

Bank Customer Churn Analysis Report

Executive Summary

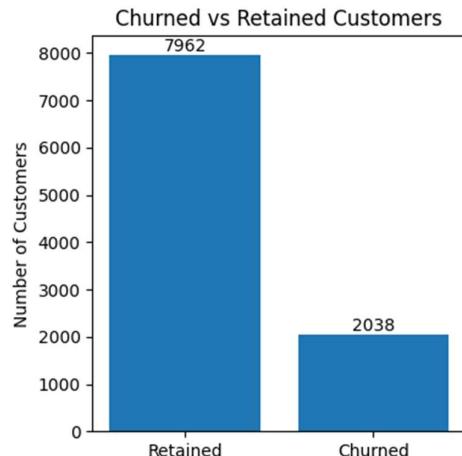
Customer churn analysis was conducted on a dataset of 10,000 retail banking customers to identify high-risk segments and recommend targeted retention strategies.

Key Findings:

- Overall churn rate: **20.38%** (1 in every 5 customers).
- Germany shows the highest churn rates (~32%), including high-balance customers, indicating a significant retention challenge in this market.
- Inactive customers with positive balances churn at nearly **double** the rate of active customers.
- Customers aged **46-65** show the highest churn concentration.
- Female customers exhibit higher churn rates across regions, suggesting potential differences in engagement or service experience.
- Customers with exactly **two products** demonstrate the lowest churn and highest stability.
- Complaint cases result in almost certain churn (~99.5%), indicating late-stage dissatisfaction. Hence, complaint behaviour is strongly associated with customer exit and highlights the importance of effective issue resolution.

Churn is concentrated among identifiable, high-value segments, enabling targeted interventions to reduce revenue loss.

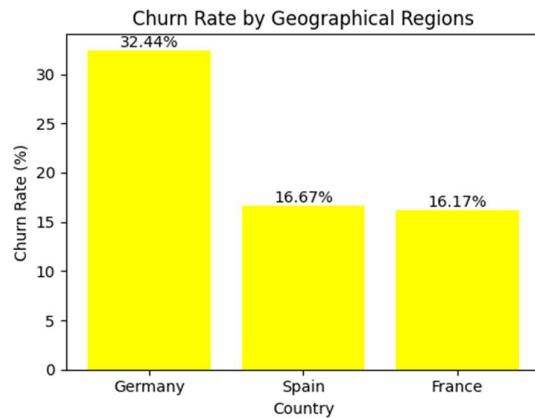
Overall Churn Overview



- 20.38% of customers exited the bank.
- Retention rate stands at ~79.6%.
- While overall retention is strong, churn is significant enough to warrant targeted retention efforts.

Geographic Risk Analysis

Country	Churn Rate
Germany	32.44%
France	16.67%
Spain	16.17%



Germany: Elevated Churn in a High-Value Market

- Germany represents the highest-risk market. Potential drivers may include customer experience, competitive pressure, or product-market fit.
- While France and Spain show relatively stable retention patterns, Germany exhibits significantly higher churn rates.
- **Churn rate in Germany:** 32.44%
- **Churn rate in France & Spain:** ~16-17%
- **Average balance (funded customers):** ~ €119k across all regions

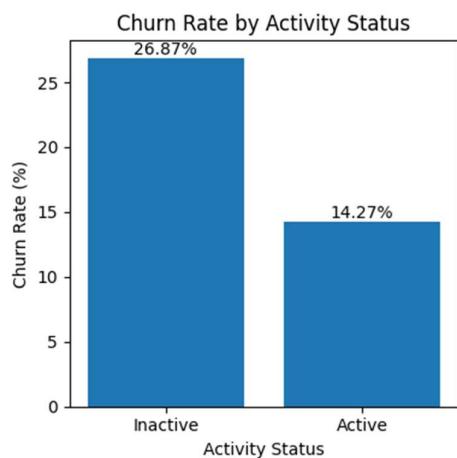
Insight:

German customers hold similar balances to customers in other regions but are nearly twice as likely to leave.

Business Impact:

The bank risks losing a substantial portion of its deposit base in Germany if retention measures are not implemented. Prioritize Germany for localized retention initiatives.

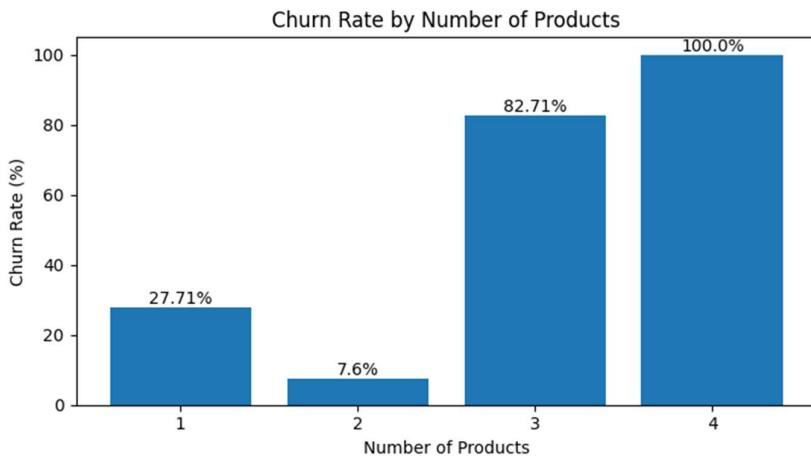
Customer Engagement & Activity



- Inactive customers churn at nearly **double** the rate of active customers.
- Active engagement correlates strongly with retention. (not the explicit cause)
- Hence it can be safely interpreted that inactivity is an early warning indicator of churn.

Implement active engagement programs for inactive customers, especially those with positive balances.

Product Ownership Based findings:



Observation:

Customers with two products exhibit the strongest retention.

Implication:

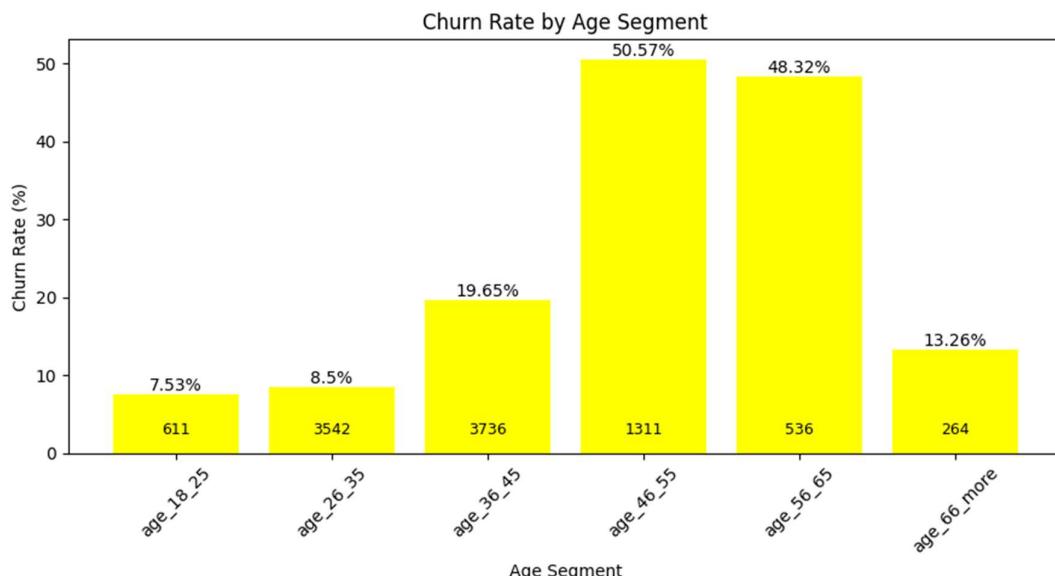
Promote cross-selling strategies to move customers from one to two products to increase customer retention.

Encouraging customers to adopt a second product may improve retention.

Products	Churn Rate
1	~27%
2	~7.6%
3–4	High (low volume)

Note: Churn in customers with 3-4 products is comparatively very high but the sample size is also small so it is not used as key indicator for identifying churn-cases.

Age-Based Churn Concentration



observation:

Customers aged 46–65 represent the highest churn concentration.

Implication:

Develop targeted retention programs for mid-to-late career customers.

Age Segment	Churn Rate
18–35	<10%
36–45	~20%
46–65	~48–50%
66+	~13%

Gender-Based Trends

Observation:

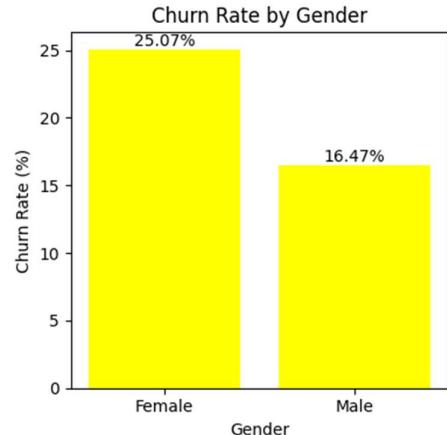
Female customers show higher churn rates than male customers.

Interpretation:

This may indicate differences in product alignment, engagement, or service experience.

Implication:

Conduct further investigation to identify drivers and improve experience.



Note: no scope for biasness in interpretation since total number of female vs male customers aren't disproportionate.

Complaint Behaviour (Critical Escalation Signal)

- Customers who file complaints churn at ~99.5%.

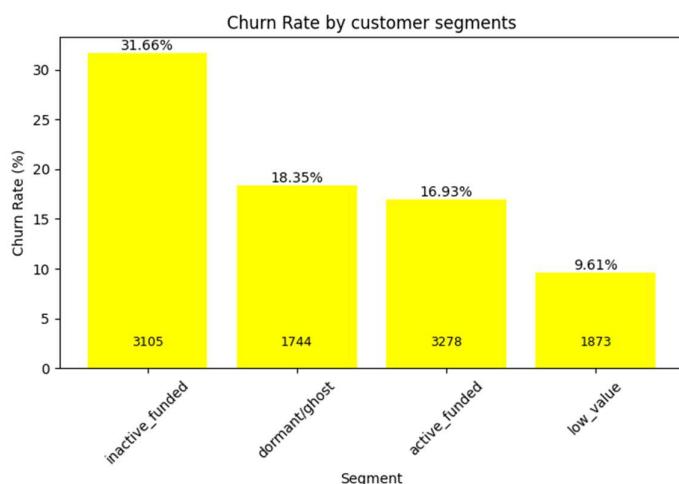
Interpretation:

Complaint behaviour is a late-stage indicator of imminent churn.

Implication:

Implement rapid-response workflows to resolve complaints before customer exit.

Risk & Customer Segmentation Summary



Segment	Risk Level
Inactive + Balance	High
Dormant/Ghost	Moderate
Active Funded	Moderate
Low Value	Low

Interpretation:

Inactive funded customers represent the most valuable at-risk segment.

Strategic Recommendations:

Implement 2 product Conversion for High-Risk Groups:

- Target single-product holders in Germany, particularly the female segment, where churn currently exceeds **37%**.
- Data confirms that transitioning customers from one to two products reduces the churn risk to **11.22%** in Germany and **12.07%** in France.

Establish a better recovery protocol for Complainants:

- With an existing **99.51%** churn rate among customers who file a complaint, the current resolution process must be treated as a terminal failure.
- Management should bypass standard automated responses for the **2,044** current complainants and initiate direct remediation for those with balances exceeding the average **€119k**.

Deploy Preventative Retention for Mid-Aged Wealth Segments:

- Customers aged **46-65** represent a critical risk threshold across all territories, reaching a peak exit rate of **66.42%** in Germany.
- Even in comparatively safer regions like France and Spain, this demographic churns at **44.51%** and **39.87%** respectively.
- Retention initiatives must focus on disengagement signals within this age bracket to intervene before the customer reaches "Inactive" status.

Avoid Aggressive Multi-Product Cross-Selling (3+ Products):

- The analysis reveals a saturation point where holding **3 or 4 products** leads to nearly **100%** churn.
- Sales teams should be disincentivized from pushing a 3rd or 4th product to customers who have already reached the "stability point" of two products.
- Focus should instead be placed on deepening the utility of the existing two products to prevent major churn.

Prioritize the "inactive but funded" segment for Immediate Outreach:

- Management should immediately address the **375** high-value customers in Germany who are currently "Inactive" but have not yet "Exited" and have the balance higher than average.
- These accounts represent a high-priority list.
- Active relationship management is required to transition them back to "Active Funded" status before a grievance is triggered.

Limitations

- Dataset lacks transactional frequency and behavioural data.
- Complaint likely represents late-stage churn.
- Low sample size in 3-4 product holder segments.
- Analysis identifies correlations, not causation.

Final Conclusion

Churn is not evenly distributed across the customer base. Instead, it is concentrated in specific, high-impact segments such as inactive funded customers, Germany-based customers, and customers aged 46-65.

Targeted retention strategies focused on these segments can significantly reduce churn and protect high-value accounts.