

## Bank Customer Churn Analysis in India – Final Key Insights

This project analyzed a dataset of 1,200 Indian bank customers to identify patterns and factors influencing customer churn.

The goal was to understand why customers leave the bank and what actions can be taken to improve retention and satisfaction.

The analysis included demographic, financial, and behavioral attributes such as age, state, account type, satisfaction score, digital banking usage, and churn reason.

### 1. Overall Findings

- Total Customers Analyzed: 1,200
- Overall Churn Rate: Approximately 20%
- Active Customers: Around 960 (80%)
- Exited Customers: Around 240 (20%)
- Data includes customers from 10 major Indian states with realistic features such as Balance, Salary, Satisfaction, and Digital Usage.

### 2. Key Insights from Data Analysis

- The churn rate among customers is moderate (20%), indicating a need for better engagement strategies.
- States such as Maharashtra, Delhi, and Karnataka have the highest churn rates, showing competitive banking environments or service dissatisfaction.
- The top three reasons for customer churn are:
  1. Poor Customer Service
  2. High Service Charges
  3. Better Offers from Other Banks
- Customers with low satisfaction scores (1 or 2) show the highest churn percentage.
- Salary account holders are the most loyal customers with the lowest churn rate.
- Customers using digital banking services (Medium or High usage) are less likely to churn, showing the positive impact of digital adoption.
- Customers aged 25–40 years show higher churn tendency compared to older age groups.

### 3. Correlation and Behavioral Insights

- Customer satisfaction and activity level have a strong negative correlation with churn, meaning happier and active customers stay longer.
- Balance and Estimated Salary show a weak correlation with churn, suggesting that income level alone does not decide retention.
- High satisfaction and regular interaction through digital platforms significantly reduce churn risk.
- Account type plays a major role: Savings and Salary accounts retain customers better than Current accounts.

### 4. Recommendations for the Bank

- Implement targeted retention campaigns for customers in high-churn states.
- Prioritize service quality improvement to reduce dissatisfaction-related churn.
- Offer loyalty rewards and fee waivers for long-term or high-balance customers.
- Encourage customers to use digital banking through awareness and easy interfaces.
- Regularly collect customer feedback to detect dissatisfaction early.
- Focus on young and digitally inactive customers by providing personalized offers.

### 5. Conclusion

The analysis clearly shows that customer satisfaction, digital engagement, and service quality are key drivers of retention.

By addressing high-churn reasons and promoting digital banking, the bank can strengthen customer relationships and reduce churn rates effectively.

This project provides a clear roadmap for improving customer experience and enhancing loyalty across Indian banking customers.