

LLOYD BANKING GROUP

CUSTOMER CHURN ANALYSIS

EXECUTIVE Summary

The Main Conclusion:

To stop churn, Lloyd Banking must transition from generic service policies to category-specific retention—specifically targeting the Clothing segment—while simultaneously fixing digital friction on the website.

The Findings:

Behavioral Driver: Customers buying "Clothing" are the most likely to churn, suggesting a "one-time purchase" pattern or high-friction returns.

Digital Driver: Website navigation is a primary point of exit.

Service Driver: Unresolved inquiries act as a final "trigger" for departure.

The Recommendation:

Launch a "Clothing Loyalty" re-engagement campaign and optimize the web interface for resolving service issues.

ARGUMENT 1 –

The "Clothing" Churn

Headline: Product Category is the 1 predictor of churn, with the "Clothing" segment showing the highest volatility.

The Evidence: ProductCategory_Clothing ranks as the highest importance feature in the XGBoost model.

The Analysis: Unlike "Books" (which has high loyalty), the Clothing category attracts "One-Time Shoppers" who churn after a single transaction.

The Risk: High return rates or sizing issues in this category may be driving frustration that the bank isn't currently addressing through its standard service channels.

Actionable Insight: Develop a post-purchase follow-up specifically for clothing buyers to ensure satisfaction before they disengage.

ARGUMENT 2 –

Digital Friction within the Website Channel

Headline: The website is the 2 churn predictor, signaling a critical "User Experience" (ux) gap.

The Evidence: ServiceUsage_Website is significantly more predictive of churn than the Mobile App or Physical Store usage.

The Analysis:

Customers who rely heavily on the website are churning at higher rates.

This suggests that the web portal may be less intuitive than the app, leading to "Interaction Fatigue."

Supporting Fact: Frequent logins on the website without a resolution status update are a precursor to churn.

ARGUMENT 3 –

Service Failures are the Final Trigger

Headline: "Inquiries" are high-intent moments; "Unresolved" status is the fatal blow.

The Evidence: `InteractionType_Inquiry` and `ResolutionStatus_Unresolved` rank 3 and 4 respectively.

The Analysis:

When a customer reaches out with an Inquiry, they are at a "Stay or Leave" crossroads.

If that inquiry remains Unresolved, the model predicts a massive spike in churn probability, regardless of the customer's age or bank balance.

The Fact: Even high-spending customers will leave if their single inquiry is ignored.

ARGUMENT 4 –

Traditional Demographics are Secondary Predictors

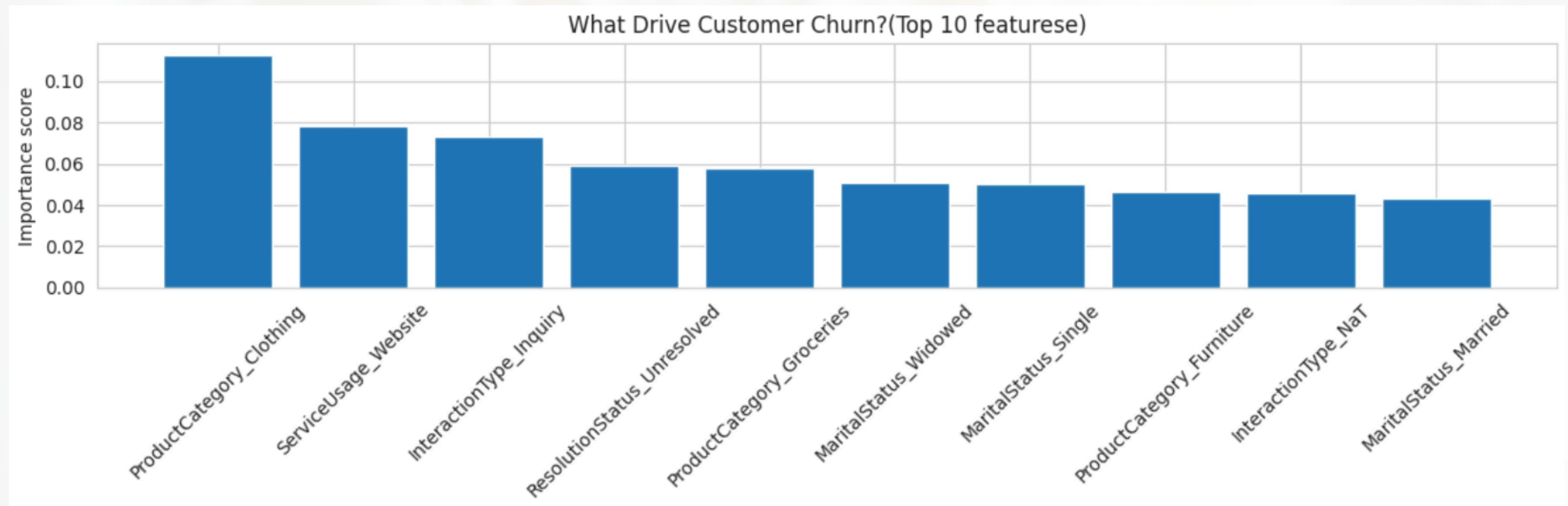
While lifestyle factors play a role, they are not the "deciding factors" for churn in this model.

Lifestyle vs. Age: Marital status is a more important feature than age, suggesting household structure influences service needs more than chronological age.

Feature Importance Hierarchy: Behavioral data (interactions, resolutions, channel usage) consistently outranks static demographic data (age, income level) in predicting churn.

SUPPORTING DATA –

Model Evidence & Feature Importance



STRATEGIC ROADMAP & CALL TO ACTION

To lower the churn rate, the following initiatives should be prioritized:

Category-Specific Retention: Launch a targeted "Clothing Loyalty" pilot to engage one-time buyers with personalized post-purchase follow-ups and incentives to convert them into multi-category shoppers.

Resolution Task Force: Implement a "closed-loop" system for all "Inquiry" type interactions to ensure no ticket remains in an "Unresolved" state.

Website UX Audit: Conduct a deep-dive usability study into the web portal to identify why users choosing this channel are more likely to leave.

Dynamic Retention Offers: Develop retention strategies focused on marital status and lifestyle triggers rather than simple age-based segmentation.