

CUSTOMER CHURN RATE ANALYSIS



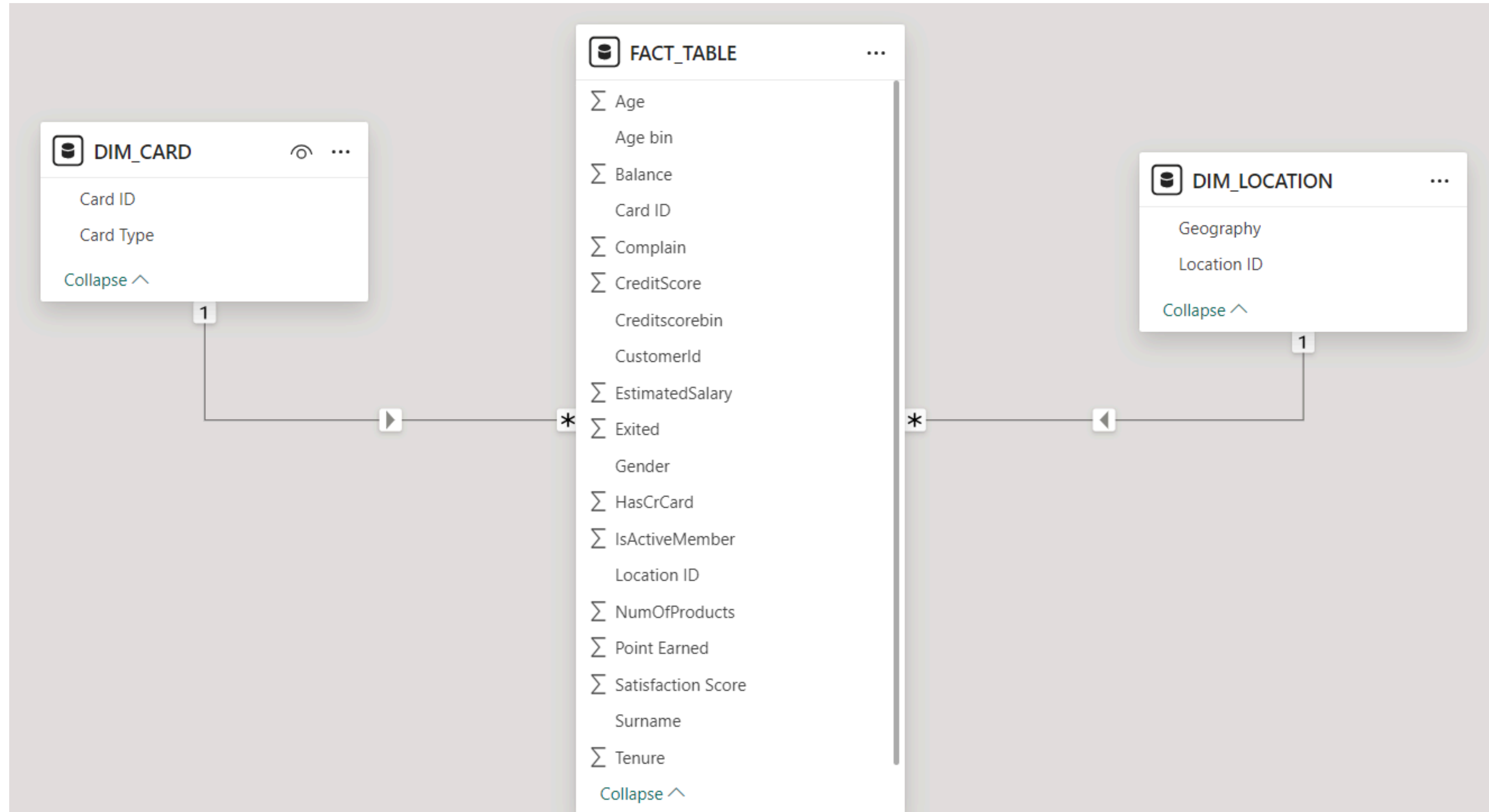
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Objective of the Project

- To Identify and understand the factors influencing customer churn .
- To Formulate recommendations to address customer churn factors.

Overview of the Sample dataset



Project Request and Tools used

- **Demographic Classification** : Classify the customers based on available demography such as age group, gender ,estimated salary etc and provide insights based on them.
- **Customer Behaviour** : Identify and uncover customer needs, priorities, and emerging trends in how they interact with the bank.
- **Customer Churn Rate** : Which factors causes the churn rate and why ? this can help to analyze why customers leave.



Power BI tool for data Visualization

Demographic Classification

1.What is the gender distribution of the customer base?

Male customers make up 55%, while female customers comprise approximately 45% of the customer base. Both genders are equally represented in the bank's customer base.

2.What is the range of customers who are actively interacting with the bank and those who don't show much interaction, across both genders?

Male customers exhibit high interaction, with 2.9k active members and 2.6k inactive members, while female customers show similar patterns with 2.6k active members and 2.6k inactive members.

3.In which location does the bank have a high customer base, and what is the count of active members in each location?

France boasts the highest customer base, contributing to half of the overall customer base with 5000 customers. The count of active members in each location is equivalent to 50% of the customer base in that location.

4. In which location does the number of inactive members exceed the count of active members?

In Germany, the count of inactive members surpasses active members by 1.3k.

5. What is the average estimated salary across each location?

The salary contribution in each location ranges from 99k to 1101k, with almost equal distribution.

6. Which age group shows the least and highest interaction with the bank?

Customers aged 60 and above are highly interactive, constituting 80% of the customer base, while contributing the least, about 20%, to inactive members.

7. Which age group has the highest average estimated salary?

The 40–50 age group exhibits the highest average salary of 102k, while the 50–60 age group has the lowest at 97k.

Customer behaviour Analysis

1.Which age group of customers shows the least engagement in earning points?

The 50–60 age group demonstrates comparatively low engagement, with an average points earning of 599.

2.Among which gender are the credit card purchases higher?

Both male and female customers exhibit similar patterns, with credit card purchases averaging at 77k for males and 76k for females.

3.What are the customer trends in credit scores?

Forty–three percent of customers have a good credit score, followed by 34% with a fair credit score, and 24% with a poor credit score.

4.What is the most commonly selected satisfaction score by customers?

The most frequently selected score is 3, indicating a neutral level of satisfaction regarding the resolution of customer complaints.

5.What is the maximum number of products purchased by key customers through the bank?

Key customers typically purchase one or two products through the bank.

6.How long have the bank's major clients been with the institution?

Major clients have been with the bank for an average of 2 years, followed by another significant portion for 7 years

Customer Churn Rate Analysis

1.What is the customer churn rate based on credit score?

Customers with a poor credit score exhibit the highest churn rate at 22%, while those with a very good credit score show the lowest churn rate at 19%.

2.Which satisfaction score received the highest votes from customers with the highest churn rate?

The satisfaction score of 2 witnessed the highest churn rate among customers.

3.Analyze customer cancellation rates across different age groups

Customers aged 50–60 churn at the highest rate, while those between 23–30 have the best customer retention

4.Is churn more likely among inactive members or active members?

The churn rate is higher among inactive members, at 27%.

5.Analyze customer churn across different customer lifespans

Interestingly, customers who have been bank clients for over 5 years show the greatest propensity to churn within a 10-year timeframe.

Recommendations

Insights

Data suggests that individuals aged 50–60 tend to hold higher credit balances compared to other age groups. This might indicate a spending pattern focused on saving and financial security. Interestingly, this trend is particularly evident among holders of diamond and platinum credit cards, which typically offer rewards programs geared towards higher spending.

Recommendation

Review credit card structures : Analyze if the current rewards programs for diamond and platinum cards are aligned with the spending habits of this age group.

Targeted financial planning services: Develop financial planning services specifically tailored for the needs of individuals aged 50–60.

- Retirement planning: Assisting with optimizing retirement savings and investment strategies.
- Debt management: Helping them develop strategies to pay off existing debts and achieve financial security.

Insights

An analysis of customer data reveals a correlation between lower credit scores and higher churn rates.

Recommendation

Financial literacy: providing digital resources and tools .

- Free credit score monitoring and analysis.
- Educational modules on credit management.
- Personalized recommendations for improving credit score

Targeted credit card products and services : offering secure credit cards and credit builder programs.

- Offer secured credit cards that require a security deposit. This allows customers to build credit history while managing their spending.
- : Provide small loan options with on-time payments contributing to building credit and the loan amount getting refunded to the customer.
- Personalized recommendations for improving credit score

Insights

Customers who experience dissatisfaction with the complaint resolution process demonstrate a higher propensity to churn

Recommendation

Transparency: Being transparent throughout the complaint resolution process. Keeping customers informed about the status of their complaint and the next steps.

Empower Employees: Empower customer service representatives to offer solutions or compensation within reasonable limits to resolve complaints efficiently.

Empathy and Respect: Train staff to handle complaints with empathy and respect. Listen actively to customer concerns and validate their frustrations.

Insights

data reveals a double threat to customer retention: member inactivity and high churn among long-term customers (over 5 years). Implementing engaging programs can potentially address both issues by reactivating inactive members and fostering stronger relationships with loyal customers.

Recommendation

Loyalty programs: Reward members for regular activity through points, discounts, or exclusive benefits.

Content marketing: Create valuable content that educates, entertains, or inspires members.

Regular communication: Staying connected with members through regular communication. This could involve email news letter ,user friendly mobile apps.