Customer Churn Prediction Initiative

Leveraging historical data to drive retention and protect revenue.

PROJECT CHARTER & STRATEGIC OVERVIEW

Executive Summary

THE CHALLENGE

The bank is facing a growing number of closed accounts, currently managed through reactive measures that fail to prevent revenue loss.

THE SOLUTION

We are deploying a machine learning initiative to predict customer churn using historical data.
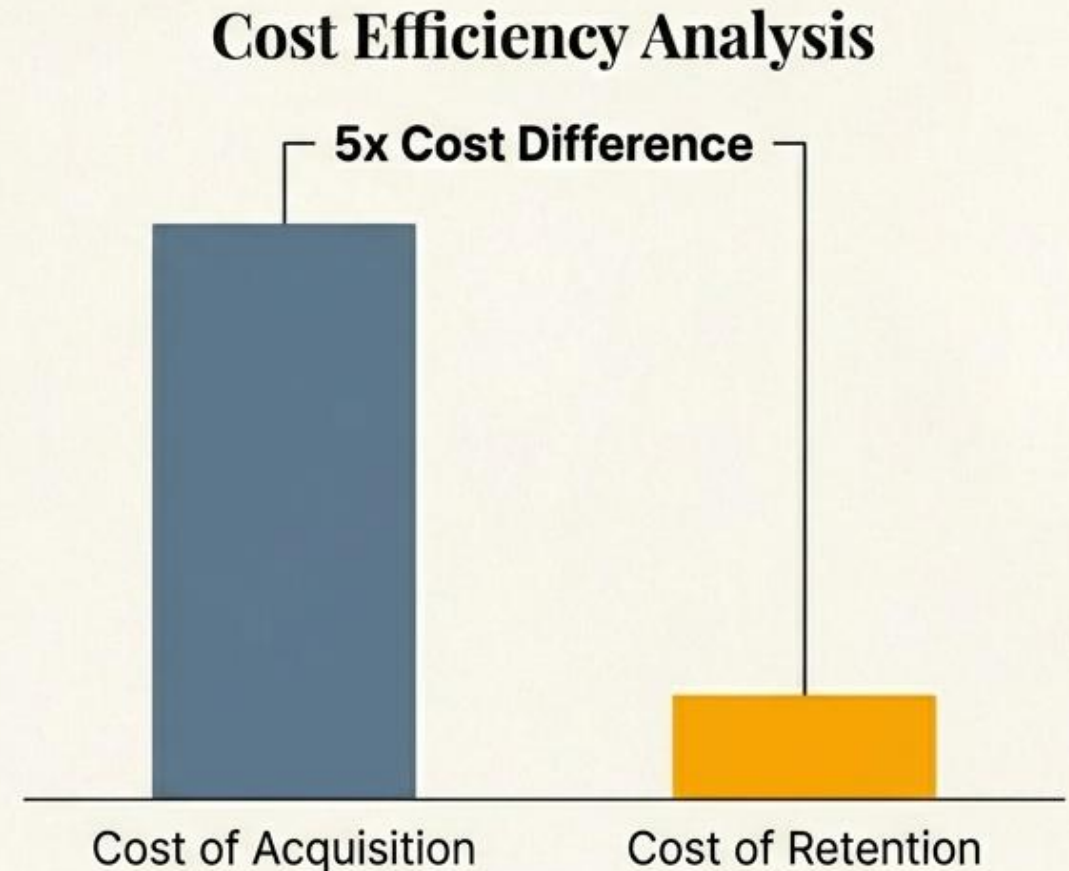
THE OUTCOME

By identifying high-risk customers early, we will enable targeted retention campaigns, reduce acquisition costs, and improve Customer Lifetime Value (CLV).
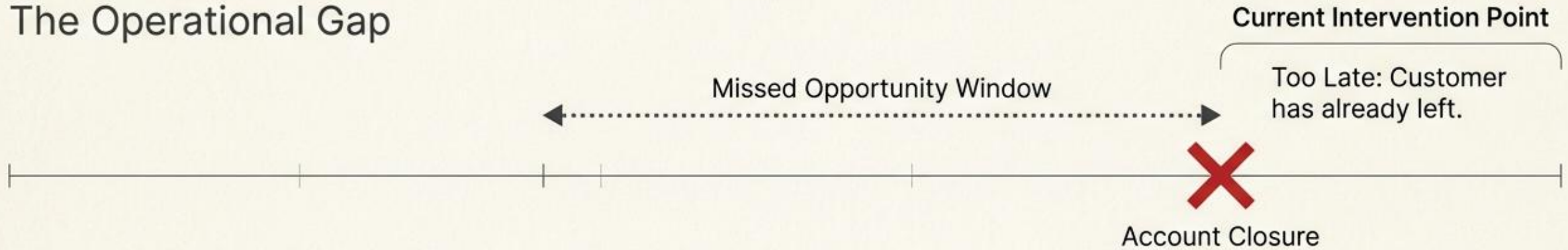
Customer retention is the primary battleground for profitability.

- **Context:** Banks operate in a highly competitive market where customer retention is critical.

- **Economic Reality:** Acquiring new customers is significantly more expensive than retaining existing ones.

- **The Consequence:** When customers leave, the bank suffers from loss of recurring revenue, increased marketing costs to replace them, and reduced overall Customer Lifetime Value (CLV).

Cost Efficiency Analysis

5x Cost Difference

Cost of Acquisition | Cost of Retention

Our current approach to churn is reactive, not proactive.

The Operational Gap

Current Intervention Point

Missed Opportunity Window

Too Late: Customer has already left.

Account Closure

1

Observation

The bank observes a growing number of customers closing their accounts.
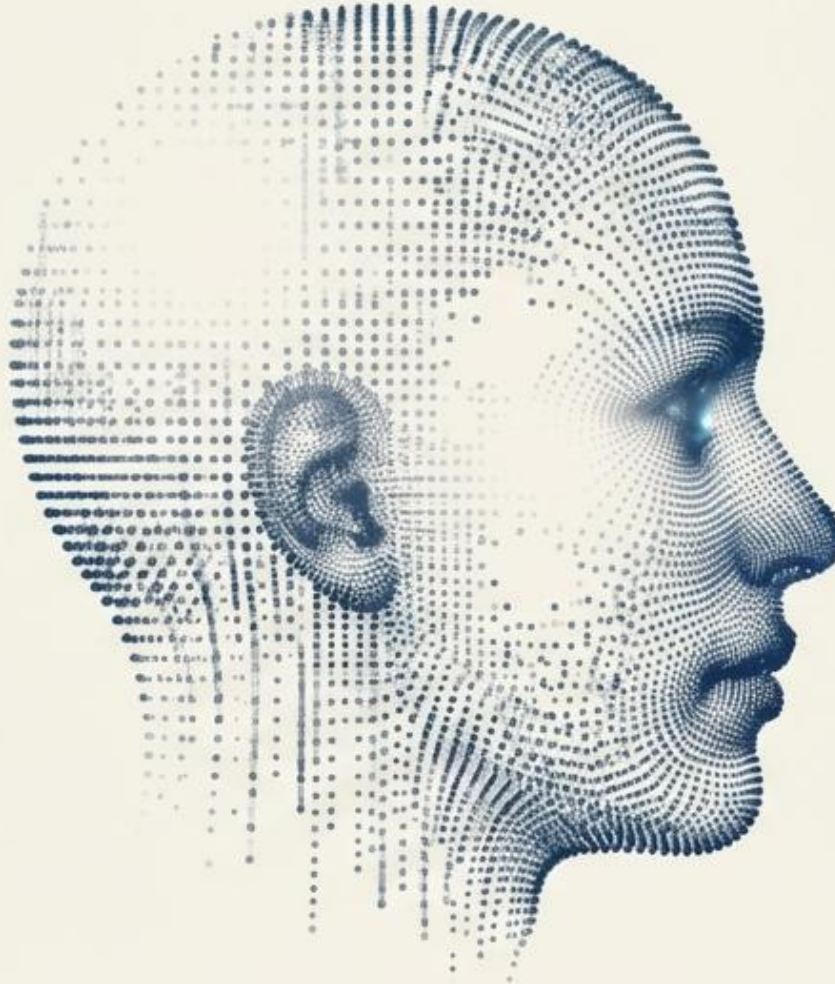
2

Operational Failure

Current churn detection happens too late—after the customer has already decided to leave. We are operating in a 'reactive' state rather than intervening before the decision is made.

We lack visibility into the drivers of customer attrition.

The Knowledge Gap

Currently, there is no clear understanding of:

– Which customers are more likely to churn

– What factors contribute most to their decision to leave

The Resulting Blind Spot

Without this data, retention efforts are generic and ill-timed rather than targeted and timely.

How can we identify customers who are likely to churn and understand the key drivers behind their decision?

We must bridge the gap between data and decision-making.

Project Objective: Predicting churn through historical data analysis.

Historical Data → Prediction Model → Churn Risk Identified

Primary Objective

To predict whether a customer will churn using historical customer data.

Strategic Intent

This shifts the bank's stance from waiting for account closures to anticipating them based on data patterns.

Generating actionable insights to drive strategy.

Identify Drivers
Pinpoint key behavioral and demographic drivers of churn.

Enable Action
Provide actionable insights to support retention strategies.
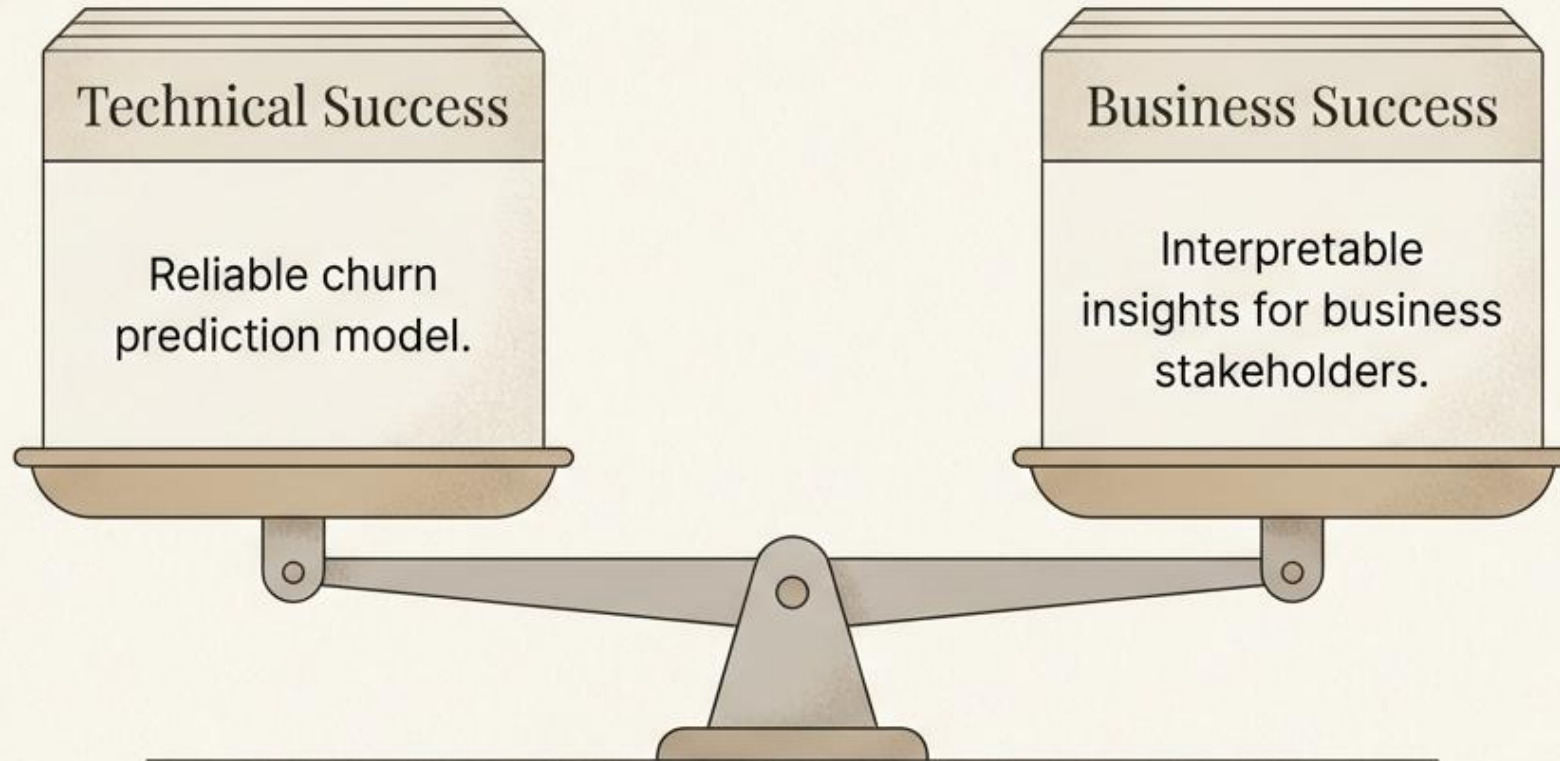
Empower Teams
Support data-driven decision-making for marketing and customer success teams.

Project Objective & Goals

Primary Objective: To predict whether a customer will churn using historical customer data.

Strategic Intent: This shifts the bank's stance from waiting for account closures to anticipating them based on data patterns.

Success is defined by reliability and interpretability. and interpretability.

The model must not only work; it must be understood by the business to be useful.

Moving to proactive retention will protect revenue and improve targeting.

Early Identification

Flagging high-risk churn customers before they leave.

Efficiency

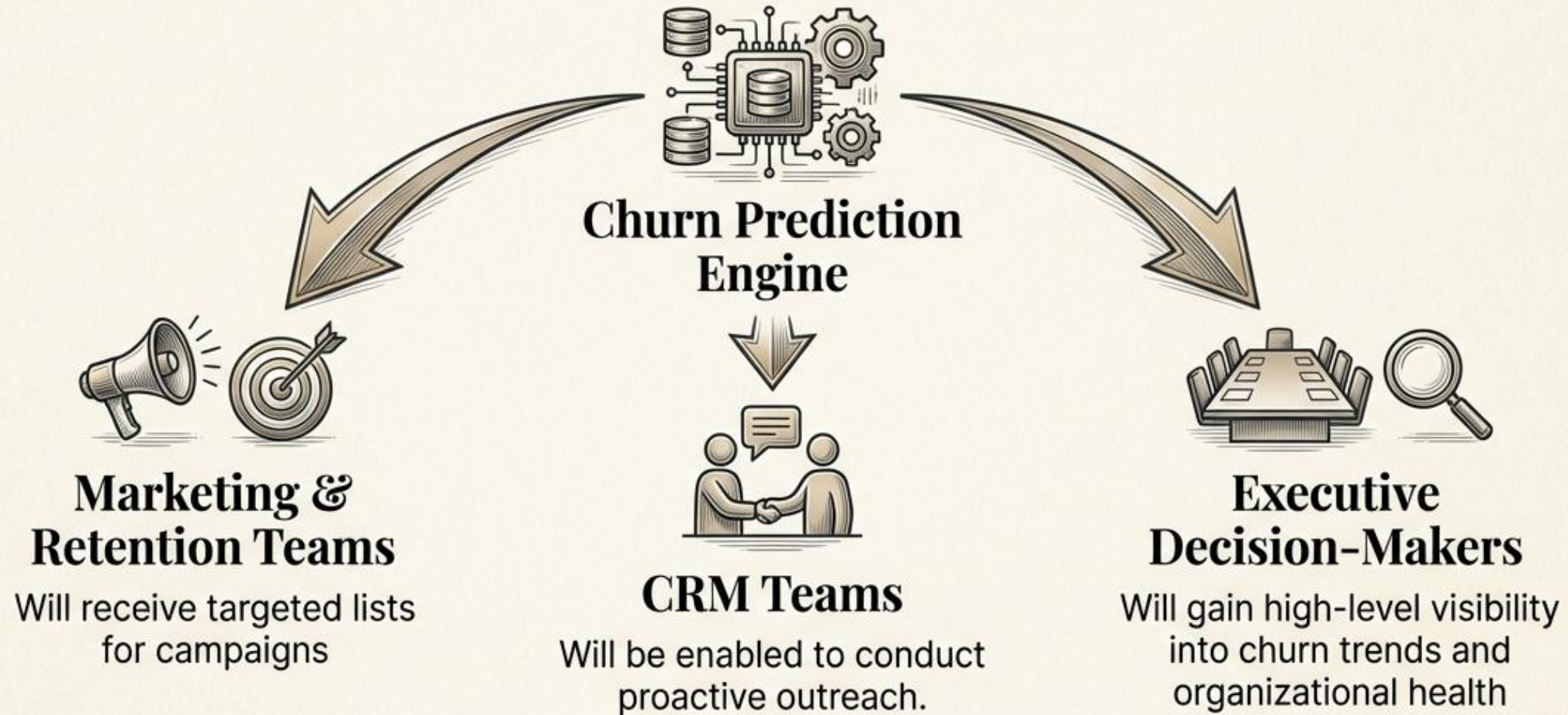Better targeting of retention campaigns.

Revenue Protection

Reduced revenue loss due to churn.

Lifetime Value

Improved Customer Lifetime Value (CLV).

Empowering key stakeholders across the organization

Churn Prediction Engine

Marketing & Retention Teams
Will receive targeted lists for campaigns

CRM Teams
Will be enabled to conduct proactive outreach.

Executive Decision-Makers
Will gain high-level visibility into churn trends and organizational health

Transforming customer retention from a reaction to a strategy.

CURRENT STATE (Reactive)	FUTURE STATE (Proactive)
Reactive churn detection	Proactive identification
Unclear drivers	Clear behavioral insights
Revenue leakage	Maximized Customer Lifetime Value

This initiative provides the necessary intelligence to secure the bank's customer base in a competitive market.