**BANK CHURN ANALYSIS**

**Domain/ Terminology**

**Database Used - MS SQL Server DB**

Your project involves analysing customer behaviour and financial health in the retail banking sector, specifically related to credit card usage and customer retention. Below is a business-focused explanation of each field and its significance in banking operations.

**1. Card Category**

* **Business Need**: Banks offer different types of credit cards (e.g., Basic, Silver, Gold, Platinum) based on a customer’s income, spending habits, and creditworthiness.
* **Why It Matters?**: Helps banks identify which customer segments hold premium cards and design targeted rewards, offers, and upgrades.
* **Use Case**: Customers with premium cards are more likely to be high spenders and valuable to the bank, so they may receive better perks and personalized banking services.

**2. Churn**

* **Business Need**: Identifies whether a customer has left the bank (churned) or is still active.
* **Why It Matters?**: Customer churn is a major concern for banks as acquiring a new customer is more expensive than retaining an existing one.
* **Use Case**: Helps in predicting churn patterns and implementing retention strategies like personalized offers or loyalty programs.

**3. Client Number**

* **Business Need**: A unique identifier assigned to each customer to track their financial activities.
* **Why It Matters?**: Allows banks to maintain a structured customer database and link various financial products to a single account.
* **Use Case**: Used for customer segmentation, transaction tracking, and fraud detection.

**4. Education Level**

* **Business Need**: Helps in understanding customer demographics and financial literacy.
* **Why It Matters?**: Higher education levels are often associated with better financial management and lower default risks.
* **Use Case**: Customers with higher education might be more inclined toward investment products, while less-educated customers may require simpler financial solutions.

**5. Gender**

* **Business Need**: Helps banks analyze financial behavior differences between male and female customers.
* **Why It Matters?**: Spending habits, credit usage, and banking needs can vary based on gender.
* **Use Case**: Financial products like women’s credit cards or investment plans can be designed based on gender-based spending trends.

**6. Income**

* **Business Need**: Represents the customer's annual earnings, which determine their credit eligibility and spending capacity.
* **Why It Matters?**: Higher-income individuals qualify for higher credit limits and premium banking services.
* **Use Case**: Helps banks assess credit risk and offer personalized loans, investment plans, or exclusive financial services.

**7. Marital Status**

* **Business Need**: Provides insights into a customer’s financial responsibilities and spending behavior.
* **Why It Matters?**: Married individuals may have more financial commitments (home loans, education expenses), whereas single individuals might have more discretionary spending power.
* **Use Case**: Helps in offering customized banking products like family savings accounts, joint credit cards, or home loans.

**8. Balance**

* **Business Need**: Represents the total funds available in a customer’s bank account.
* **Why It Matters?**: A high balance suggests a financially stable customer, while a low balance might indicate potential financial distress.
* **Use Case**: Customers with high balances can be targeted for investment products, while those with low balances might need financial planning assistance.

**9. Credit Limit**

* **Business Need**: The maximum amount a customer can borrow using their credit card.
* **Why It Matters?**: A higher credit limit indicates trust from the bank, while a lower limit suggests risk management.
* **Use Case**: Helps in monitoring high-spending customers for potential upsell opportunities and identifying over-leveraged customers for risk mitigation.

**10. Customer Age**

* **Business Need**: Age-based segmentation is essential for designing appropriate financial products.
* **Why It Matters?**: Younger customers may need education loans or starter credit cards, while older customers may prefer retirement savings plans.
* **Use Case**: Helps banks in age-based product recommendations and long-term customer relationship planning.

**11. Dependent Count**

* **Business Need**: Indicates the number of financial dependents a customer supports.
* **Why It Matters?**: Customers with more dependents might have higher financial commitments and different spending behaviors.
* **Use Case**: Banks can offer tailored financial products like family health insurance, child education loans, or higher credit limits based on dependency needs.

**12. Months on Book**

* **Business Need**: Represents how long a customer has been with the bank.
* **Why It Matters?**: Long-term customers are valuable as they indicate loyalty and stability.
* **Use Case**: Banks can offer loyalty programs, exclusive benefits, or lower interest rates to customers who have been with them for a long time.

**13. Utilization Ratio**

* **Business Need**: Measures the percentage of a customer’s available credit that they are using.
* **Why It Matters?**: A high utilization ratio (e.g., 80% or more) suggests financial distress and potential risk, while a low ratio (e.g., below 30%) indicates responsible credit management.
* **Use Case**: Banks monitor high-utilization customers for potential debt issues and may offer credit counseling or limit increases.