CUSTOMER CHURN ANALYSIS

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OBJECTIVE

As we know, it is much more expensive to sign in a new client than keeping an existing one.

Our objective to significantly reduce our churn rate by finding out the key factors that leads a client towards the decision to leave the bank.

DATA ANALYSIS AND INSIGHTS

We conducted a correlation analysis between exited customers and other variables Based on the correlation values (Figure shown in appedix), The following variables seem to be significantly correlated.
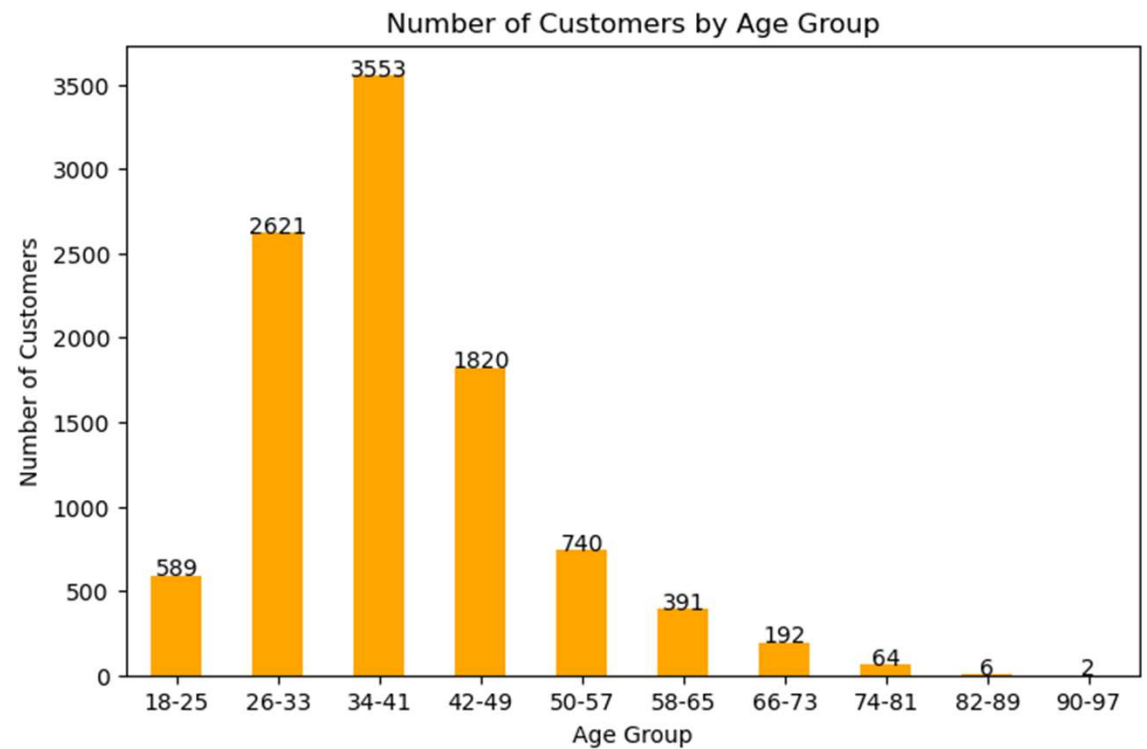
- Compliant

- Age

- Customer Balance

- Number of Products

- Is Active Member?

DATA ANALYSIS AND INSIGHTS

- **2044** Customers Complained and **2034** people **(99.5%)** exited after complaining. This indicates that customers who file complaints are almost always likely to leave. Complaint management and resolution processes are likely critical to retention.
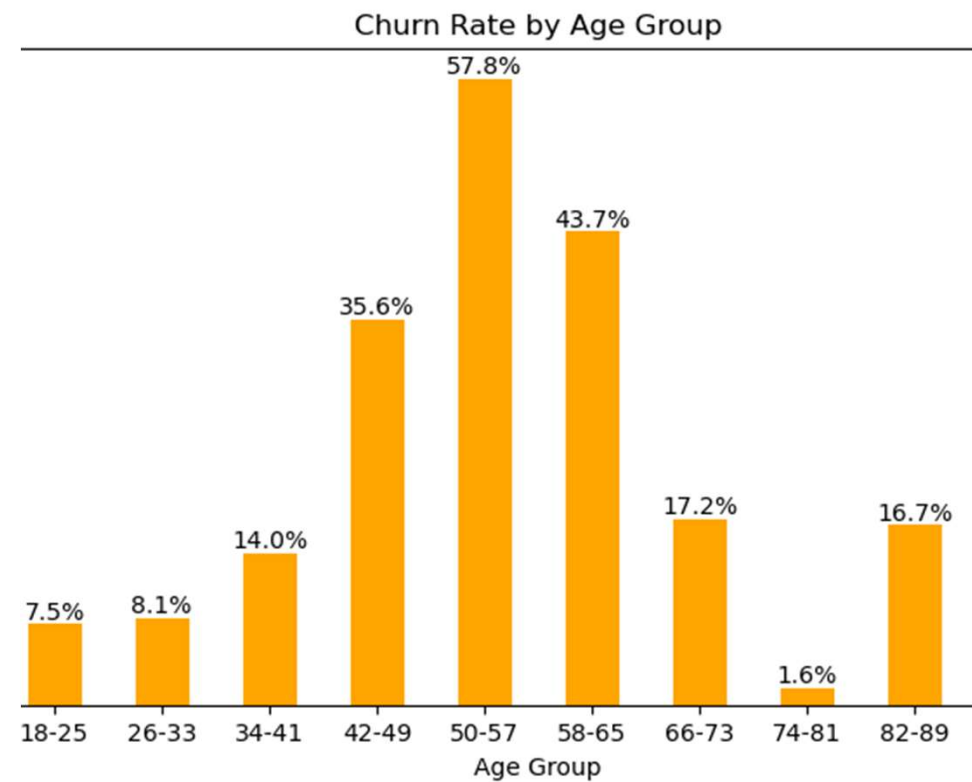
DATA ANALYSIS AND INSIGHTS

■ It may seem that Older Customers (Age group 46-55 and 56-65) are more inclined to leave

Number of Customers by Age Group

DATA ANALYSIS AND INSIGHTS

- It may seem that Older Customers (Age group 46-55 and 56-65) are more inclined to leave

Churn Rate by Age Group

| Age Group	Churn Rate
18-25	7.5%
26-33	8.1%
34-41	14.0%
42-49	35.6%
50-57	57.8%
58-65	43.7%
66-73	17.2%
74-81	1.6%
82-89	16.7%

# CUSTOMER BALANCE AND SATISFICATION

Our analysis shows that;

- The average balance of customers who stayed is approximately **$72,743** and customers who exited is approximately **$91,109.**

- This suggest that customers with higher balances might be more likely to leave, indicating a possible disconnection with how the bank meets the needs of wealthier clients

- Further analysis into the satisfaction score of the High balance clients and the dataset as a whole were similar at approximately 3 out of 5

High product ownership typically suggests strong engagement. However, if high product users are more prone to churn, it may indicate dissatisfaction with the offered products or a disconnect between the products' perceived value and customers' expectations.

Churn Rate by Number of Products
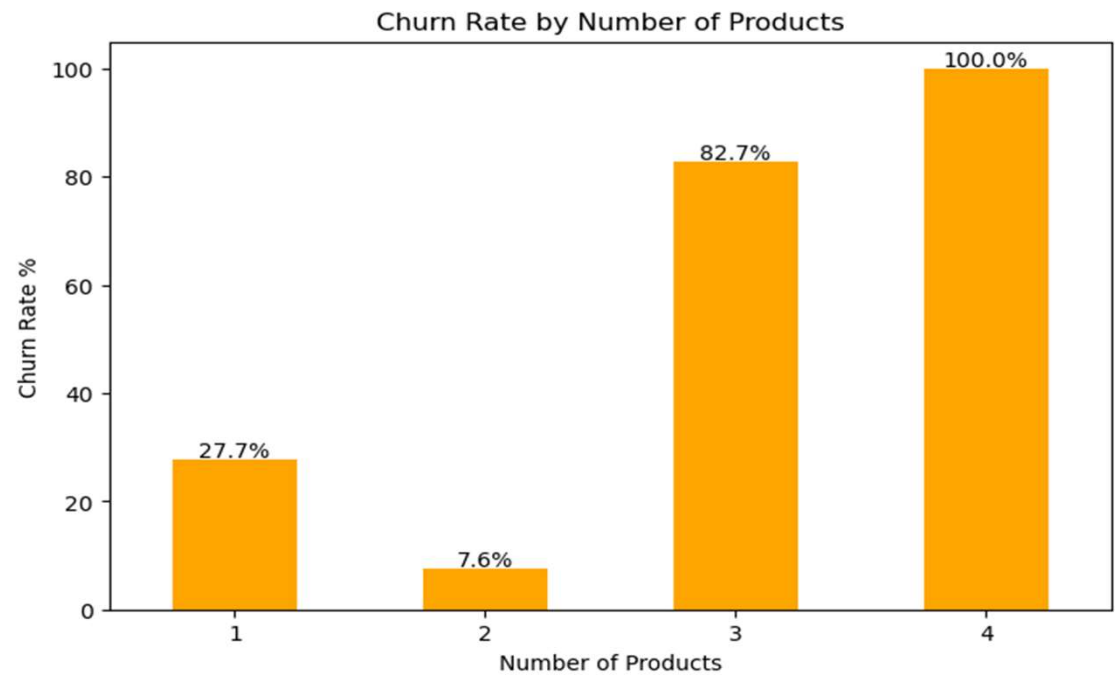
The Churn Rate for all avaliable geography locations is high. Customers that Live in Germany have a much higher churn rate than the other locations. This indicates that majority of the dissatisfied customer (49%) currently reside in germany

Churn Rate by Geography
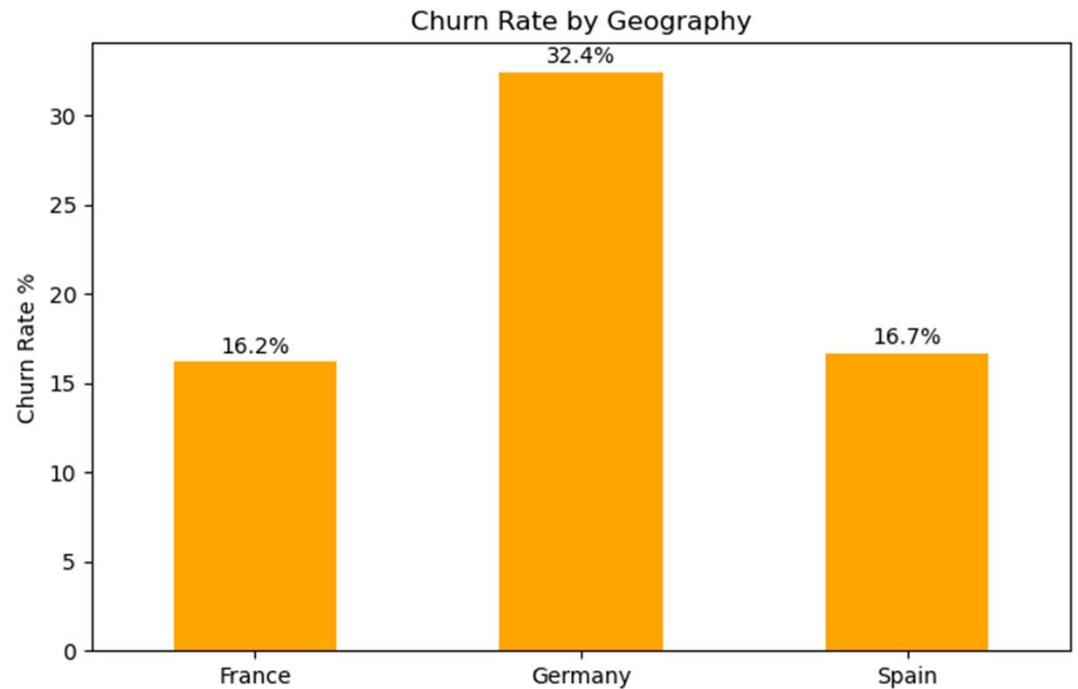
RECOMMENDATIONS

- Complaint management and resolution processes are likely critical to retention.

- Develop targeted retention strategies for older customers, specifically those aged 46-65.

- Investigate and address the needs and expectations of high-balance customers to improve retention.

- Analyze satisfaction scores of high-balance clients to understand potential disconnects.

- Re-evaluate the products offered to ensure they meet the needs and expectations of customers, especially those with higher product ownership.

- Implement strategies to address the higher churn rates in Germany, such as localized customer engagement and satisfaction programs.

CONCLUSION

- The analysis highlights critical areas affecting customer retention, including complaint resolution, age demographics, customer balance, product ownership, and geographic location. Addressing these factors can significantly reduce churn rates and improve overall customer satisfaction and loyalty.