MEX BANK CUSTOMERS CHURN ANALYSIS

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Introduction

In the banking industry, customer retention is an important factor that drives profitability.

This project is an analysis of MEX Bank customers churn with focus on identifying

customers churn pattern, understanding the high-risk customers and recommending

data-driven strategies to reduce churn and increase customer retention.
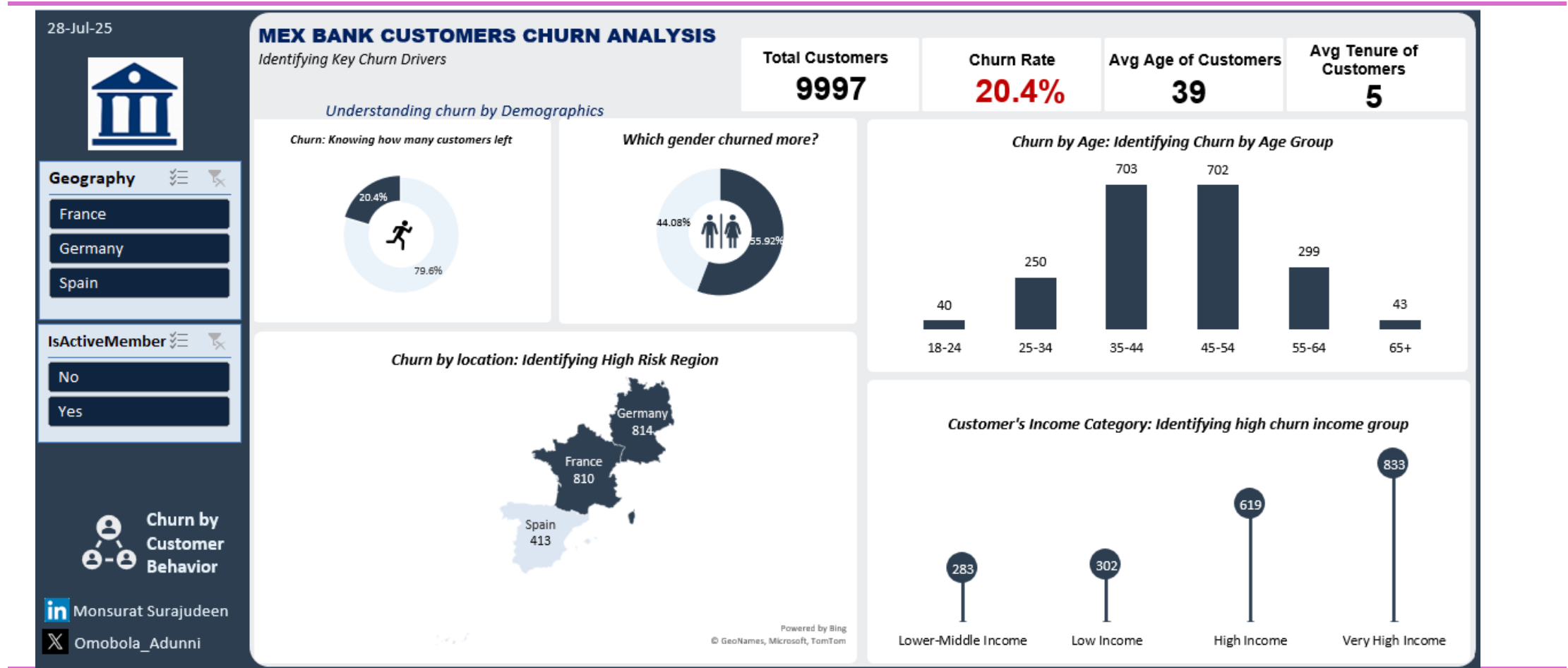
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Problem Statement

MEX bank has experienced a steady reduction in customer retention, with a rise in customers

closing their accounts. The bank manager needs to know the major drivers of customers

churn in the bank, the group of customers that are likely to churn, and develop data-driven

strategies to maintain long-term relationships with their customers.

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Objectives

- To identify high-risk customer groups that are likely to churn.

- To investigate the relationship between customers' demographics (location, age, account balance, credit score, income, gender) and churn.

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Dashboard Overview

Customer Demographics

Customer Behaviour

Customers Churn Insights

Customers' Engagement

Products Engagment
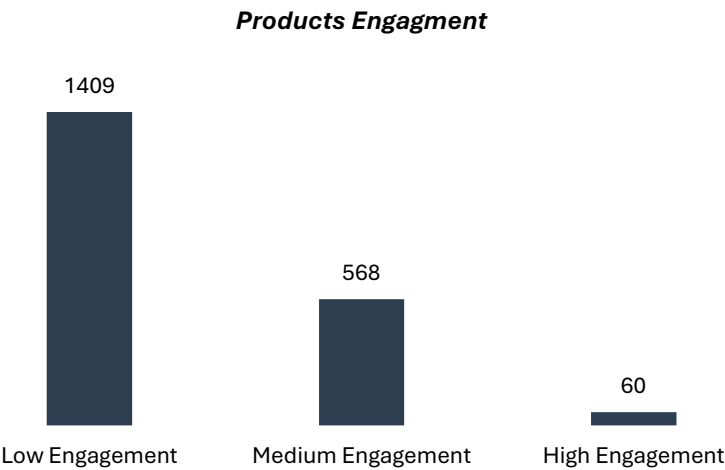
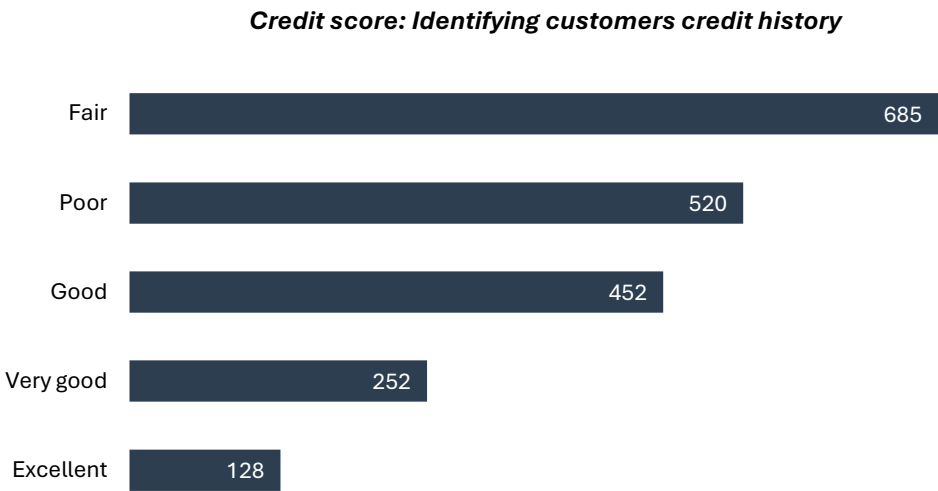Low engagement customers (customers who interacted with one product) constitute the highest risk customers accounting for 1409 churned customers which is significantly higher than customers who interacted with 2-3 products (medium engagement).
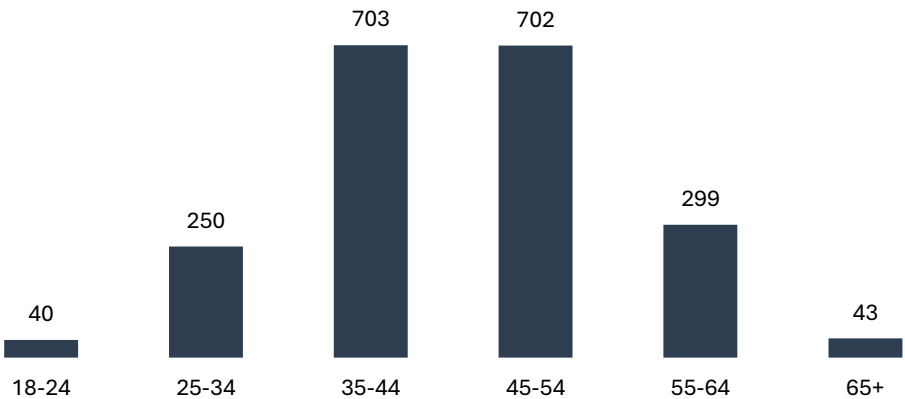
Customers' Credit Score

Credit score: Identifying customers credit history

The fair and poor (300-669) credit scores bands customers churned more indicating a lack of debt counseling, or customer support

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Customers Churn Insights
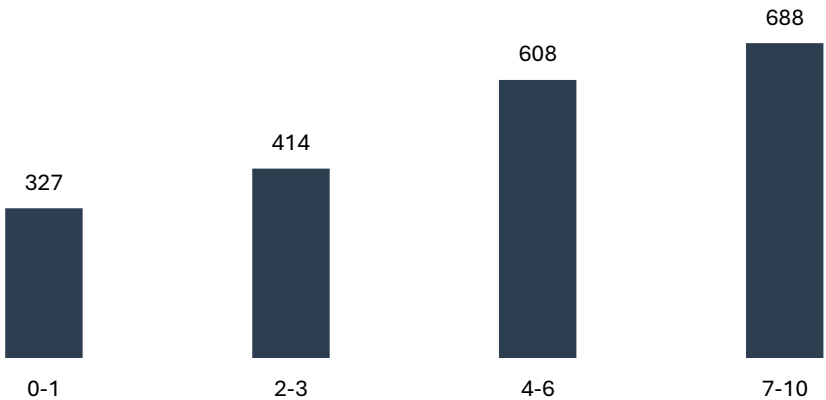
High-Risk Age Group

Churn by Age: Identifying Churn by Age Group

Customers within the pre-retirement age bracket (55-64) churned more which may indicate a lack of retirement benefits from banking with MEX. This is followed by the mid-adults (35-44).

Tenure of Customers

**Tenure: How long have they spent with the bank?**

Customers who have spent between 7-10 years churned more than the new customers. This could indicate a dissatisfaction in service or customers service response or an absence of loyalty benefits for long-term customers.
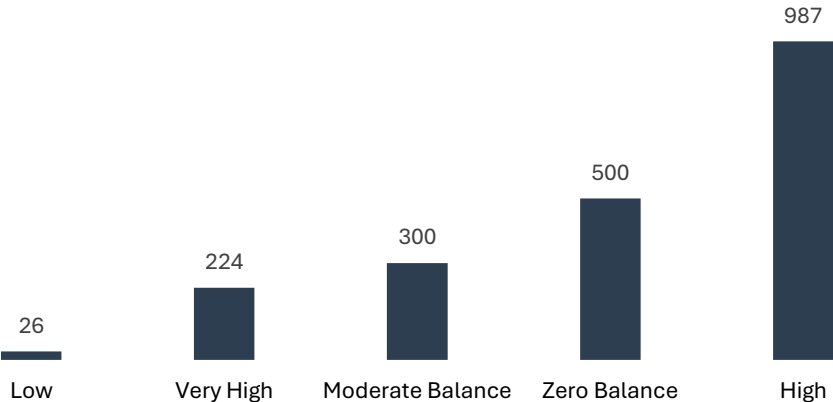
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Customers Churn Insights

Customers' Expected Income

Customer's Income Category: Identifying high churn income group

- Lower-Middle Income
- Low Income
- High Income
- Very High Income
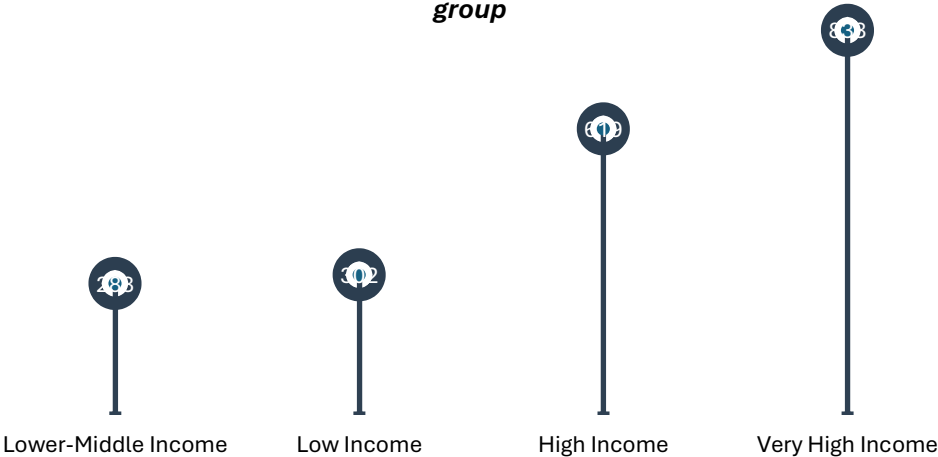
Customers' Account Balance

Account Bal: Understanding churned customers account activity

|				
26	224	300	500	987
Low	Very High	Moderate Balance	Zero Balance	High

Customers with high account balance, who are also very high-income earners churned more, which could be a result of poor service attitude or inappropriate staff conduct.
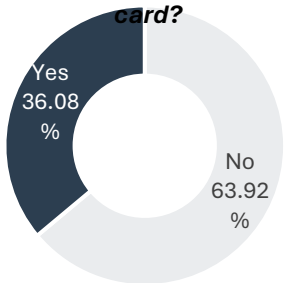
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Customers Churn Insights

Geographical Distribution

Churn by location: Identifying High Risk Region
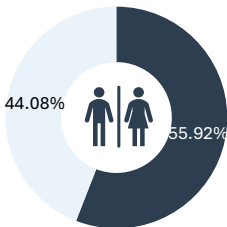

France
810

814

Spain
413
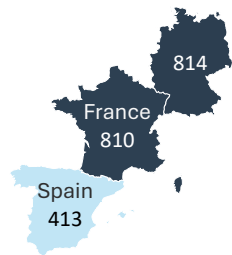
Customers in Germany churned more followed by France, indicating a need to further conduct a region-specific analysis to know why.

Do they have credit card?
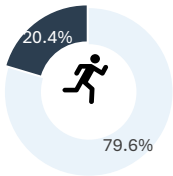

Yes
36.08
%

No
63.92
%

Customers without credit cards have a higher risk of churning.

Which gender churned more?

44.08%

55.92%

Female customers churned more than males which could indicate a lack of service inclusivity

Churn: Knowing how many customers left

20.4%

79.6%

20% of the bank customers left.

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Recommendations

1. Conduct in-depth research into staff interactions, response to customer complaints and service quality to identify the major cause of dissatisfaction among high balance, high income, and long-term customers.

2. Launch region-specific survey to identify the major causes of high churn in Germany and potential competition.

3. Design a loyalty program that rewards engagement and tenure offering VIP benefits to long-term and high engagement customers.

4. Create female-targeted marketing campaigns and services to promote inclusivity among the female customers.

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Recommendations (contd)

5. Introduce financial literacy programs for customers with poor and fair credit scores to help build trust, help them improve financial stability and reduce churn.

6. Provide age-specific financial planning programs. Introduce attractive retirement webinars, banking and investment opportunities to attract customers within the pre-retirement and mid-adult age.

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Conclusion

A 20.4% churn rate for MEX bank is high and a major call for concern. This analysis shows that not only are the new customers or low value customers churning, but high value customers are also leaving.

By leveraging insights from this analysis and acting on the recommendations, MEX bank can actively reduce churn, improve customer satisfaction and drive long-term growth.

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THANK YOU

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