

Why are customers leaving ?

1. Strongest churn drivers are

Total_Trans_Ct (Number of transactions)

Customers with fewer transactions are much more likely to churn. Higher transaction activity indicates engagement and reduces churn risk.

Total_Trans_Amt (Total transaction amount)

Low spending is strongly associated with churn. Customers who transact more money are less likely to leave.

Marital_Status_Single

Being single increases the likelihood of churn compared to married customers, who show stronger retention.

Total_Revolving_Bal (Outstanding revolving balance)

Customers who don't maintain a balance are more likely to churn. Those with some ongoing balance are more engaged.

Avg_Transaction_Amt (Average transaction amount)

Customers who typically spend smaller amounts per transaction are more likely to leave. Higher-value transaction customers are more loyal.

2. Medium impact features

Total_Ct_Chng_Q4_Q1 & Total_Amt_Chng_Q4_Q1

Big changes in either the number or amount of transactions between quarters are linked to churn. A drop in activity is a churn signal.

Total_Relationship_Count

Customers with more banking products (credit cards, loans, etc.) are less likely to churn. Single-product customers are more at risk.

Months_Inactive_12_mon

Customers inactive for many months in a year tend to churn.

Customer_Age

Younger customers have a higher chance of leaving compared to older customers.

3. Smaller but relevant factors

Gender – Some differences exist in churn likelihood, though weaker compared to transaction behavior.

Contacts_Count_12_mon – More frequent contact with the bank (calls, inquiries) is often linked to higher churn risk.

Avg_Utilization_Ratio & Credit_Limit – Customers with low credit limits or low utilization ratios are more churn-prone.

Months_on_book – Longer-tenured customers are less likely to churn, though the effect is weaker.

Key takeaway

Churn is driven mainly by low engagement (low transactions and spending), weak relationships (few products, low balances), and changes in behavior (sudden drops in usage). Demographics like being single and younger add to the risk, while inactivity over time accelerates churn.

Churn Prevention Offers as follows

1. Low Transactions / Low Spending (Total_Trans_Ct, Total_Trans_Amt)

Offer:

\$20 Amazon gift card if they make 5 purchases in the next month.

5% cashback at Walmart & Costco for the next 2 billing cycles.

Where usable:

Amazon (gift card).

Walmart & Costco (cashback).

2. High Balance / High Utilization (Total_Revolving_Bal, Avg_Utilization_Ratio)

Offer:

0% interest EMI plan for 6 months on purchases above \$500.

1% balance transfer fee waiver if they transfer balances from another bank.

Where usable:

Any large purchase (e.g., Best Buy electronics, IKEA furniture).

Balance transfers from other bank cards.

3. Low Relationship Depth (Total_Relationship_Count)

Offer:

Bundle offer: Add a savings account and get \$50 credit.

Family Add-on Card → First year annual fee waived.

Where usable:

Directly with the bank (bundle setup at branch/app).

Family add-on usable anywhere the card is accepted.

4. Reduced Activity / Drop in Spend (Total_Ct_Chng_Q4_Q1, Months_Inactive_12_mon)

Offer:

“Welcome Back” reward: 2,000 bonus points for the first transaction after inactivity.

Double points on groceries for the next 3 months.

Where usable:

Grocery stores: Loblaws, No Frills, Metro, Sobeys.

Any merchant for reactivation bonus.

5. High-Value Customers (Avg_Transaction_Amount, High Credit Limit Users)

Offer:

Free Airport Lounge Access with first \$1,000 spend in 60 days.

10% off Expedia travel bookings using the card.

Where usable:

Airport lounges worldwide (via LoungeKey/Priority Pass).

Expedia online booking.

6. Young Customers (Age < 30)

Offer:

Free Spotify Premium for 3 months with 3 monthly transactions.

Uber Eats 10% cashback for 2 months.

Where usable:

Spotify (digital subscription).

Uber Eats (food delivery).

7. Older Customers (Age > 50)

Offer:

Pharmacy cashback: 8% at Shoppers Drug Mart.

No annual fee renewal if they stay for another year.

Where usable:

Shoppers Drug Mart (pharmacy).

Annual fee waiver directly on the card.