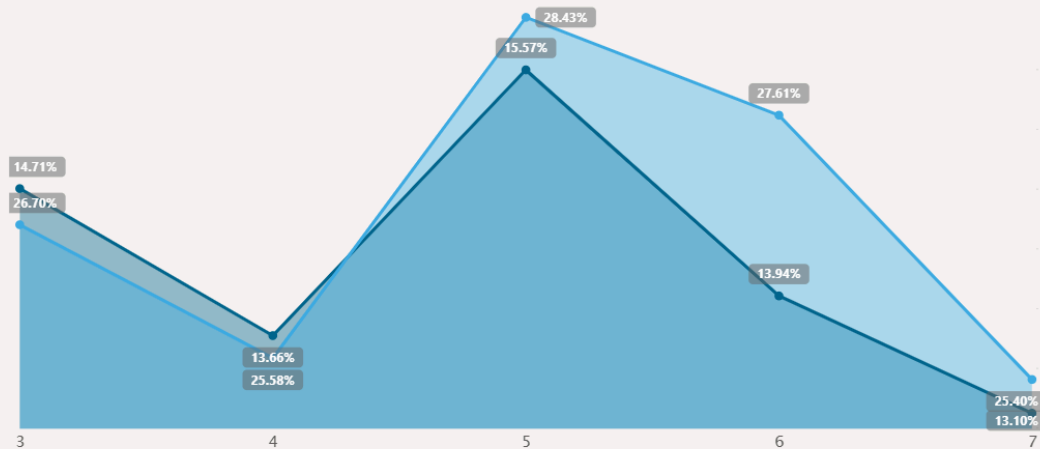Male: 11.20% (Active), 22.28% (Inactive)

6.4 The Critical Vulnerability Window (Tenure)

The customer lifecycle is marked by a specific period of heightened risk.

- **Finding:** The probability of churn peaks dramatically for customers who are nearing the **five-year mark** of their relationship with the bank. This indicates a "vulnerability window" where a significant portion of the base re-evaluates their commitment, making pre-emptive action vital.

The Critical 'Vulnerability Window' Peaks Around Year 4 of Customer Tenure

● Churn_Rate_Active ● Churn_Rate_Inactive

14.71% / 26.70% (at 3), 13.66% / 25.58% (at 4), 15.57% / 28.43% (at 5), 13.94% / 27.61% (at 6), 25.40% / 13.10% (at 7)

7. Actionable Recommendations

7.1. Immediate Intervention for Senior Inactive Customers

- **Goal:** Drastically reduce the rate of abandonment among the inactive senior segment.
- **Action:** Launch a dedicated "Personalised Service Check-in" campaign. Focus on low-friction, traditional communication (like personal phone calls) to ensure this cohort feels valued and connected, and simplify access to support.

7.2. Strategic Resource Allocation to Germany

- **Goal:** Mitigate the regional attrition risk concentrated in Germany.
- **Action:** Conduct a focused investigation into competitive pressures and specific customer needs within the German market. Empower the local branch network with flexible loyalty and service offers tailored to that region.

7.3. Retention Strategy for the Year Five Vulnerability Window

- **Goal:** Proactively retain customers before they reach the peak risk period.
- **Action:** Implement an automated workflow to trigger a "Relationship Milestone Review" contact six months before the fifth anniversary, providing customised loyalty incentives or product upgrades to cement their long-term commitment.

7.4. Address Gender-Specific Attrition Drivers

- **Goal:** Understand and address the higher attrition observed among inactive female customers.
- **Action:** Initiate focused qualitative research (e.g., small group discussions) to identify any unmet needs, product gaps, or communication preferences unique to this demographic, and adjust retention messaging accordingly.